IMPORTANT NOTICE (FOR ELECTRONIC DELIVERY)

THE OFFERING IS AVAILABLE ONLY (1) IN THE UNITED STATES TO INVESTORS WHO ARE QUALIFIED INSTITUTIONAL BUYERS WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR (2) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT (AND, IN THIS CASE, ONLY TO INVESTORS WHO, IF RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, ARE QUALIFIED INVESTORS UNDER DIRECTIVE 2003/71/EC, AS AMENDED (THE "PROSPECTUS DIRECTIVE")).

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum following this notice, and you are therefore advised to read this carefully before reading, accessing or making any other use of the offering memorandum. In accessing the offering memorandum, you agree to be bound by the following terms and conditions, including any modifications thereto any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view the offering memorandum or make an investment decision with respect to the securities, investors must be either (1) qualified institutional buyers ("QIBs") within the meaning of Rule 144A under the U.S. Securities Act ("Rule 144A") or (2) persons who are located outside the United States and investing in the securities in offshore transactions as defined in Regulation S (and, in this case, who, if resident in a Member State of the European Economic Area, must be "qualified investors" under the Prospectus Directive). The offering memorandum is being sent at your request. By accepting the e-mail and accessing the offering memorandum, you shall be deemed to have represented to us that:

(1) you consent to delivery of such offering memorandum by electronic transmission, and

(2) either:

(a) you and any customers you represent are QIBs, or

(b) you, any customers you represent and the e-mail address that you gave us and to which the e-mail has been delivered are not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia.

Prospective purchasers that are QIBs are hereby notified that the seller of the securities may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

You are reminded that the offering memorandum has been delivered to you on the basis that you are a person into whose possession the offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the offering memorandum to any other person.

The materials relating to the Offering (as defined in the offering memorandum) do not constitute, and may not be used in connection with, an offer or a solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the Offering be made by a licensed broker or dealer and the Initial Purchasers (as defined in the offering memorandum) or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the

Offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Issuer (as defined in the offering memorandum) in such jurisdiction.

Under no circumstances shall the offering memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The offering memorandum is not being distributed by, nor has it been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 (the "FSMA") by, a person authorized under the FSMA. The offering memorandum is only being distributed to and is only directed at persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), (iii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, or (iv) to the extent that doing so does not prejudice the lawful distribution of the offering memorandum to the foregoing, are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The offering memorandum must not be acted or relied upon by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

The offering memorandum has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Initial Purchasers, nor any person who controls any of the Initial Purchasers, nor any of its or their directors, officers, employees or agents, accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

Senvion Holding GmbH

to acquire

Senvion SE

€400,000,000 6.625% Senior Secured Notes due 2020

Senvion Holding GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under the laws of Germany (the "Issuer"), is offering (the "Offering") €400,000,000 aggregate principal amount of its 6.625% Senior Secured Notes due 2020 (the "Notes") as part of the financing for the proposed acquisition (the "Acquisition") of Senvion SE, a European law stock corporation (*Societas Europaea*) incorporated under the laws of Germany (the "Company" and, together with its subsidiaries, the "Senvion Group").

The Issuer will pay interest on the Notes semi-annually in arrears on each May 15 and November 15, commencing on November 15, 2015. Prior to May 15, 2017, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes by paying a "make-whole" premium. At any time on or after May 15, 2017, the Issuer may redeem all or part of the Notes by paying the redemption prices set forth in this offering memorandum. In addition, prior to May 15, 2017, the Issuer may redeem at its option no more than 40% of the Notes with the net cash proceeds from certain equity offerings by paying a specified redemption price. Prior to May 15, 2017, the Issuer may also redeem up to 10% of the principal amount of the Notes in each 12-month period commencing on the Issue Date (as defined herein) at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest and additional amounts, if any. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes. Upon the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to repurchase all of the Notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any. A change of control will not be deemed to have occurred on one occasion if a certain consolidated leverage ratio is not exceeded as a result of a Specified Change of Control Event (as defined herein).

The Notes will be general senior obligations of the Issuer and will rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes, rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes and be effectively senior to any existing and future unsecured indebtedness of the Issuer to the extent of the value of the property and assets securing the Notes. The Notes will be guaranteed on a senior secured basis by Rapid TopCo GmbH (the "Parent Guarantor") and Rapid MidCo GmbH ("MidCo") (together, the "Issue Date Guarantors") on the Issue Date (as defined herein), and by the Company within five business days after the Upstream Effective Date (as defined herein) and certain subsidiaries of the Company within 90 days after the Issue Date (together, the "Post-Issue Date Guarantors" and, together with the Issue Date Guarantors, the "Guarantors"). The guarantee of the Notes by each Guarantor (each, a "Notes Guarantee") will rank *pari passu* in right of payment with any existing and future indebtedness of such Guarantor that is not expressly subordinated in right of payment to such Notes Guarantee, rank senior in right of payment to any existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to such Notes Guarantee and be effectively senior to any existing and future unsecured indebtedness of such Guarantor to the extent of the value of the property and assets securing such Notes Guarantee. The Notes and the Notes Guarantees will be secured by all of the assets that also secure our obligations under the Cash Liquidity Facility Agreement and the Revolving Credit and L/G Facilities Agreement (each defined herein) (the "Collateral"). For a more detailed description of the Collateral, see "*Description of the Notes—Security*." Pursuant to the terms of the Intercreditor Agreement (as defined herein), any obligations under the Cash Liquidity Facility Agreement, the Revolving Credit and L/G Facilities Agreement or in respect of certain hedging obligations, in each case that are guaranteed by any Guarantors and secured by the Collateral, will receive priority with respect to any proceeds received upon any enforcement of the Notes Guarantees and security interests in the Collateral. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

There is currently no public market for the Notes. Application has been made for approval of this document as Listing Particulars and for the Notes to be admitted to the Official List of the Irish Stock Exchange and to be admitted for trading on the Global Exchange Market of the Irish Stock Exchange (the "Global Exchange Market"), which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market within the meaning of the provisions of Directive 2004/39/EC on markets in financial instruments. There can be no assurance that such application will be successful or that such listing will be granted or maintained.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 28.

Issue Price: 100.00% plus accrued interest, if any, from the Issue Date.

The Notes and the Notes Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"). The Notes may not be offered or sold within the United States, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the U.S. Securities Act ("Rule 144A"). Outside the United States, the Offering is being made in reliance on Regulation S under the U.S. Securities Act ("Regulation S"). You are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. See "*Transfer Restrictions*" for additional information about eligible offerees and transfer restrictions.

We expect that delivery of the Notes will be made to investors in book-entry form through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream"), in each case on or about April 29, 2015 (the "Issue Date").

Global Coordinators and Joint Physical Bookrunners

Deutsche Bank **J.P. Morgan**

Joint Bookrunners

Banca IMI **BayernLB** **Crédit Agricole CIB** **RBC Capital Markets** **SEB**

CaixaBank **Citigroup** **Raiffeisen Bank International AG** **Santander**

The date of these Listing Particulars is June 25, 2015.

TABLE OF CONTENTS

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

We are offering the Notes and the Notes Guarantees in reliance on exemptions from the registration requirements of the U.S. Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The Notes and the Notes Guarantees have not been recommended by any U.S. federal, state or any non-U.S. securities authorities, nor have any such authorities determined that this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense in the United States.

This offering memorandum has been prepared by us solely for use in connection with the Offering. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire any of the Notes and the Notes Guarantees. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to the purchase of the Notes and the Notes Guarantees is unauthorized, and any disclosure of any of the contents of this offering memorandum, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no photocopies of this offering memorandum or any documents referred to in this offering memorandum.

You are not to construe the contents of this offering memorandum as investment, legal or tax advice. You should consult your own counsel, accountant and other advisors as to the legal, tax, business, financial and related aspects of purchasing the Notes. You are responsible for making your own examination of the Issuer and the Group, and your own assessment of the merits and risks of investing in the Notes and the Notes Guarantees. We are not, and none of the Trustee, the agents or the Initial Purchasers (each as defined herein) is, making any representation to you regarding the legality of an investment in the Notes by you under applicable investment or similar laws. You may contact us if you require any additional information. By purchasing the Notes and the Notes Guarantees, you will be deemed to have acknowledged that:

- you have reviewed this offering memorandum; and
- you have had an opportunity to request any additional information that you need from us.

No person is authorized in connection with any offering made by this offering memorandum to give any information or to make any representation not contained in this offering memorandum and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers. The information contained in this offering memorandum is as of the date hereof and subject to change, completion or amendment without notice. The delivery of this offering memorandum at any time after the date hereof shall not, under any circumstances, create any implication that there has been no change in the information set forth in this offering memorandum or in our affairs or the affairs of the Senvion Group since the date of this offering memorandum. The information contained in this offering memorandum has been furnished by us and other sources we believe to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers, any of the Trustee or the agents or their respective directors, affiliates, advisors and agents as to the accuracy or completeness of any of the information set forth in this offering memorandum, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers or their respective directors, affiliates, advisors and agents, whether as to the past or the future. Certain documents are summarized herein, and such summaries are qualified entirely by reference to the actual documents, copies of which will be made available to you upon request. By receiving this offering memorandum, you acknowledge that you have not relied on the Initial Purchasers, any of the Trustee or the agents or their respective directors, affiliates, advisors and agents in connection with your investigation of the accuracy of this information or your decision to invest in the Notes. We undertake no obligation to update this offering memorandum or any information contained in it, whether as a result of new information, future events or otherwise, except as required by law.

This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes or Notes Guarantees in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws that apply to you in any place in which you buy, offer or sell any of the Notes or the Notes Guarantees or possess this offering memorandum. You must also obtain any consents or approvals that you require in order to purchase any of the Notes or the Notes Guarantees. We and the Initial Purchasers are not responsible for your compliance with these legal requirements.

The Notes and the Notes Guarantees are subject to restrictions on resale and transfer as described under "*Transfer Restrictions*" and "*Plan of Distribution*." By purchasing any of the Notes and the Notes Guarantees, you will be deemed to have made certain acknowledgments, representations and agreements as described in those sections of this offering memorandum. You may be required to bear the financial risks of investing in the Notes and the Notes Guarantees for an indefinite period of time.

We reserve the right to withdraw the Offering at any time. We are making the Offering subject to the terms described in this offering memorandum and the purchase agreement relating to the Notes (the "Purchase Agreement"). We and the Initial Purchasers may, for any reason, reject any offer to purchase the Notes and the Notes Guarantees in whole or in part, sell less than the entire principal amount of the Notes and the Notes Guarantees offered hereby or allocate to any purchaser less than all of the Notes and the Notes Guarantees for which it has subscribed.

Application has been made to have the Notes listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market of the Irish Stock Exchange. In the course of any review by the competent authority, we may be required (under applicable law, rules, regulations or guidance applicable to the listing of securities or otherwise) to make certain changes or additions to or deletions from the description of our business, consolidated financial statements and other information contained herein in producing listing particulars for such listing. Comments by the competent authority may require significant modification or reformulation of information contained in this offering memorandum or may require the inclusion of additional information in the listing particulars. We may also be required to update the information in this offering memorandum to reflect changes in our business, financial condition or results of operations and prospects since the publication of this offering memorandum. We cannot guarantee that our application for the admission of the Notes to listing on the Official List of the Irish Stock Exchange and to trading on the Global Exchange Market will be approved as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing. Following the listing, the relevant listing particulars will be available at the offices of the Listing Agent (as defined herein). Any investor or potential investor in the European Economic Area (the "EEA") should not base any investment decision relating to the Notes on the information contained in this offering memorandum after publication of the listing particulars and should refer instead to the listing particulars.

The Issuer and the Guarantors accept responsibility for the information contained in this offering memorandum. To the best of the knowledge and belief of the Issuer and the Guarantors, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is in accordance with the facts, and no facts have been omitted, that is likely to affect the import of such information. However, the content set forth under the headings "*Exchange Rate Information*," "*Industry*" and "*Business*" includes extracts from information and data, including industry and market data, released by publicly available sources or otherwise published by third parties. The Issuer and the Guarantors confirm that this information has been accurately reproduced and that, as far as the Issuer and the Guarantors are aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. While the Issuer and the Guarantors accept responsibility for accurately extracting and summarizing such information and data, none of the Issuer, the Guarantors, the Initial Purchasers, the Trustee or the agents have independently verified the accuracy of such information and data, and none of the Issuer, the Guarantors, the Initial Purchasers, the Trustee or the agents accepts any further responsibility in respect thereof. Furthermore, the information set forth in relation to sections of this offering memorandum describing clearing and settlement arrangements, including the section entitled "*Book-Entry; Delivery and Form*," is subject to change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. While the Issuer and the Guarantors accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream, none of the Issuer, the Guarantors, the Initial Purchasers, the Trustee or the agents accepts further responsibility in respect of such information.

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this offering memorandum, which will be three business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act")) following the date of pricing of the Notes (this settlement cycle is referred to as "T + 3").

In connection with the Offering, an external consultant is expected to issue to a second-party opinion regarding the suitability of the Notes as an investment in connection with certain environmental and sustainability criteria. The second-party opinion is not incorporated into and does not form part of this offering memorandum. While we believe that the second-party opinion is reasonable, neither we nor the Initial Purchasers make any representation about the suitability of the second-party opinion or the Notes to fulfill such environmental and sustainability criteria. The contents of the Company's website, including any references made to information accessible therein, do not form part of, and are not incorporated by reference into, this offering memorandum.

STABILIZATION

IN CONNECTION WITH THE OFFERING, DEUTSCHE BANK AG, LONDON BRANCH (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING 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 CAN BE NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF A STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE

FINAL 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 ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISION OF THIS PARAGRAPH.

NOTICE TO U.S. INVESTORS

The Offering is being made in the United States in reliance upon an exemption from registration under the U.S. Securities Act for an offer and sale of the Notes and the Notes Guarantees which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "*Transfer Restrictions*." This offering memorandum is being provided (1) to a limited number of U.S. investors that the Issuer and the Guarantors reasonably believe to be qualified institutional buyers ("QIBs") under Rule 144A for informational use solely in connection with their consideration of the purchase of the Notes and (2) to investors outside the United States in connection with offshore transactions complying with Rule 903 or Rule 904 of Regulation S.

The Notes will be sold outside the United States pursuant to Regulation S and within the United States to QIBs pursuant to Rule 144A. The Notes and the Notes Guarantees have not been and will not be registered under the U.S. Securities Act and the Notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, registration requirements of the U.S. Securities Act. See "*Transfer Restrictions*."

The Notes and the Notes Guarantees described in this offering memorandum have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States, or any such securities commission or authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States. See "*Transfer Restrictions*."

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Directive (as defined below), from the requirement to produce a prospectus for offers of the Notes. In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State no offer of Notes to the public in that Relevant Member State may be made other than:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Notes shall require us or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for us or the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as such expression may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each subscriber for or purchaser of the Notes in the Offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive. The Issuer, any Guarantor, each Initial Purchaser and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes in the Offering.

NOTICE TO INVESTORS IN GERMANY

The Notes may be offered and sold in the Federal Republic of Germany only in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as amended, the Commission Regulation No (EC) 809/2004 of April 29, 2004, as amended, or any other laws applicable in Germany governing the issue, offering and sale of securities. This offering memorandum has not been approved under the German Securities Prospectus Act or the Prospectus Directive and accordingly the Notes may not be offered publicly in the Federal Republic of Germany. The Notes will be offered in the Federal Republic of Germany based on an exemption—concerning qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 no. 6 of the German Securities Prospectus Act—from the requirement to publish an approved securities prospectus under the German Securities Prospectus Act. Any resale of the Notes in Germany may only be made in accordance with the German Securities Prospectus Act and other applicable laws. The Issuer has not filed and does not intend to file a securities prospectus with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("BaFin") or obtain a notification to BaFin from another competent authority of a member state of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Section 17(3) of the German Securities Prospectus Act.

NOTICE TO INVESTORS IN PORTUGAL

Neither the Offering nor this offering memorandum have been registered with the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*) and no action has been or will be taken that would permit a public offering of any of the Notes in Portugal or for this offering memorandum to be distributed or published in

Portugal. Accordingly, no Notes may be offered, sold or distributed except in circumstances that will not be considered as a public offering under articles 109 of the Portuguese Securities Code (*Código dos Valores Mobiliários*).

NOTICE TO INVESTORS IN THE REPUBLIC OF ITALY

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the offering memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the Financial Services Act) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (Regulation No. 11971); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the offering memorandum or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the Banking Act); and

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This offering memorandum is for distribution only to, and is only directed at, persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the "Financial Promotion Order"), (iii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iv) are persons to whom 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")) in connection with the issue or sale of any Notes may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. The Notes are being offered solely to "qualified investors" as defined in the Prospectus Directive (as defined herein) and accordingly the Offering is not subject to the obligation to publish a prospectus within the meaning of the Prospectus Directive. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

AVAILABLE INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to this offering memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

For so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) under the U.S. Exchange Act, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act. Copies of the Indenture, the forms of Notes and the Intercreditor Agreement (each as defined herein) will be made available following the Issue Date upon request by writing to the Issuer at: Attn.: Investor Relations, Überseering 10, 22297 Hamburg, Germany.

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. Pursuant to the Indenture and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. See "*Description of the Notes—Certain covenants—Reports*."

In addition, the Company has agreed to make available on its website certain disclosure related to the use of proceeds in connection with obtaining a second- party opinion related to environmental and sustainable development criteria of the Notes, as further discussed under "*Use of Proceeds*." Such reporting does not form a part of this offering memorandum and the issuance of the Notes is not conditional on such reporting being so made.

If and for so long as either the Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market of that exchange, or the rules of that exchange so require, copies of the foregoing information will be available for review during the normal business hours on any business day at the specified office of our Listing Agent in Luxembourg at the address listed on the inside of the back cover of this offering memorandum.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements. These forward- looking statements can be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "aims," "targets," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this offering memorandum and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition, liquidity and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this offering memorandum. In addition, even if our results of operations, financial condition, liquidity and the development of the industry in which we operate are consistent with the forward-looking statements contained in this offering memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include:

- change in, or elimination of, government initiatives and incentives relating to renewable energy sources, and in particular to wind energy;
- competition in the market for wind turbine generators ("WTGs");
- the demand for wind energy projects is generally dependent on economic growth;
- volatility and instability in global capital and credit markets as well as significant developments in macroeconomic and political conditions that are beyond our control;
- the price at which electricity can be sold and the cost of wind- generated electricity compared to other energy sources;
- wind patterns, which are not constant and vary over time;
- substitutes to wind energy, which cannot be considered viable as a primary source of electricity;
- the terms of financing that our customers can obtain for wind energy projects;
- opposition from local communities and other parties to the construction and operation of wind energy projects;
- operating WTGs on property owned by third parties;
- the immaturity of the offshore wind industry and any failure to meet market expectations;
- our ability to connect to power grids;
- technical deficiencies in our WTGs;
- expenses in relation to warranties for our products and services;
- the repayment terms of certain subsidies that we have received;
- changes to the length and content of our operations and maintenance ("O&M") service contracts;
- our dependence on external suppliers for key components, equipment, machinery and materials;
- additional costs resulting from an increase in the prices of components and materials;
- any failure or delay in our transportation and logistics arrangements;

- the reported amounts of our order book, signed contracts and net firm orders are not necessarily indicative of actual or future revenues due to possible cancellations, delays or scope adjustments of projects;
- our sales cycles are complex;
- our revenues are generated from a limited number of customers;
- we face credit risk in relation to payments by our customers;
- the long-term nature of our projects exposes us to risk of a change in taxation;
- we are subject to tax risks, especially as a result of changes in tax law or its interpretation and application or as a result of tax audits;
- due to restrictions of the deduction of interest expenses or forfeiture of interest carry forwards under German tax laws, we may be unable to fully deduct interest expenses on our financial liabilities;
- our international operations;
- our capital expenditure plans are subject to change and other risks and may not yield the benefits intended;
- any disruption affecting our operations;
- our exposure to foreign currency fluctuations;
- any strikes, work stoppages or increased wage demands by our employees or other disputes with our employees;
- our ability to obtain or maintain adequate insurance cover;
- any failure to keep our technical knowledge confidential and protect our intellectual property;
- inadvertent infringement of the intellectual property rights of others;
- our ability to hire, retain, and motivate our personnel;
- compliance with and changes in safety, health and environmental laws and regulations;
- any pending and future litigation; and
- other risks associated with our financial profile, the Notes and the Notes Guarantees, our structure and the Transactions (as defined herein).

We urge you to read the sections of this offering memorandum entitled "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry*" and "*Business*" for a more detailed discussion of the factors that could affect our future performance and the industry in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this offering memorandum may not occur. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Accordingly, prospective investors should not place undue reliance on these forward-looking statements, which speak only as of the date on which the statements were made.

We undertake no obligation, and do not expect, to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this offering memorandum.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

This offering memorandum contains:

- the unaudited interim consolidated financial statements of the Company as of and for the nine-month period ended December 31, 2014;
- the audited consolidated financial statements of the Company as of and for the financial year ended March 31, 2014 ("financial year 2013/2014"), which have been audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft ("EY");
- the audited consolidated financial statements of the Company as of and for the financial year ended March 31, 2013 ("financial year 2012/2013"), which have been audited by EY;
- the audited consolidated financial statements of the Company as of and for the financial year ended March 31, 2012 ("financial year 2011/2012"), which have been audited by EY; and
- the unaudited opening balance sheet of the Issuer as of December 17, 2014.

Each of the Parent Guarantor, Midco and the Issuer was acquired indirectly by Centerbridge (as defined herein) as an acquisition vehicle to facilitate the Transactions. None of the Parent Guarantor, Midco or the Issuer has conducted any business operations and none of those entities has any material assets or liabilities other than those incurred in connection with its incorporation and the Transactions. Consequently, limited historical financial information relating to the Parent Guarantor, Midco and the Issuer is available and the only financial information included in this offering memorandum with respect to any of those entities consists of the Issuer's unaudited opening balance sheet as of December 17, 2014, which has been prepared on the basis of the German Commercial Code (*Handelsgesetzbuch*), and certain limited as adjusted financial information presented at the Parent Guarantor level based on the consolidated financial information of the Company that reflects certain effects of the Transactions. Therefore, unless otherwise indicated, the historical financial information included in this offering memorandum is that of the Senvion Group.

The audited consolidated financial statements of the Company as of and for the financial years ended March 31, 2012, 2013 and 2014 included in this offering memorandum have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and the additional requirements of German commercial law pursuant to Section 315a(1) of the German Commercial Code (*Handelsgesetzbuch*). The unaudited interim consolidated financial statements of the Company as of and for the nine months ended December 31, 2014 have been prepared in accordance with IFRS on interim financial reporting (IAS 34).

Due to changes in the presentation of equity attributable to shareholders of the parent company and non-controlling interests and changes in the presentation of cash flow from discontinued operations, the prior-year comparative financial information as of March 31, 2012 and for the financial year 2011/2012 has been adjusted in the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2013. Therefore, to the extent affected by these adjustments, the Company's consolidated statement of financial position data as of March 31, 2012 and the Company's consolidated statement of cash flows data for the financial year 2011/2012 presented in this offering memorandum are taken or derived from the prior-year comparative financial information of the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2013.

Furthermore, due to changes in the presentation of cash flow from operating activities, the prior-year comparative financial information for the financial year 2012/2013 has been adjusted in the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2014. Therefore, to the extent affected by the above-mentioned adjustments, the consolidated statement of cash flows data for the financial year 2012/2013 presented in this offering memorandum are taken or derived from the prior- year comparative financial information of the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2014.

Certain consolidated statement of cash flows data for the financial year 2011/2012 are presented in this offering memorandum using the presentation method of cash flow from operating activities in the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2014 and the Company's unaudited interim consolidated financial statements as of and for the nine months ended December 31, 2014 and are derived from the Company's internal accounting records and therefore are unaudited.

The results of operations for interim periods or prior years are not necessarily indicative of the results to be expected for the full year or any future period.

In the future, we will report our financial results at the level of the Parent Guarantor on a consolidated basis. The financial year of the Parent Guarantor ends on March 31 of each calendar year. The Parent Guarantor will account for the Acquisition using the acquisition method of accounting under IFRS, which will affect the comparability of the Parent Guarantor's future consolidated financial statements with the Company's consolidated financial statements contained in this offering memorandum. Under IFRS 3 "Business Combinations," the cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition- related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair market values at the acquisition date. The excess of the consideration transferred over the fair value if the acquirer's share of the identifiable net assets acquired is recorded as goodwill. Since the Acquisition has not been consummated as of the date of this offering memorandum, we have not identified the fair value of assets acquired and liabilities to be assumed at the date of the Acquisition. The application of acquisition accounting could result in different carrying values for existing assets and assets we may add to our consolidated statement of financial position, which may include intangible assets such as goodwill, and different amortization and depreciation expenses, which could be significant. Accordingly, our consolidated financial statements could be materially different from the consolidated financial statements included in this offering memorandum once the adjustments are made. In accordance with IFRS, we have up to one year from the date of completion of the Acquisition to finalize the allocation of the purchase price. If the Offering were registered under the U.S. Securities Act, we would be required to present *pro forma* financial information to reflect such adjustments and the impact of the Transactions.

Certain financial information of the Senvion Group in this offering memorandum has been presented for the twelve months ended December 31, 2014, which has been calculated by adding the amounts for the nine months ended December 31, 2014 (derived from the Company's unaudited interim consolidated financial statements as of and for the nine months ended December 31, 2014 and the Company's internal accounting records) to the respective amounts for the financial year 2013/2014 (derived from the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2014 and the Company's internal accounting records) and subtracting the respective amounts for the nine months ended December 31, 2013 (derived from the Company's unaudited interim consolidated financial statements as of and for the nine months ended December 31, 2014 and the Company's internal accounting records).

Where financial information in this offering memorandum is labeled "audited," this means that such financial information was taken from the Company's audited consolidated financial statements mentioned above. The label "unaudited" is used in this offering memorandum to indicate financial information that was taken or derived from the Company's unaudited interim consolidated financial statements mentioned above, the Company's internal accounting records or management reporting systems or is based on calculations of financial information of the above mentioned sources and not included in the audited consolidated financial statements mentioned above.

Some financial information and percentages in this offering memorandum have been rounded and, as a result, the figures shown as totals in this offering memorandum may vary slightly from the exact arithmetic aggregation of the figures that precede them. All financial information in this offering memorandum is presented in euro. With respect to financial information set out in of this offering memorandum, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but is or has been rounded to zero.

IFRS differs in certain material respects from generally accepted accounting principles in the United States of America ("U.S. GAAP"). As a result, the results of operations and financial condition derived from the consolidated financial statements that are included in this offering memorandum may differ substantially from the results of operations and financial condition derived from consolidated financial statements prepared in accordance with U.S. GAAP. None of the Parent Guarantor, the Issuer and the Company has prepared a reconciliation of its respective financial information to U.S. GAAP or a summary of significant accounting differences in the accounting and valuation methods of IFRS and U.S. GAAP nor have any of them otherwise reviewed the impact the application of U.S. GAAP would have on its financial reporting. Accordingly, in making an investment decision, investors must rely on their own examination of the Parent Guarantor's, the Issuer's and the Company's financial information.

Other Financial Measures

Unless otherwise indicated, all financial information in this offering memorandum has been prepared in accordance with IFRS.

Certain financial information presented in this offering memorandum consists of non-IFRS financial measures. These are supplemental measures of the Company's performance that are used for management purposes and should not be considered in isolation or as alternatives to result from operating activities, net income for the period or cash flow from operating activities or any other performance measure derived in accordance with IFRS. In addition, such measures as we define them may not be comparable to other similarly titled measures used by other companies or the definition of "Consolidated EBITDA" contained in "*Description of the Notes*."

These non-IFRS financial measures are defined as follows:

- "Adjusted EBITDA" is defined as EBITDA after applying adjustments to eliminate certain special items. Adjustments to EBITDA include adjustments for penalties, release of general warranty provisions and write off of charter contracts for offshore O&M ships;

- "Adjusted EBITDA margin" is defined as Adjusted EBITDA as a percentage of revenues;

- "capital expenditures" is defined as cash payments for the purchase of property, plant and equipment and other long-term assets and cash payments for intangible assets;

- "days inventories outstanding" or "DIO" is defined as inventories divided by cost of materials/cost of purchased services, multiplied by 365 days;

- "days payables outstanding" or "DPO" is defined as accounts payable and liabilities from associates and joint ventures divided by cost of materials/cost of purchased services, multiplied by 365 days;

- "days sales outstanding" or "DSO" is defined as trade accounts receivables, gross amount due from customers for contract work as an asset and other receivables divided by revenues, multiplied by 365 days;

- "EBIT" is defined as result from operating activities before exceptional items from reorganization;

- "EBIT margin" is defined as EBIT as a percentage of revenues;

- "EBITDA" is defined as result from operating activities before exceptional items from reorganization and depreciation of property, plant and equipment and amortization of intangible assets;

- "EBITDA margin" is defined as EBITDA as a percentage of revenues;

- "net firm orders" is defined as order intake, less any revenues already realized under the percentage of completion method;

- "net working capital" is defined as trade working capital plus receivables from income taxes, other financial assets and other miscellaneous assets, less liabilities to related parties, deferred income, income tax liabilities, other financial liabilities and other miscellaneous liabilities;

- "order book" is defined as signed contracts and the net firm orders in a defined period;

- "order intake" is defined as the Group's firm orders received from customers by means of a formal binding agreement after all conditions precedent have been fulfilled in a defined period;

- "signed contracts" is defined as the Group's orders received from customers by means of a formal binding agreement that is subject to conditions precedent or is otherwise not fully effective in a defined period; and

- "trade working capital" is defined as gross amounts due from customers for contract work as an asset, trade accounts receivable, receivables from related parties and inventories less trade accounts payable, advance payments received and gross amounts due to customers for contract work as a liability.

We believe that the presentation of these non-IFRS financial measures facilitates an understanding of the underlying operating performance of the Senvion Group. Such measures are intended only to supplement performance indicators in accordance with IFRS, and not to replace them. These non-IFRS financial measures should always be used together with the performance indicators provided for by IFRS, and not in isolation, because their ability to convey meaningful information is limited in various respects. You should not place undue reliance on any of such non-IFRS measures.

As Adjusted Financial Information

We present in this offering memorandum certain as adjusted financial information for the Parent Guarantor as of and for the twelve months ended December 31, 2014, which is based on the consolidated financial information of the Company (as described above under *"—Financial Information"*), on an as adjusted basis to reflect certain effects of the Transactions on the indebtedness, cash position and interest expense of the Group. See "*Summary—Summary Historical Consolidated Financial Information and Other Data—As Adjusted Financial Data*." This adjusted financial information as of and for the twelve months ended December 31, 2014 has been prepared for illustrative purposes only and does not represent what our actual interest expense would have been had the Transactions occurred on January 1, 2014 or what our actual cash position or indebtedness would have been had the Transactions occurred on December 31, 2014, nor does it purport to project our indebtedness, cash position or interest expense at any future date. The adjusted financial information has not been adjusted to reflect the impact of any changes to the consolidated income statement, consolidated statement of financial position or consolidated statement of cash flows that might occur as a result of application of the acquisition method of accounting under IFRS, which will affect the comparability of the Parent Guarantor's future consolidated financial statements with the Company's consolidated financial statements contained in this offering memorandum. The adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the adjustments nor the resulting adjusted financial information have been audited in accordance with any generally accepted auditing standards.

INDUSTRY AND MARKET INFORMATION

We have obtained certain industry and market data in this offering memorandum from industry publications publicly available reports of market participants, and surveys or studies conducted by third party sources, including the following: MAKE Consulting: Wind Turbine OEM Sector (CDD Report) (December 2014) and supporting data; Ren21: Renewables 2014, Global Status Report (June 2014); BMI Research: Power & Renewables, Market Forecasts to November 2014-2019; Global Wind Energy Council ("GWEC"): Global Wind Report, Annual market update 2012 (April 2013); GWEC: Global Wind Statistics 2013 (February 2014); GWEC: Global Wind Statistics 2014 (February 2015); and Bloomberg New Energy Finance ("BNEF"): Global Wind Market Outlook (2014). We believe that these publications, reports, surveys and studies are reliable and are those typically used by WTG manufacturers. However, we cannot assure you of the accuracy and completeness of such information and we have not independently verified such information. In addition, none of the report providers or any other third parties have assumed responsibility for any of the information included in this offering memorandum. As a result, neither we nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this information. See *"Risks related to our Industry and its Regulation—The forward-looking industry and market information presented in this offering memorandum could differ materially from our estimates or actual results."*

We have also used information contained in reports prepared on our behalf as part of the sale process for the Senvion Group. In addition, in many cases we have made statements in this offering memorandum regarding our industry and our position in the industry based on our experience and our own investigation of market conditions. We cannot assure you that any of these assumptions are accurate or correctly reflect our position in the industry, and none of our internal information has been verified by any independent sources. In addition, some of the information herein has been extrapolated from third party sources using our experience and internal estimates.

Furthermore, we operate in a number of different market segments and it is difficult to obtain precise or current industry and market information on certain segments, which makes the available industry and market information in part incomplete or non-comparable. In those cases where there was no readily available or reliable external information to validate market-related analyses or estimates, or where the data conflicted with other data or was non- comparable or internally inconsistent, statements regarding the industries in which we operate and our position in these industries are based solely on our experience, internal studies and estimates, and our own investigation of market conditions.

CERTAIN DEFINITIONS USED IN THIS OFFERING MEMORANDUM

Unless indicated otherwise in this offering memorandum or the context requires otherwise:

- "Acquisition" refers to the acquisition of the Company by the Issuer, as further described under "*The Transactions—The Acquisition*";
- "Acquisition Agreement" refers to the share purchase agreement, dated as of January 22, 2015 by and among the Issuer, the Sellers and SEL, as amended from time to time;
- "CAGR" refers to the compound annual growth rate;
- "Cash Liquidity Facility" refers to the super senior cash liquidity facility of up to €180.0 million, as further described under "*Description of Certain Financing Arrangements—Cash Liquidity Facility Agreement*";
- "Cash Liquidity Facility Agreement" refers to the agreement governing the Cash Liquidity Facility entered into as part of the Transactions;
- "Centerbridge" refers to Centerbridge Capital Partners II, L.P., Centerbridge Capital Partners III, L.P. and any of their affiliates, investment vehicles and funds managed or advised by them or any of their affiliates, but excluding any of their respective portfolio and operating companies;
- "Clearstream" refers to Clearstream Banking, *société anonyme*;
- "Collateral" refers to the Issue Date Collateral and the Post-Issue Date Collateral, as further described under "*Summary—The Offering—Security*";
- "Company" refers to Senvion SE (formerly REpower Systems SE), a European law stock corporation (*Societas Europaea*) incorporated under the laws of Germany, registered in the commercial register of the local court (*Amtsgericht*) of Hamburg under registration number HRB 118644;
- "EEA" refers to the European Economic Area;
- "Equity Contribution" refers to the indirect contribution by Centerbridge to the Issuer of a combination of contributions into capital reserves and deeply subordinated intercompany loans on or prior to the Issue Date, as further described under "*The Transactions—The Acquisition*" and "*Use of Proceeds*";
- "EU" refers to the European Union;
- "euro," "euros," "€" or "EUR" refer to the single currency of the Member States of the European Union participating in the third stage of the economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time;
- "Euroclear" refers to Euroclear Bank SA/NV;
- "financial year 2011/2012," "financial year 2012/2013," "financial year 2013/2014" and "financial year 2014/2015" refer to the financial year ended March 31, 2012, financial year ended March 31, 2013, financial year ended March 31, 2014 and financial year ended March 31, 2015, respectively;
- "Financing" refers to the transactions necessary to finance the Acquisition and payment of the fees and expenses relating to the Transactions, as further described under "*The Transactions—The Financing*";
- "Group", "we", "us" or "our" with regard to historical financial information as of and for the financial years ended March 31, 2012, 2013 and 2014 and for the nine-month period ended December 31, 2013 and as of and for the nine-month period ended December 31, 2014, as well as for the twelve months ended December 31, 2014, refer to the Senvion Group or otherwise refer to the Parent Guarantor and its subsidiaries, collectively, after giving effect to the Transactions, unless the context requires otherwise;
- "Guarantors" refers to the Issue Date Guarantors and, upon their accession to the Indenture as guarantors thereunder, the Post-Issue Date Guarantors;

- "IFRS" refers to the International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union;

- "Indenture" refers to the Indenture governing the Notes to be dated the Issue Date, as further described under "*Description of the Notes*";

- "Initial Purchasers" refers to Deutsche Bank AG, London Branch, J.P. Morgan Securities plc, Banca IMI S.p.A., Bayerische Landesbank, Crédit Agricole Corporate and Investment Bank, RBC Europe Limited, Skandinaviska Enskilda Banken AB (publ), Banco Santander, S.A., CaixaBank S.A., Citigroup Global Markets Limited, Raiffeisen Bank International AG;

- "Intercreditor Agreement" refers to the intercreditor agreement to be entered into on or about the Issue Date by and among, *inter alios*, the Issuer, the Security Agent, the Trustee and Deutsche Bank Luxembourg S.A., as agent under the Revolving Credit and L/G Facilities Agreement, and the other parties named therein, as amended, restated or otherwise modified or varied from time to time;

- "Issue Date" refers to the date of original issuance of the Notes;

- "Issue Date Collateral" refers to the Collateral securing the Notes on the Issue Date, as further described under "*Summary—The Offering—Security"*;

- "Issue Date Guarantors" refers to the Parent Guarantor and MidCo;

- "Issuer" refers to Senvion Holding GmbH (formerly Rapid Holding GmbH (formerly Blitz 14-490 GmbH)), registered with the commercial register of the local court (*Amtsgericht*) of Munich under registration number HRB 215516;

- "L/G Facility" refers to the €825.0 million multicurrency revolving letter of guarantee facility, as further described under "*Description of Certain Financing Arrangements—Revolving Credit and L/G Facilities Agreement*";

- "MidCo" refers to Rapid MidCo GmbH (formerly Blitz 14- 489 GmbH), registered with the commercial register of the local court (*Amtsgericht*) of Munich under registration number HRB 215532;

- "Notes Guarantees" refers to the guarantees of the Notes to be provided by the Guarantors pursuant to the Indenture;

- "Offering" refers to the offering of the Notes pursuant to this offering memorandum;

- "Parent Guarantor" refers to Rapid TopCo GmbH (formerly Blitz 14-488 GmbH), registered with the commercial register of the local court (*Amtsgericht*) of Munich under registration number HRB 215540;

- "Post-Issue Date Collateral" refers to the Collateral securing the Notes after the Issue Date, as further described under "*Summary—The Offering—Security*";

- "Post-Issue Date Guarantors" refers to (i) the Company, (ii) Senvion Portugal, S.A., a Portuguese share company, registered with the commercial registry department of Oliveira de Frades under number 507013794, (iii) Power Blades, S.A., a Portuguese share company, registered with the commercial registry department of Vagos under number 507596366, (iv) Senvion Indústria, S.A., a Portuguese share company, registered with the commercial registry department of Oliveira de Frades under number 507948262 and (v) Ria Blades, S.A., a Portuguese share company, registered with the commercial registry department of Vagos under number 508254426;

- "Revolving Credit and L/G Facilities Agreement" refers to the agreement governing the Revolving Credit Facility and the L/G Facility entered into as part of the Transactions, as amended, restated or otherwise modified from time to time;

- "Revolving Credit Facility" refers to the €125.0 million multicurrency revolving credit facility, as further described under "*Description of Certain Financing Arrangements—Revolving Credit and L/G Facilities Agreement*";

- "SEC" refers to the U.S. Securities and Exchange Commission;

- "Security Agent" refers to Bayerische Landesbank, as security agent under the Intercreditor Agreement and the Revolving Credit and L/G Facilities Agreement;

- "Security Documents" refers to the security and other documents and agreements that provide for security interests in the Collateral for the benefit of the holders of the Notes, as further described under "*Description of the Notes—Security*";

- "SEL" refers to Suzlon Energy Limited having its registered office at One Earth, Opp. Magarpatta City, Hadapsar, Pune 411028, India;

- "Sellers" refers to AE Rotor Holding B.V., a company incorporated under the laws of the Netherlands, having its registered office at Jan Tinbergenstraat 290, 755ST Hengelo (Overijssel), Netherlands, SE Drive Technik GmbH, a company incorporated under the laws of Germany, having its registered office at Wasserstraße 223, 44799 Bochum, Germany, Suzlon Windenergie GmbH, a company incorporated under the laws of Germany, having its registered office at Wasserstraße 223, 44799 Bochum, Germany, and RPW Investments, S.A., a company incorporated under the laws of Portugal, having its registered office at Rua Santa Marta, n° 43 E/F −5° C Lisbon, Portugal;

- "Senvion Group" refers to the Company and its subsidiaries;

- "Suzlon Group" refers to SEL and its subsidiaries;

- "Transactions" refers to the Acquisition and the Financing, as further described under "*The Transactions*";

- "Trustee" refers to Deutsche Trustee Company Limited, as trustee under the Indenture;

- "UK" and "United Kingdom" refer to the United Kingdom of Great Britain and Northern Ireland;

- "United States" or "U.S." refers to the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;

- "Upstream Effective Date" means the earlier of: (i) the date on which the conversion of the Company into a limited liability company (*Gesellschaft mit beschränkter Haftung*); and (ii) the date on which the existence of a profit transfer and/or domination agreement (*Gewinnabführungs und/oder Beherrschungsvertrag*) according to section 291 of the German Stock Corporation Act (*Aktiengesetz*) between the Company as dominated company and the Issuer as dominating company, is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany;

- "U.S. dollars," "dollars," "U.S.$" or "$" refers to the lawful currency of the United States;

- "U.S. Exchange Act" refers to the U.S. Securities Exchange Act of 1934, as amended; and

- "U.S. Securities Act" refers to the U.S. Securities Act of 1993, as amended.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods set forth below, the high, low, average and period end exchange rates published by Bloomberg (the "Bloomberg Composite Rate"). The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this offering memorandum. While we take responsibility for accurately reproducing the below information derived from Bloomberg, neither we nor the Initial Purchasers represent that the U.S. dollar amounts referred to below could be or could have been converted into euro at any particular rate indicated or at any other rate.

The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

The Bloomberg Composite Rate between the U.S. dollar and the euro on April 23, 2015 was $1.0824 per €1.00.

	U.S.$ per €1.00			
	High	**Low**	**Average**	**Period End**
Year				
2010	1.4510	1.1952	1.3211	1.3366
2011	1.4874	1.2925	1.3998	1.2960
2012	1.3463	1.2053	1.2911	1.3197
2013	1.3804	1.2772	1.3300	1.3789
2014	1.3925	1.2100	1.3209	1.2100
Monthly				
October 2014	1.2825	1.2513	1.2677	1.2531
November 2014	1.2550	1.2388	1.2471	1.2435
December 2014	1.2509	1.2100	1.2312	1.2100
January 2015	1.2099	1.1255	1.1633	1.1288
February 2015	1.1471	1.1195	1.1351	1.1195
March 2015	1.1201	1.0492	1.0818	1.0728
April 2015 (through April 23, 2015)	1.0994	1.0582	1.0763	1.0824

Our inclusion of these exchange rates is not meant to suggest that the euro amounts actually represent such U.S. dollar amounts or that such amounts could have been converted into U.S. dollars at any particular rate, if at all.

SUMMARY

This summary highlights information from this offering memorandum. It is not complete and does not contain all of the information that you should consider before investing in the Notes. You should read this offering memorandum carefully in its entirety, including the sections entitled "Risk Factors," "The Transactions," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry" and "Business," as well as the consolidated financial statements included elsewhere in this offering memorandum.

Overview

We are a global developer and manufacturer of onshore and offshore wind turbine generators ("WTGs"), operating in more than ten countries with approximately 12 gigawatts ("GW") of cumulative installed capacity worldwide as of December 31, 2014. We are headquartered in Hamburg, Germany and hold a strong competitive position in our core markets of Germany, Canada, France, the UK and Australia. In the twelve months ended December 31, 2014, we generated revenues of € 1,981.0 million, Adjusted EBITDA of €172.1 million (8.7% Adjusted EBITDA margin) and our total order book, including operations and maintenance ("O&M") service contracts, amounted to € 4.6 billion as of December 31, 2014.

We develop, manufacture, assemble, install and market a competitive range of technologically advanced WTGs with rated outputs ranging from 2 to 6.15 megawatts ("MW") and rotor diameters ranging from 82 to 152 meters, covering all wind classes in both onshore and offshore markets for a broad base of customers, including seven of the top 15 global wind utility companies (excluding Chinese market participants) such as RWE, EDF, Vattenfall and Enel, large-scale wind farm developers and leading independent producers of renewable power projects. Revenues of our onshore and offshore WTGs comprised 85.6% and 3.9% of our revenues for the twelve months ended December 31, 2014, respectively.

In addition to WTG development, manufacturing, assembly and installation, we have a large service book of O&M service contracts with an average length of approximately 9.6 years as of December 31, 2014, covering WTGs with a total installed capacity of approximately 9 GW. We offer our customers project-specific solutions in the fields of transportation and installation as well as individually tailored service and maintenance options. Our O&M services and other revenues comprised 10.5% of our revenues for the twelve months ended December 31, 2014.

In the wind farm development and operations value chain, we focus primarily on manufacturing and installation as well as the operation and maintenance phase and do not primarily engage in project development or wind farm ownership. Of the components contained in our WTGs, we produce a portion of our blades and nacelles internally and source other components from a broad network of more than 1,150 closely integrated suppliers. Our WTGs and blades are designed in Germany at our research and development ("R&D") center and manufactured and assembled at our production facilities in Germany, Portugal and Canada. During the twelve months ended December 31, 2014, our production of WTGs amounted to approximately 1.6 GW. As one of the pioneers in the wind industry, we have gained extensive experience from the production and installation of more than 5,850 WTGs as of December 31, 2014. This experience, in combination with our engineering capabilities, has historically enabled us to develop a diverse range of WTG technologies and establish our competitive position in the market. For instance, we were a first mover in developing and successfully installing larger MW rated WTGs, allowing us to significantly expand our market share in our core European markets where demand for 3 MW and larger WTGs has been increasing, partially due to limited land available for wind farms and other environmental constraints.

In addition to our German engineering heritage, we have an established geographical presence and longstanding customer relationships in our other European markets, which together accounted for approximately 76% of our cumulative installed capacity as of December 31, 2014. Over the years we have successfully expanded our operations into North America, Australia and Asia, which accounted for approximately 24% of our cumulative installed capacity as of December 31, 2014.

We have a lean and flexible business model characterized by a high proportion of variable costs, which exceeded 80% our total costs on average for the past three full financial years. Our cost structure allows us to adapt quickly to market dynamics, effectively manage capital commitments and support our cash flow generation in more challenging market environments. We focus our operations on three core activities: WTG assembly, O&M services and WTG R&D. We also have substantial control of mission critical components, such as blades, 32% of which were manufactured in-house during the calendar year ended December 31, 2014, while we externally source other more commodity-like components from a broad range of more than 1,150 suppliers, helping enhance our lean operating business model. We have increased our percentage of in-house blade production over the past several years.

We have a proven track record of solid financial performance, characterized by strong profitability even in years of weaker demand for WTGs when most of the sector experienced substantial operating losses. Over the last five financial years, we have experienced overall positive revenue and Adjusted EBITDA trends. Between the financial year 2011/2012 and the twelve months ended December 31, 2014, our revenues (excluding our U.S. onshore business) grew at a CAGR of 11.8% and, during the same period, our Adjusted EBITDA grew at a CAGR of 6.8%. Our revenue base is diversified due to our geographical diversification in addition to our product split between onshore WTGs, offshore WTGs, and O&M services and other revenues, comprising 85.6%, 3.9% and 10.5%, respectively, of our revenues for the twelve months ended December 31, 2014.

Our Competitive Strengths

We have a number of core competitive strengths that enable us to compete effectively in our markets, including:

Well-positioned to capitalize on growing demand for energy

The renewable energy market is characterized by favorable long term growth trends. Demand for electricity has increased consistently at a CAGR of approximately 3% over the past two decades, supporting growing electricity prices even in periods of volatile fuel prices (Source: MAKE Consulting). Going forward, electricity demand is expected to continue increasing at a similar rate driven by sustained industrial and household consumption (Source: MAKE Consulting). Despite fossil fuels and nuclear power still representing a large share of global electricity generation today, onshore and offshore wind generated electricity is expected to grow strongly at a CAGR of approximately 6.9% between 2014 and 2019, driven by several factors including: (i) increased awareness of climate change and global warming; (ii) national targets to reduce dependency on conventional or imported energy sources and diversify away from fossil fuels; and (iii) significantly improved relative cost competitiveness.

In order to reduce CO_2 emissions and create a path to sustainable growth, governments in our core markets have set national and international targets for sourcing energy from renewables. These targets are expected to support the sale of our products going forward through a combination of feed-in-tariffs ("FITs") or some form of tax incentives. For instance, the European Union has set targets to increase the share of renewable energy consumption to 20% by 2020. In addition, in 2014, the European Council agreed on new targets for 2030 with the objective of reducing emissions of greenhouse gases by at least 40% from 1990 levels, improving energy efficiency by increasing the share of renewable energy to 27% by 2030. Some countries, such as Germany, have set even more ambitious targets. Other countries outside the European Union, such as Australia, Turkey and India, also have targets, which we believe will strengthen the demand for our products going forward. In these markets we believe the penetration of renewable power generation will increase substantially going forward.

Wind energy has a strong position within renewables due to its proven technology and attractive relative cost compared to alternative forms of energy, with the current average cost of wind energy in certain areas nearing the wholesale price of electricity purchased from the grid in a relevant country ("grid parity"). Wind energy (onshore and offshore) is also characterized by low water consumption and is expected to outpace the renewable energy market to become the second largest renewable source globally by 2020, following hydro power (Source: BMI Research). We believe demand for wind energy will be driven by continued new installations as well as, in more developed wind markets, the replacement of older WTGs with more efficient WTGs, a process known as repowering. In addition, we expect declining levelized cost of energy ("LCoE") to further push WTGs towards grid parity and thereby contribute to sustainable future growth of the industry.

We believe our business model is well-positioned to capture future growth in the wind energy sector, targeting both the onshore and offshore markets. We operate in countries such as Germany, the UK and France, where the regulatory environment and incentive schemes are expected to remain supportive. In addition, because increased demand for WTGs triggers increased demand for WTG-related services, the growth of the WTG product market drives the growth of the WTG service market. As a provider of WTGs and WTG-related services, we therefore benefit from the growth of both WTG market segments. Our business model has already proven that it is capable of capturing growth opportunities. Over the last three financial years, our installed capacity has increased by approximately 5 GW (or 87.7%) to reach approximately 12 GW.

Global market participant with strong market positions in core markets of Europe, Canada and Australia

We are a global developer and manufacturer of onshore and offshore WTGs, operating in more than ten countries with approximately 12 GW of cumulative installed capacity worldwide. Our core markets are Germany, Canada, France, the UK and Australia. In 2014, our market share in our core markets, as measured by annual installations, recorded a significant increase compared to 2011. As of December 31, 2014, our market share as measured by grid- connections in Germany, France, Canada and Australia reached 13.6% (from 8.8% in 2011), 20.4% (from 17.3%

in 2011), 11.3% (from 0% in 2011) and 19.3% (from 0% in 2011), respectively. In the UK we held a 5.2% market share (compared to 12.4% in 2011) and we reached 10.1% in the onshore market (compared to 8.9% in 2011) (Source: MAKE Consulting).

In the offshore market, we command a leading position, having installed nearly as many 5 and 6 MW WTGs as all of our competitors combined. Overall, we have been consistently expanding our installed base to reach approximately 12 GW as of December 31, 2014. Our large and growing installed base, the bulk of which is located in developed markets, allows us to establish a profitable and growing services franchise providing a resilient income stream. Our large installed base and strong customer relationships provide a basis for future WTG sales and services products upselling. Our cumulative installed capacity as of December 31, 2014 by region was 8,774 MW for Europe, 2,088 MW for North America and 755 MW for Australia and Asia combined.

Market position protected by high barriers to entry

We believe our industry is characterized by high barriers to entry, such as (i) the need for substantial R&D investment, (ii) the importance of a proven track record and long standing relationships with customers and (iii) extensive industry know-how and experience, which protects the market position of more established market participants, such as us. Moreover, the nature of the industry has historically led to consolidation of existing market participants. Over the last five years, the top seven market participants, including us, have consistently represented more than 80% of the total market, with respect to installed capacity (excluding Chinese market participants) (Source: MAKE Consulting).

The global manufacturing base and advanced technological capabilities necessary to compete in the WTG industry require significant upfront investment, particularly in R&D, in order to achieve a competitive LCoE reduction and maximum energy production efficiency. We have built up engineering know-how over several decades and continuously develop new products to meet the technical requirements of our customers and geographical markets where we operate. We thus benefit from a significant head start in technological expertise that is difficult for new entrants to catch up with. For instance, over the last six financial years we spent approximately €240 million in R&D, have been granted approximately 260 patent families amounting to over 700 patents and disclosed over 800 inventions.

We have established strong market positions in the core markets in which we operate through continued delivery of reliable, technologically advanced and cost-efficient products. We believe we are one of the best known names in the WTG industry especially for our 3 MW onshore technology, which we first introduced in the market in 2008. In the twelve months ended December 31, 2014, we won more than 235 contracts due in large part to our advanced technology, owned patents and track record of successful delivery over multiple orders. Additionally, technological advancements in the production of wind energy are expected to be gradual due to the maturity of the industry. Generally, product cycles last two to three years and we have an established and well-structured pipeline, including our Next Electrical System ("NES") uplift system for our existing WTGs and our new 3.XM platform, which we believe will help us to maintain a solid competitive platform.

Moreover, most of our customers require bank financing to purchase our WTGs. The ability of customers to obtain such financing depends, in part, on the willingness of banks and other financing institutions to provide loans, which in turn depends on the track record of the WTG supplier. We believe that our well-known name and good reputation in the WTG industry provides us with a significant advantage in winning business over new entrants into the market.

In addition to our R&D focus, which protects our technology leadership, we have also implemented various operations that continue to strengthen and prolong our diverse array of customer relationships including measures designed to help ensure on-time delivery of WTG projects and our O&M service offering. These operations, together with our customer-oriented product portfolio, cost-efficiency, innovation, marketing efforts and long-term experience and track record of more than 20 years in onshore and ten years in offshore WTGs, contribute significantly to the increasing loyalty of our customers. These are key reasons why we believe seven out of the top 15 global wind utility companies (excluding Chinese market participants) are our customers. Moreover, our diverse customer base, which includes major international utility customers, such as RWE, EDF, Vattenfall and Enel, also gives us the benefit of having reliable transaction counterparties.

Technology pioneer with strong portfolio of onshore and offshore products

We believe we have a competitive multi-MW product portfolio, which ranges from 2 to 6.15 MW WTGs optimized for different wind speeds and locations. Our onshore product portfolio includes a wide range of WTGs, with nominal power output ranging from 2 to 3.4 MW, rotor diameters ranging from 82 to 122 meters and hub heights of 58.5 to 143 meters. We believe our wide range of products enables us to offer WTGs that are suitable for a particular

location's specific wind speeds and climatic conditions, thereby providing our customers with higher energy yields per unit of investment.

We believe we are a front-runner in the development of new WTG technologies, having particular expertise in WTGs for high wind speeds, although our experience extends across all wind classes. Our R&D helps to provide a strong product release pipeline. For example, we built our first 2 MW WTG in 2002, our first 5 MW WTG for offshore in 2006 and our first 3 MW WTG in 2008. In 2013, as a result of our long-term development and operational experience with 2 MW WTGs, we were awarded a contract for 175 WTGs of this series (350 MW combined) in Canada, the largest project in our history thus far. In 2014, we were awarded a contract to install 46 3 MW WTGs in Canada, which included our new de-icing technology. In addition to our WTGs for high wind speeds, we have developed other models in the 2 and 3 MW range that are optimized for low wind-speed locations. We have already taken significant steps towards the development of a new series of 3 MW WTGs aimed at improving annual energy production, which we believe will strengthen our competitiveness in the market. We also continuously work on upgrading our existing WTGs, such as our new 3.4M114, which generates higher yields compared to the previous version.

In the case of onshore WTGs, we have differentiated ourselves through the development and successful commercialization of WTGs of the 3.XM series, which were first introduced in 2008 in response to demand for higher WTG power output and have since become the flagship of our onshore portfolio. We believe that our experience in developing and successfully installing larger MW-rated WTGs has strengthened our relationships with our customers and improved our competitive position, especially in our core European markets where demand for 3 MW and larger WTGs has been increasing over the past few years due, in part, to limited land available for wind farms and other environmental constraints.

In the case of offshore WTGs, we have set ourselves apart from competitors by developing our 6.XM series. When we launched our 6.2M126 in 2008, it was the most powerful WTG in the industry as measured by nominal output. In 2014, we successfully installed and commissioned the prototype of the 6.2M152, which makes use of a larger rotor diameter, resulting in a 20% rise in energy yields. We command a leading position in the offshore business line, having installed nearly as many 5 and 6 MW WTGs as all of our competitors combined. As of December 31, 2014, we had installed approximately 160 WTGs of the 6.XM series.

High revenue and margin visibility from a significant order book and long-term service contracts

As of December 31, 2014, we had an order book of approximately € 4.6 billion, of which approximately €3.1 billion was attributable to WTG sales (in total representing 3.8 GW and equating to approximately two times the revenues achieved by our WTG sales business in the previous twelve months) and approximately €1.5 billion was attributable to our O&M services activities. Our order book for our O&M services activities is composed of contracts with an average life of approximately 8.8 years (for international contracts) to 11 years (for contracts in Germany). According to our reporting policy, we include in our order book only (i) our signed contracts, which are orders received from customers by means of a formal binding agreement that is subject to conditions precedent or is otherwise not fully effective (accounting for approximately €1.9 billion as of December 31, 2014) and (ii) our net firm orders, which are firm orders received from customers by means of a formal binding agreement after all conditions precedent have been fulfilled, less revenues already recognized under the percentage of completion method (approximately €1.2 billion as of December 31, 2014, net of revenues already accounted). We have a proven track record of turning signed contracts into net firm orders. For example, of the signed contracts executed in the financial years 2011/2012, 2012/2013 and 2013/2014 and the nine months ended December 31, 2014, we lost only 5% of such signed contracts during the period (with approximately three percentage points of the losses attributable to two major projects that we consider exceptional). We expect to convert the remaining 95% into net firm orders, having already converted approximately 85% into net firm orders during the period. We believe that our order book provides useful information and visibility of our revenues and results of operations.

Furthermore, the multi-year nature of the O&M service contracts we enter into as part of our growing service business contributes to more stable and predictable cash flows. We usually enter into these contracts at the point of sale of our WTGs. Once their term expires, these O&M service contracts tend to be renewed for an additional period. Over the past three full financial years, around 75% of the contracts set to expire during that period were renewed. Moreover, the after-sale servicing of our WTGs provides us with an opportunity to offer our customers various high-margin up-grade solutions. Our O&M service contracts had an average life of 9.6 years, as of December 31, 2014, and ranged generally from two to 20 years, providing attractive and visible earnings while adding to the barriers to entry facing our potential competition. As of December 31, 2014, we held O&M service contracts for 78% of all of the WTGs that we sold, compared to an average O&M coverage of 60% of WTGs serviced by their original manufacturers in Europe (Source: Make Consulting).

Track record of resilient financial performance

Our business has a successful track record of delivering strong financial results with revenues growth and resilient profitability even in challenging years for the wind energy sector. Over the last five financial years, we have increased our revenue base by approximately €1 billion, entered new markets and further stabilized our business model and operating margins. Our revenue base is well diversified due to our broad geographical presence in more than ten countries globally and our product split between revenues of onshore WTGs, offshore WTGs, and O&M services and other revenues, which comprised 85.6%, 3.9%, and 10.5%, respectively, of the Group's revenues for the twelve months ended December 31, 2014. Moreover, from the financial year 2011/2012 to the twelve months ended December 31, 2014, our O&M service revenues grew at a CAGR of 28.7%.

We also benefit from a flexible business model with limited vertical integration and a high proportion of variable costs, which helps us protect profitability and preserve cash flow generation in more challenging market dynamics. Our operational efficiency is particularly driven by our lean operating model, which is characterized by a scalable annual production capacity and an effective supply chain based on a well-balanced internal and external sourcing of product components. In the event of increased demand for our products we can swiftly scale up our 3 GW production capacity, for instance, through the introduction of additional work shifts. Our operational efficiency is further supported by a flexible cost structure based on, among other things, a high rate of part-time and outsourced work. Our production is primarily based on assembling externally sourced WTG components, while our production facilities are used for value added and design critical production of blades. Our own blade production capacity amounts to approximately 1.9 GW per annum. Basing our production on the assembly of sourced WTG components provides us with a higher degree of pricing flexibility with respect to our products, enabling us to pass negative effects from a declining market on to our suppliers, which we see as a competitive advantage.

Our business is able to operate with limited maintenance capital expenditures. As estimated by the Group's management, our maintenance capital expenditures represented approximately one third of our total annual capital expenditures each year over the last three full financial years. Our total capital expenditures as a percentage of revenues were 4.5%, 2.5%, 3.8% and 4.4% for the financial years 2011/2012, 2012/2013 and 2013/2014 and for the nine months ended December 31, 2014, respectively. Our R&D and growth capital expenditure programs allow us to react to market requirements and changing market conditions. We are generally able to shift parts of planned expenditures from one year to another without having any material direct impact on our competitive position. Stable margins combined with modest maintenance capital expenditure requirements support our cash flow generation. EBITDA less capital expenditures (including capitalized R&D), was positive over each of the past five full financial years. In addition, over the last three fiscal years, depreciation of property, plant and equipment and amortization of intangible assets (excluding impairment charges and reversals) for the Group averaged 2.0% of revenues, compared to 4.0% for our selected peers. Our ratio of total assets to revenues over the same period was approximately 0.80x, compared to 1.19x for our selected peers.

Strong, experienced and international management team with long-term track record in the wind industry

We benefit from the contribution of a dedicated senior management team with diverse international backgrounds and combined energy and technology industry expertise, with our Executive Board members having an average of more than 20 years of experience. Our management team has a strong track record of executing large scale and technologically complex wind energy projects in multiple jurisdictions. We believe that our management team has accumulated significant experience in adapting internationally recognized wind energy concepts and practices to local conditions in the markets where we operate. Our senior management team seeks to both ensure operational excellence and maintain close relationships with our key customers to ensure the performance of our business. To this end they have led a continuous improvement of our business by capitalizing on organic growth opportunities, pursuing operational efficiencies, continuously managing fixed costs, developing new products and technology with a particular focus on customer service. In addition, in connection with the Transactions, we anticipate that the senior members of our management team will be investing in our business and we anticipate the implementation of a long- term management equity plan that is intended to align management's interests for the sustainable growth and performance of our business.

Our Business Strategy

Based on our key strengths, our strategy focuses on profitable growth and improvement of our cash flow generation and is based on the following pillars:

Focus on onshore market leadership and further development of 3 MW platform

To increase our competitiveness, we aim to improve the efficiency, reliability and the usage life of our WTGs. In this regard, we intend to develop and sell WTGs characterized by superior price/performance ratios, as measured by electricity production costs per KWh of produced electricity. We aim to achieve this superiority by (i) increasing rated

capacity disproportionately vis- à-vis production costs and/or (ii) decreasing production costs while keeping rated capacity unchanged. In the short term, higher efficiency should be secured by adding performance-increasing features to existing WTGs, such as larger blades, Vortex generators (which are aerodynamic devices attached to rotor blades in order to modify wind flow around the blade and enhance efficiency), higher hub heights on towers, heating units or de-icing systems. In the medium to long term, we plan to develop a new generation of 3.XM WTGs characterized by superior price/performance ratios and expect to commercialize such WTGs over the next two to three years. We have already begun the initial design stage and are finalizing the specifications of such WTGs. We have historically been able to successfully convert our leading R&D capabilities into new successful products sold on the market, as witnessed by our recent launch of the last of three variants of the 3.XM series during financial year 2013/2014 and the 6.2M152 WTG in 2013 with a prototype installed in 2014, and plan to continue to pursue such innovation in the future.

We expect that a further improvement of the existing product platform and release of the new 3.XM platform will lead to further market share gains in our core markets of Germany, Canada, France, the UK and Australia. We also plan to carefully consider expanding or entering certain "satellite" markets, which are characterized by geographical proximity to, or having a regulatory environment or market structure that is similar to, our core markets, in order to capitalize on our existing technology and at the same time minimize regulatory, operational and financial risks. We have already successfully entered certain satellite markets in the past, such as Austria, Belgium, Ireland, the Netherlands and Romania, through successful bidding for significant WTG projects. In addition to satellite markets, we are cautiously considering entering or expanding our market presence in other attractive markets where we believe our 3.XM platform to be particularly suited, such as Turkey, Chile, South Africa and Japan, among others.

Capitalize on strong product and track record in offshore

We believe that the offshore market represents a substantial growth opportunity for us and other WTG developers going forward. In order to capture further growth in the offshore market and capitalize on our experience in this field, we started commercializing the 6.2M152 model, an evolution of our current 6.2M126 offshore model, which we believe was the largest offshore WTG installed as of December 2014. Our offshore technology, which we believe is on par with other leading offshore market participants, has been successful and allowed us to win important offshore projects such as Nordsee One (a 332 MW project consisting of 54 6.2M126 WTGs) and Nordergruende (a 111 MW project consisting of 18 6.2M126 WTGs to be installed over 2016 and 2017 in the North Sea), which were signed during the fourth quarter of the financial year 2014/2015 and are expected to start contributing to our revenues and profitability in the financial year 2015/2016. We believe our 6.2M152 model will be successfully commercialized after the current testing phase and will generate future offshore business. As part of our strategy in offshore, we may explore potentially entering into one or more joint ventures.

Continued expansion of our O&M services business

We intend to continue expanding our O&M services business, which has grown in terms of revenues at an average of 22.7% per annum since the financial year 2009/2010. Our service offering currently includes project-specific solutions in the fields of transportation, installation, condition monitoring implementation and data analysis and WTG tower foundation expansion as well as individually tailored service and maintenance options. Our service offering also implements predictive maintenance measures in order to anticipate problems before they arise and thereby decrease costs. In the coming years, we intend to broaden our service offering and further penetrate our existing customer base, which we believe will positively contribute to our margins and cash flows. We aim to offer services that will further increase the availability and usage life of our installed WTGs and intend to provide our customers with various high-margin upgrade solutions. Primarily, we aim to offer our customers high-margin full and premium service products. In order to capture market share in the secondary WTG services market supported in part by developers and owners conducting their own WTG maintenance, we intend to differentiate ourselves from our competitors by offering more flexible service packages.

Continued focus on operational excellence

We are continuously identifying and implementing a number of measures for efficiency gains. Most recently, in 2014, we launched an operational improvement program called "FOCUS 2015," which is based on the knowledge we gained from prior cost savings programs. FOCUS 2015 optimizes our core functions, including R&D and procurement and sales, as well as support functions such as organizational development. The program is intended to improve our performance in services, reduce direct material costs and operating expenses, sustainably improve product quality and enhance our business' stability by, among other benefits, applying predictive maintenance measures. We keep track of various cost saving milestones and believe FOCUS 2015 has and will improve our gross margins while contributing to our profitability and competitiveness. In the financial year 2013/2014 we generated cost savings of approximately €160 million with program POWER, the predecessor of FOCUS 2015, and we expect to, by taking a similar approach with FOCUS 2015, reach cost savings of approximately €115 million over the course of the full financial year 2014/2015.

Focus on cash flow growth and reduction of leverage

With a new governance framework and an anticipated change in our financial policy, driven by our new shareholder post Acquisition, we aspire to drive the business with a new and more determined focus on free cash flow generation, and stay consistent with our track record of sound and sustainable growth and profitability. We aim to improve our cash conversion going forward in order to reduce our overall leverage. To achieve our goal, we intend to place significant management emphasis on continued cash generation, efficient capital spending and working capital management. We believe that our current production capabilities have the potential to generate additional free cash flows and reduce our net working capital to levels more in line with our peers (whose net working capital levels have averaged approximately (4.5)% of revenue in the last financial year). We intend to achieve this through, among other measures, supply chain optimization, improved production planning with a built to order and installation focus, more favorable supplier terms and an increase in cash-focused operations. We aim to improve free cash flow driven by a disciplined, return-focused capital expenditure policy and flexible R&D programs to thereby reduce our leverage.

The Transactions

The Acquisition

On January 22, 2015, the Issuer, as purchaser, the Sellers, as sellers, and SEL entered into the Acquisition Agreement to acquire 100% of the share capital of the Company, a wholly-owned subsidiary of the Sellers. The Acquisition Agreement provides for a purchase price of €1.0 billion, less net intragroup receivables owed to the Company by affiliates of the Sellers and any closing "leakage" (including dividends and other specified transfers outside the Senvion Group from the signing date through the date of completion of the Acquisition), plus an earn-out payable by the Issuer, which is capped at €50.0 million (which cap might be increased up to €75.0 million in the event the Sellers make certain indemnification payments under the Acquisition Agreement).

The consummation of the Acquisition is subject to the satisfaction of certain conditions precedent, including valid release of encumbrances on the shares in the Company and no judgment, injunction or other decision by any court or government authority prohibiting the consummation of the acquisition having been served on any party to the Acquisition Agreement. The Issuer and the Sellers may terminate the Acquisition Agreement prior to the fulfillment or waiver of all closing conditions by July 22, 2015.

The Acquisition Agreement also contains customary "no leakage" representations and covenants of the Sellers from March 31, 2014 through the signing date and from the signing date through the date of completion of the Acquisition, respectively, including restrictions on the payment of dividends and bonuses and the incurrence of additional liabilities. In addition, the Acquisition Agreement contains representations and warranties as well as tax and other indemnities, in each case, subject to limitations. In the Acquisition Agreement, the parties have also agreed to negotiate the transfer of a license of the Company's 6.2M offshore WTG for India from the Company to the Suzlon Group, and a license of the Suzlon Group's S111 WTG for the United States from the Suzlon Group to the Company.

In connection with the Acquisition, we intend to implement a management incentive program under which the management of the Company is anticipated to be offered the opportunity to invest in the Parent Guarantor and its Luxembourg shareholder through instruments representing up to 8% of the share capital of the Parent Guarantor. Management will invest through a special purpose vehicle that is controlled by Centerbridge.

The Financing

The Acquisition will be financed as follows (collectively, the "Financing"):

- Centerbridge will indirectly provide approximately €485.0 million to the Issuer through a combination of contributions into capital reserves and deeply subordinated intercompany loans (the "Equity Contribution");
- the Issuer will issue the Notes in an aggregate principal amount of €400.0 million; and
- the Issuer will borrow approximately €176.0 million under the Cash Liquidity Facility Agreement.

The proceeds from the Financing described above will be used to:

- fund the cash consideration payable for the share capital of the Company purchased in the Acquisition; and
- pay the fees and expenses in connection with the Acquisition and the Financing, including fees and expenses to be incurred in connection with the Offering.

On April 14, 2015, we entered into the Cash Liquidity Facility Agreement, which will provide for a Cash Liquidity Facility of up to € 180.0 million. On March 30, 2015, we entered into the Revolving Credit and L/G Facilities Agreement, which will provide for a € 125.0 million Revolving Credit Facility and a €825.0 million L/G Facility. The Revolving Credit Facility will not be available until after repayment of the Cash Liquidity Facility. The Cash Liquidity Facility and the L/G Facility will be available on the Issue Date. We expect that substantially all of the Cash Liquidity Facility will be drawn, and that a substantial amount of the L/G Facility will be utilized, on the Issue Date. See "*Description of Certain Financing Arrangements*" and "*Capitalization.*"

Sources and Uses

We expect the consummation of the Acquisition to occur on the same date as the Issue Date.

The following table presents the estimated sources and uses of funds for the Transactions. Actual amounts will vary from estimated amounts depending on several factors, including changes in the actual amount of fees and expenses related to the Transactions.

Sources of Funds	Amount	Uses of Funds	Amount
	(in € million)		
Notes offered hereby	400.0	Acquisition consideration[3]	1,000.0
Equity Contribution[1]	485.0	Transaction fees and expenses[4]	61.0
Available cash on hand[2]	176.0		
Total Sources	**1,061.0**	**Total Uses**	**1,061.0**

(1) On the Issue Date, Centerbridge will provide the Equity Contribution, which will be made with a combination of contributions into capital reserves and deeply subordinated intercompany loans. The actual amount of the Equity Contribution will depend upon the actual amount of fees and expenses related to the Transactions as well as the available cash on hand of the Company as of the Issue Date, but in any case will amount, at a minimum, to €450.0 million.

(2) Cash of the Company will not be used to pay the Acquisition consideration on the Issue Date. On the Issue Date, the Issuer will draw approximately €176.0 million under the Cash Liquidity Facility, which will be used, together with the net proceeds of the Offering and the Equity Contribution, to finance the Acquisition consideration. After the Upstream Effective Date, we expect that cash from the Company will be used to repay amounts drawn under the Cash Liquidity Facility in full. See "*Description of Certain Financing Arrangements—Cash Liquidity Facility Agreement.*" The amount shown assumes that, prior to repaying the Cash Liquidity Facility, the existing net intragroup receivables in an amount between €22.0 million and €26.0 million owed to the Company by affiliates of the Sellers will be settled as a part of the Acquisition. A portion of the Acquisition consideration in the amount of the net intragroup receivables will be transferred to an escrow account on the Issue Date, and will only be released to the Sellers if and when such net intragroup receivables are satisfied within three months following the Issue Date. If the Sellers do not settle the net intragroup receivables within such time, the amounts in escrow would be released to the Issuer, and the Acquisition consideration as well as the available cash on hand needed to fund the Transactions would be reduced accordingly. See "*The Transactions—The Acquisition.*"

(3) Represents the total consideration payable to the Sellers pursuant to the terms of the Acquisition Agreement. Actual consideration paid to the Sellers could differ from this amount, as the Acquisition consideration will be reduced by any closing "leakage". See "*The Transactions—The Acquisition.*"

(4) Represents estimated fees and expenses relating to the Transactions, including financing fees, the Initial Purchaser commissions, legal, accounting and other professional fees and other transaction costs.

The Issuer

The Issuer is a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under the laws of Germany. The Issuer's registered seat is located at Hamburg. Following the Issue Date, the Issuer can be contacted under: Überseering 10, 22297 Hamburg, Germany, and the telephone number +49 40 5555 090 3051. The Issuer was acquired indirectly by Centerbridge as an acquisition vehicle to facilitate the Transactions and the Issuer's activities have related only to entering into contracts in connection with the Transactions.

Principal Shareholder

Centerbridge Partners, L.P. is an investment management firm focused on private equity and credit investment opportunities. The firm was founded in 2005 by Jeffrey H. Aronson and Mark T. Gallogly and has approximately $25 billion under management, as of March 1, 2015, with principal offices in New York and London. Prior to founding Centerbridge, Mr. Aronson was most recently a partner at Angelo, Gordon & Co., L.P., where he led all of that firm's credit securities and leveraged loan efforts, and Mr. Gallogly was the Head of the Private Equity Group at The Blackstone Group.

The principal thesis behind the Firm's development has been to build a unified investment team focused on two counter-cyclical investment strategies—distressed investing and private equity. The Centerbridge team consists of 212

professionals as of March 1, 2015, including 72 investment professionals of which 25 are based in London. The investment team includes professionals with private equity, credit securities, corporate finance, legal and industry specific backgrounds. The Centerbridge funds provide a platform through which Centerbridge can deploy its deep expertise investing throughout the capital structure in industries and geographies in which the firm has substantial knowledge and a discernible competitive advantage. The firm seeks to partner with world-class management teams across targeted industry sectors to help companies achieve their operating and financial objectives.

Recent Developments

Based on currently available information, the Group's revenues and Adjusted EBITDA for the full financial year 2014/2015 are expected to be between €1,910 million and €1,940 million and €145 million and €155 million, respectively, compared to revenues and Adjusted EBITDA of €1,806.0 million and €148.7 million, respectively, for the financial year 2013/2014.

The difference between the twelve months ended December 31, 2014 and the expected performance for the financial year 2014/2015 is primarily driven by (a) the exceptionally strong performance in the fourth quarter of the financial year 2013/2014 as a result of higher milestone payments received, and increased pre-production and installation volume in anticipation of certain projects, and (b) recent delays in the commissioning of WTGs for the Nordsee Ost project, mainly as a result of adverse weather conditions, which we expect to be able to resolve during the course of the current financial year.

We expect the Group's liquid funds as of March 31, 2015 to be in the range of €295 million to €305 million (before settlement of the net intragroup receivables owed to the Company by affiliates of the Sellers), which is lower compared to its liquid funds as of December 31, 2014, primarily due to increased WTG production activity and lower installation activity during the fourth quarter of the financial year 2014/2015, which resulted in an expansion of the Group's working capital in the quarter.

The Group's total order book was approximately €3.0 billion (including net firm orders and signed contracts) as of February 28, 2015, and we expect the order book to increase by between €150 million and €200 million by March 31, 2015, with net firm orders and signed contracts in March 2015 expected to more than offset revenues generated during the month.

The preliminary results and estimates presented above have not been audited, are derived from internal management accounts and are subject to our financial closing procedures. These procedures have not been completed. They are subject to the risks related to our business, including those set out under "Risk Factors" and "Forward-Looking Statements" in this offering memorandum, and are inherently subject to modification. While we believe these preliminary results and estimates to be reasonable, our actual results could vary from these estimates and these differences could be material.

Any profit forecast set out in these Listing Particulars has been propery prepared on the bases stated and the basis of accounting is consistent with the accounting policies of the Issuer and the Company. Any profit forecast or estimates made in these Listing Particulars are prepared on a basis comparable with the audited consolidated financial statements of the Company.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram summarizes our corporate structure and principal outstanding financing arrangements after giving effect to the Transactions, the conversion of the Company from an European law stock corporation (Societas Europaea) into a limited liability company (Gesellschaft mit beschränkter Haftung) and the repayment in full of the Cash Liquidity Facility. The diagram does not include all entities in the Group, nor all of the debt obligations thereof. See "The Transactions," "Use of Proceeds," "Capitalization" and "Principal Shareholder." For a summary of the debt obligations referred to in this chart, see "Description of the Notes" and "Description of Certain Financing Arrangements" for more information. All entities below are directly or indirectly 100% wholly owned unless otherwise indicated.

(1) Upon consummation of the Acquisition, the Company will be wholly owned by the Issuer, which will be (through one or more holding companies) indirectly controlled by Centerbridge. The Parent Guarantor will be indirectly owned by Centerbridge through one or more intermediate holding companies that will not form part of the restricted group for purposes of the Indenture. The management of the Company is anticipated to be offered the opportunity to invest in the Parent Guarantor and its Luxembourg shareholder through instruments representing up to 8% of the share capital of the Parent Guarantor. Management will invest through a special purpose vehicle that is controlled by Centerbridge. See "*Principal Shareholder*" and "*Management*."

(2) The Notes will be general senior obligations of the Issuer and will be guaranteed by the Parent Guarantor and MidCo on the Issue Date, by the Company within five business days after the Upstream Effective Date and by Ria Blades S.A., Senvion Indústria, S.A., Power Blades S.A. and Senvion Portugal S.A. within 90 days after the Issue Date. The obligations under the Cash Liquidity Facility Agreement and the Revolving Credit and L/G Facilities Agreement will also be guaranteed by the Guarantors at the same time such Guarantors guarantee the Notes. The audited consolidated financial statements of the Company contained in these Listing Particulars include both Guarantor and non-Guarantor entites of the Senvion Group. As of and for the nine months ended December 31, 2014, the aggregated total

net assets and aggregated EBITDA of the Issuer totaled €12 thousand (0.0% of the Group's aggregated total net assets) and negative €1 thousand (0.0% of the Group's aggregated EBITDA), respectively, the aggregated total net assets and aggregated EBITDA of the Guarantors totaled €697.1 million (100.0% of the Group's aggregated total net assets) and €95.4 million (101.0% of the Group's aggregated EBITDA), respectively, and the aggregated total net assets and aggregated EBITDA of the non-Guarantors totaled negative €9 thousand (0.0% of the Group's aggregated total net assets) and negative €948 thousand (-1.0% of the Group's aggregated EBITDA), respectively. As of and for the nine months ended December 31, 2014, the aggregated revenues, aggregated EBITDA and aggregated total net assets of the Company represented 88.0%, 89.5% and 98.0% of the aggregated revenues, aggregated EBITDA and aggregated total net assets, respectively, of the Group entities, each calculated on an unconsolidated basis not including the revenues and EBITDA of the discontinued operations and assets of the disposal group classified as held for sale relating to REpower North (China) Ltd. Under the terms of the Intercreditor Agreement, proceeds received upon an enforcement sale of the Notes Guarantees will be paid to the lenders under the Cash Liquidity Facility Agreement, the lenders under the Revolving Credit and L/G Facilities Agreement and certain future hedging counterparties, if any, in priority to the holders of the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

(3) On the Issue Date, the Notes will be secured by the Issue Date Collateral. No later than the Upstream Effective Date (in the case of the Company) and 90 days after the Issue Date (in the case of the other Post-Issue Date Guarantors), the Notes will be secured by first-ranking security interests in the Post-Issue Date Collateral. See "*Description of the Notes—Security*." The Collateral will secure the Cash Liquidity Facility Agreement and the Revolving Credit and L/G Facilities Agreement, in each case on an equal basis with the Notes and the Notes Guarantees pursuant to the Intercreditor Agreement at the same time the Collateral secures the Notes and the Notes Guarantees, except that only the L/G Facility will benefit from the Post-Issue Date Collateral of the Company prior to the Upstream Effective Date. However, the Collateral may in the future secure hedging obligations and other indebtedness permitted to be incurred under the Indenture and secured on an equal basis with the Collateral. Under the terms of the Intercreditor Agreement, proceeds received upon an enforcement sale of the Collateral will be paid to the lenders under the Cash Liquidity Facility, the lenders under the Revolving Credit and L/G Facilities Agreement and certain future hedging counterparties, if any, in priority to the holders of the Notes. Prior to the Upstream Effective Date, proceeds received upon an enforcement sale of the Post-Issue Date Collateral of the Company will only be paid to the lenders under the Revolving Credit and L/G Facilities Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

(4) On April 14, 2015, we entered into the Cash Liquidity Facility Agreement, which will provide for a Cash Liquidity Facility of up to €180.0 million. On March 30, 2015, we entered into the Revolving Credit and L/G Facilities Agreement, which will provide for a €125.0 million Revolving Credit Facility and a € 825.0 million L/G Facility. The Revolving Credit Facility will not be available until after repayment of the Cash Liquidity Facility. The Cash Liquidity Facility and the L/G Facility will be available on the Issue Date. We expect that substantially all of the Cash Liquidity Facility will be drawn, and that a substantial amount of the L/G Facility will be utilized, on the Issue Date. As of December 31, 2014, the Company had utilized €407.3 million under the Company's existing syndicated guarantee facility, which will be replaced by the L/G Facility. In addition, the Company and certain of its subsidiaries have entered into bilateral loan facilities (including mortgages relating to certain specified properties), which will remain outstanding after the completion of the Acquisition. As of December 31, 2014, the total aggregate principal amount outstanding under these facilities was €24.4 million. See "*Description of Certain Financing Arrangements*."

THE OFFERING

The summary below describes the principal terms of the Notes, the Intercreditor Agreement and the Security Documents. It is not intended to be complete and certain of the terms and conditions described below are subject to important exceptions. You should carefully review the "The Transactions," "Description of the Notes" and "Description of Certain Financing Arrangements—Intercreditor Agreement" sections of this offering memorandum for more detailed descriptions of the terms and conditions of the Notes and the Intercreditor Agreement.

Issuer..... Senvion Holding GmbH.

Offered Notes ..... €400,000,000 aggregate principal amount of 6.625% Senior Secured Notes due 2020 (the "Notes").

Issue Date..... On or about April 29, 2015.

Issue Price..... 100.00%, plus accrued and unpaid interest from the Issue Date.

Maturity Date..... November 15, 2020.

Interest Rate..... 6.625% per annum.

Semi-annually in arrears on each May 15 and November 15, commencing on November 15, 2015. Interest will accrue from the Issue Date.

Form and Denomination ..... The Issuer will issue the Notes on the Issue Date in global registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.

Ranking of the Notes ..... The Notes will:

- be general senior obligations of the Issuer, secured as set forth under "—*Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes;
- rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- be effectively senior to any existing and future unsecured indebtedness of the Issuer to the extent of the value of the property and assets securing the Notes;
- be structurally subordinated to all existing and future indebtedness of the subsidiaries of the Issuer that do not guarantee the Notes, including their obligations to trade creditors; and
- be effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness.

The Notes will be subject to the terms of the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and *"Description of the Notes—Security.*"

Notes Guarantees..... The Issuer's obligations under the Notes will be guaranteed (the "Notes Guarantees") on a senior basis by the Parent Guarantor and MidCo on the Issue Date, by the Company within five business days after the Upstream Effective Date and by Ria Blades S.A., Senvion Indústria, S.A., Power Blades S.A. and Senvion Portugal S.A. within 90 days after the Issue Date.

As of and for the twelve months ended December 31, 2014, the aggregated revenues, aggregated EBITDA and aggregated total net assets of the Company and the other Post-Issue Date Guarantors together represented 92.8%, 100.9% and 101.3% of the aggregated revenues, aggregated EBITDA and aggregated total net assets, respectively, of the Group entities, each calculated on an unconsolidated basis not including the revenues and EBITDA of the discontinued operations and assets of the disposal group classified as held for sale relating to REpower North (China) Ltd.

Under the terms of the Intercreditor Agreement, proceeds received upon an enforcement sale of the Notes Guarantees will be paid to the lenders under the Cash Liquidity Facility Agreement, the lenders under the Revolving Credit and L/G Facilities Agreement and certain future hedging counterparties, if any, in priority to the holders of the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The Notes Guarantees will be subject to certain contractual and legal limitations, which could significantly reduce the amount that can be recovered by the holders of Notes from the Guarantors, and may be released in certain circumstances. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*," "*Description of the Notes—Notes Guarantees*" and "*Risk Factors—Risks Related to Our Structure*."

Ranking of the Notes Guarantees. Each Notes Guarantee will:

- be a general senior obligation of such Guarantor, secured as set forth under "*—Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of such Guarantor that is not expressly subordinated in right of payment to such Notes Guarantee;
- rank senior in right of payment to any existing and future indebtedness of such Guarantor that is expressly subordinated to in right of payment to such Notes Guarantee;
- be effectively senior to any existing and future unsecured indebtedness of such Guarantor to the extent of the value of the property and assets securing such Notes Guarantee; and
- be effectively subordinated to any existing and future indebtedness of such Guarantor that is secured by property or assets that do not secure such Notes Guarantee, to the extent of the value of the property and assets securing such indebtedness.

Security ..... On the Issue Date, the Notes and the Notes Guarantees will be secured by:

- a first-ranking pledge of the shares in MidCo and the Issuer;
- a pledge of the bank accounts of the Parent Guarantor, MidCo and the Issuer;
- an assignment of intra-group receivables of the Parent Guarantor, MidCo and the Issuer;
- a first-ranking pledge of the shares in the Company; and
- a first-ranking pledge of the future shares in the Company once the Company's conversion into a limited liability company (*Gesellschaft mit beschränkter Haftung*) is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg,

(collectively, the "Issue Date Collateral").

On the Upstream Effective Date for any security granted by the Company and, within 90 days after the Issue Date for any security granted by any other Post-Issue Date Guarantor, the Notes and the Notes Guarantees will be secured by:

- a first-ranking pledge of the shares in certain subsidiaries of the Company;
- a pledge of the bank accounts of the Company;
- an assignment of trade receivables, insurance receivables and intra-group receivables of the Company;
- a pledge or assignment of all current and future registered patents of the Company;
- a security transfer (*Sicherungsübereignung*) of inventories of the Company;
- financial pledges over the shares of the Post-Issue Date Guarantors (other than the Company);
- financial pledges over the bank accounts of the Post-Issue Date Guarantors (other than the Company);
- banking pledge over fixed moveable assets held by Ria Blades, S.A.; and
- assignments of certain receivables, namely intercompany loans, insurance credits under insurance policies and agreements and trade receivables over clients of the Post-Issue Date Guarantors (other than the Company),

(collectively, the "Post-Issue Date Collateral" and, together with the Issue Date Collateral, the "Collateral").

For more information, see "*Certain Notes Guarantees and security interests will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit the validity and enforceability*."

The Collateral will also secure the Cash Liquidity Facility Agreement and the Revolving Credit and L/G Facilities Agreement on an equal basis with the Notes and the Notes Guarantees pursuant to the Intercreditor Agreement at the same time the Collateral secures the Notes and the Notes Guarantees, except that only the L/G Facility will benefit from the Post-Issue Date Collateral of the Company prior to the Upstream Effective Date. The Collateral may in the future secure hedging obligations and other indebtedness permitted to be incurred under the Indenture and secured on an equal basis with the Collateral. Under the terms of the Intercreditor Agreement, proceeds received upon an enforcement sale of the Collateral will be paid to the lenders under the Cash Liquidity Facility Agreement, the lenders under the Revolving Credit and L/G Facilities Agreement and certain future hedging counterparties, if any, in priority to the holders of the Notes. Prior to the Upstream Effective Date, proceeds received upon an enforcement sale of the Post-Issue Date Collateral of the Company will only be paid to the lenders under the Revolving Credit and L/G Facilities Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

The security interests in the Collateral will be subject to the terms of the Security Documents and will be subject to certain legal limitations, may be released under certain circumstances. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*," "*Description of the Notes—Notes Guarantees*," "*Risk Factors—Risks Related to Our Structure*." and "*Description of the Notes—Security—Release.*"

Use of Proceeds ..... The Issuer intends to use the net proceeds from the Offering (equal to the gross proceeds from the Offering after deducting the Initial Purchasers' commissions and certain estimated expenses to be incurred in connection with the Transactions, including legal, accounting and other professional fees), together with the Cash Liquidity Facility and the proceeds from the Equity Contribution, to fund (i) the total consideration to be paid in the Acquisition and (ii) the estimated costs and expenses incurred in connection with the Transactions, including the Initial Purchasers' commissions, legal, accounting and other professional fees and other transaction costs. According to the opinion by DNV commissioned by the Issuer, the Notes are consistent with the definition of "green bonds" within the Green Bond Principles. See "*The Transactions—The Financing*" and "*Use of Proceeds*."

Optional Redemption ..... The Issuer may redeem all or part of the Notes at any time on or after May 15, 2017, at the redemption prices described under "*Description of the Notes—Optional Redemption.*"

At any time prior to May 15, 2017, the Issuer may redeem all or part of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, plus a "make-whole" premium, as described under "*Description of the Notes—Optional Redemption.*"

At any time prior to May 15, 2017, the Issuer may on one or more occasions redeem up to 40% of the aggregate principal amount of the Notes, using the net proceeds from certain equity offerings at a redemption price equal to 106.625% of the principal amount of the Notes, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption; *provided* that at least 50% of the original aggregate principal amount of the Notes remains outstanding after the redemption. See "*Description of the Notes—Optional Redemption.*"

At any time prior to May 15, 2017, the Issuer may redeem up to 10% of the principal amount of the Notes in each 12- month period commencing on the Issue Date at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest and additional amounts, if any. See "*Description of the Notes—Optional Redemption.*"

Additional Amounts; Tax Redemption ..... Any payments made by or on behalf of the Issuer, any future guarantor or applicable paying agent with respect to the Notes will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. Subject to certain exceptions and limitations, if the Issuer or applicable future guarantor or paying agent is required by law to withhold or deduct such taxes with respect to a payment on any Note, the Issuer or such future guarantor will pay the additional amounts necessary so that the net amount received after such withholding is not less than the amount that would have been received in the absence of the withholding. See "*Description of the Notes—Additional Amounts*."

	Subject to and as set forth in "*Description of the Notes—Additional Amounts*," the Issuer will not be liable to pay any additional amounts to holders of the Notes in certain circumstances. If certain changes in the law of any relevant taxing jurisdiction become effective after the issuance of the Notes that would impose withholding taxes or other deductions on the payments on the Notes, and would require the Issuer to pay Additional Amounts (as defined in "*Description of the Notes—Additional Amounts*," the Issuer, may redeem the Notes. in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Redemption for changes in Taxes.*"
Change of Control.....	Upon certain events constituting a change of control under the Indenture, the holders of the Notes will have the right to require the Issuer to offer to repurchase the Notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. Under the Indenture, a change of control will not be deemed to have occurred on one occasion if a certain consolidated leverage ratio is not exceeded as a result of a Specified Change of Control Event (as defined in "*Description of the Notes*." See "*Description of the Notes—Repurchase at the option of holders—Change of Control*").
Certain Covenants	The Indenture will limit, among other things, the ability of the Parent Guarantor and its restricted subsidiaries to: • incur or guarantee additional indebtedness and issue certain preferred stock; • pay dividends, redeem capital stock and make certain investments; • make certain other restricted payments; • create or permit to exist certain liens; • impose restrictions on the ability of the restricted subsidiaries to pay dividends; • transfer or sell certain assets; • merge or consolidate with other entities; • enter into certain transactions with affiliates; and • impair the security interests for the benefit of the holders of the Notes. Certain of the covenants will be suspended if and for as long as the Notes achieve investment-grade ratings. See "*Description of the Notes—Certain covenants—Suspension of Covenants when Notes rated Investment Grade*." Each of the covenants in the Indenture will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain covenants.*"
Transfer Restrictions.....	The Notes have not been, and will not be, registered under U.S. federal or state or any foreign securities laws and are subject to restrictions on resale. See "*Important Information about this Offering Memorandum.*" We are under no obligation to, nor do we intend to, register the Notes in the United States.
Absence of a Public Market for the Notes	The Notes will be new securities for which there will be no established trading market. Accordingly, we cannot assure you as to the development or liquidity of any market for the Notes. Furthermore, the Notes will not have registration rights under the U.S. Securities Act.
Risk Factors.....	Investing in the Notes involves substantial risks. You should consider carefully all the information in this offering memorandum and, in particular, you should evaluate the specific risk factors set forth in the "*Risk Factors*" section before making a decision whether to invest in the Notes.
Admission to Trading and Listing	Application has been made for the Notes to be listed on the Official List of the Irish Stock Exchange and to be admitted to trading on the Global Exchange Market thereof. There can be no assurance that such application will be accepted.
Governing Law.....	The Notes and the Indenture (including the Notes Guarantee) will be governed by New York law. The Intercreditor Agreement will be governed by English law. The Cash Liquidity Facility Agreement and Revolving Credit and L/G Facilities Agreement will be governed by German law. The Security Documents will be governed by the laws of Germany and Portugal, as applicable.
Trustee	Deutsche Trustee Company Limited.
Security Agent.....	Bayerische Landesbank.
Paying Agent	Deutsche Bank AG, London Branch.
Transfer Agent.....	Deutsche Bank Luxembourg S.A.
Registrar.....	Deutsche Bank Luxembourg S.A.

Listing Agent ..... Deutsche Bank Luxembourg S.A.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

The financial information contained in the following tables is taken or derived from the audited consolidated financial statements of the Company as of and for the financial years ended March 31, 2012, 2013 and 2014, each prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315a(1) of the German Commercial Code (*Handelsgesetzbuch*), and the unaudited interim consolidated financial statements of the Company as of and for the nine months ended December 31, 2014, prepared in accordance with IFRS on interim financial reporting (IAS 34). Some of the performance indicators and ratios shown below were taken or derived from the Company's internal accounting records or management reporting systems and are not included in the audited consolidated financial statements of the Company as of and for the financial years ended March 31, 2012, 2013 and 2014 or in the unaudited interim consolidated financial statements of the Company as of and for the nine months ended December 31, 2014. The results of operations for interim periods or prior years are not necessarily indicative of the results to be expected for the full year or any future period.

The Issuer was formed on December 8, 2014 for the purposes of facilitating the Transactions. None of the Parent Guarantor, MidCo or the Issuer has conducted any business operations and none of those entities has any material assets or liabilities other than those incurred in connection with its incorporation and the Transactions. In the future, we will report our financial results at the Parent Guarantor level on a consolidated basis.

The Acquisition will be accounted for using the acquisition method of accounting. Under IFRS 3 "Business Combinations," the cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair market values at the acquisition date. The excess of the consideration transferred over the fair value of the acquirer's share of the identifiable net assets acquired is recorded as goodwill. Since the Acquisition has not been consummated as of the date of this offering memorandum, we have not identified the fair value of assets acquired and liabilities to be assumed at the date of the Acquisition. In accordance with IFRS, we have up to one year from the date of completion of the Acquisition to finalize the allocation of the purchase price.

Certain financial information of the Group in this offering memorandum has been presented for the twelve months ended December 31, 2014, which has been calculated by adding the amounts for the nine months ended December 31, 2014 (derived from the Company's unaudited interim consolidated financial statements as of and for the nine months ended December 31, 2014 and the Company's internal accounting records) to the respective amounts for the financial year 2013/2014 (derived from the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2014 and the Company's internal accounting records) and subtracting the respective amounts for the nine months ended December 31, 2013 (derived from the Company's unaudited interim consolidated financial statements as of and for the nine months ended December 31, 2014 and the Company's internal accounting records).

Where financial information in the following tables is labeled "audited," this means that such financial information was taken from the Company's audited consolidated financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that was taken or derived from the Company's unaudited interim consolidated financial statements mentioned above, the Company's internal accounting records or management reporting systems or is based on calculations of financial information of the above mentioned sources and not included in the audited consolidated financial statements mentioned above.

Unless stated otherwise, all the financial information presented in the tables in this section of this offering memorandum is shown in millions of euro, rounded to one decimal point. As a result, the figures shown as totals in the following tables may vary slightly from the exact arithmetic aggregation of the figures that precede them. With respect to financial information set out in of this offering memorandum, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but is or has been rounded to zero.

We include certain as adjusted financial information for the Parent Guarantor as of and for the twelve months ended December 31, 2014, which is based on the consolidated financial information of the Company (as described above) on an adjusted basis to reflect certain effects of the Transactions on the indebtedness, cash position and interest expense of the Group. The as adjusted financial information for the Parent Guarantor as of and for the twelve months ended December 31, 2014 has been prepared for illustrative purposes only and does not represent what our indebtedness or interest expense would have been had the Transactions occurred on December 31, 2014, or January 1, 2014, respectively, nor does it purport to project our indebtedness or interest expense at any future date. The as adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the adjustments nor the resulting as adjusted financial information have been audited in accordance with any generally accepted auditing standards.

Prospective investors should bear in mind that the performance indicators and ratios that we report herein, such as EBIT, EBIT margin, EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, capital expenditures and leverage and coverage ratios, are not financial measures defined in accordance with IFRS and, as such, may be calculated by other companies using different methodologies and having different results. Therefore, these performance indicators and ratios are not directly comparable to similar figures and ratios reported by other companies.

The following selected financial information should be read together with the sections "*Presentation of Financial and Other Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," and the Company's consolidated financial statements contained in this offering memorandum and the additional financial information contained elsewhere in this offering memorandum.

You should regard the selected financial information and other operating data below only as an introduction and should base your investment decision on a review of this offering memorandum in its entirety.

Consolidated Income Statement Data

The following table shows the Company's selected consolidated income statement data for the financial years 2011/2012, 2012/2013 and 2013/2014, for the nine months ended December 31, 2013 and 2014 and for the twelve months ended December 31, 2014:

	Financial year ended March 31,			Nine months ended December 31,		
	2012	2013	2014	2013	2014	Twelve months ended December 31, 2014
		(audited)			(unaudited)	
			(in € million)			
Revenues	1,674.6	2,221.4	1,806.0	1,197.2	1,372.2	1,981.0
Changes in work in progress	(58.1)	(23.8)	15.8	32.8	17.3	0.2
Work performed by the entity and capitalized	17.9	20.5	23.4	15.1	26.0	34.3
Total performance	**1,634.3**	**2,218.1**	**1,845.3**	**1,245.0**	**1,415.4**	**2,015.7**
Other operating income[1]	61.0	74.5	43.7	27.9	23.9	39.7
Cost of materials/cost of purchased services	(1,236.2)	(1,738.1)	(1,401.6)	(948.2)	(1,059.9)	(1,513.3)
Personnel expenses	(154.6)	(198.3)	(196.2)	(145.4)	(153.5)	(204.3)
Depreciation of property, plant and equipment and amortization of intangible assets	(30.4)	(39.6)	(44.6)	(29.0)	(41.4)	(57.0)
Other operating expenses	(168.4)	(236.5)	(145.3)	(114.2)	(131.2)	(162.3)
Result from operating activities before exceptional items from reorganization[2]	**—**	**—**	**101.2**	**36.1**	**53.4**	**118.5**
Exceptional items from reorganization[3]	—	—	(38.0)	(30.2)	—	(7.8)
Result from operating activities	**105.8**	**80.2**	**63.2**	**5.9**	**53.4**	**110.7**
Interest and similar financial income	3.0	2.8	1.1	0.8	1.3	1.6
Interest and similar financial expenses	(13.4)	(16.3)	(16.2)	(10.3)	(14.6)	(20.5)
Share of result from joint ventures	0.1	0.2	—	—	—	0.0
Result before income taxes	**95.5**	**66.9**	**48.1**	**(3.6)**	**40.1**	**91.8**
Income tax expense/Income taxes	(33.4)	(18.4)	(20.2)	5.8	(16.8)	(42.8)

Profit/loss for the period from continuing operations	**62.1**	**48.5**	**27.9**	**2.3**	**23.4**	**49.0**
Profit/loss for the period from discontinued operations	(0.5)	(0.4)	(7.5)	(0.5)	1.1	(6.0)
Net income for the period	**61.6**	**48.1**	**20.3**	**1.8**	**24.4**	**42.9**

(1) Other operating income includes currency translation gains, income from hedging transactions, insurance payments/compensations, income from reversal of provisions, investment subsidies, R&D subsidies, income from reversal of bad debt allowances, gain on disposal of non-current assets and other operating income.

(2) This subtotal line item was introduced in the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2014 to disclose the occurrence of exceptional items from reorganization in the financial year 2013/2014 (discussed in note (3) below). Because no such exceptional items from reorganization had occurred in the financial year 2011/2012 or the financial year 2012/2013, this subtotal was not disclosed in the Company's audited consolidated financial statements as of and for the financial years ended March 31, 2012 and 2013. Therefore, the above table shows a dash (—) for the subtotal for the financial year 2011/2012 and the financial year 2012/2013, indicating that this line item had not been disclosed for those financial years.

(3) Exceptional items from reorganization relate to the efficiency enhancement program "POWER" in which the Group altered its organizational structure in order to eliminate inefficiencies and standardize duplicated functions. Costs associated with the reorganization relate to legal and consulting costs, as well as personnel costs from the dismissal of staff and cancellation of employment contracts.

Consolidated Statement of Financial Position Data

The following table shows the Company's selected consolidated statement of financial position data as of March 31, 2012, 2013 and 2014 and as of December 31, 2014:

	As of March 31,			As of December 31, 2014
	2012[1]	2013	2014	
	(audited)			(unaudited)
	(in € million)			
ASSETS				
Total current assets[2]	1,169.8	1,116.3	1,158.1	1,160.5
Assets of disposal group classified as held for sale	23.2	28.9	13.3	12.6
Total non-current assets	308.8	321.4	342.3	354.1
Total assets	**1,501.9**	**1,466.6**	**1,513.7**	**1,527.2**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Total current liabilities	824.3	725.9	747.7	755.6
Liabilities of disposal group classified as held for sale	4.2	9.7	3.2	0.5
Total non-current liabilities	112.8	122.1	130.1	117.9
Equity attributable to shareholders of the parent company	551.9	600.0	627.5	647.0
Non-controlling interests	8.7	8.9	5.1	6.2
Total equity capital	560.6	608.9	632.6	653.2
Total equity and liabilities	**1,501.9**	**1,466.6**	**1,513.7**	**1,527.2**

(1) Due to changes in the presentation of equity attributable to shareholders of the parent company and non-controlling interests the prior-year comparative financial information as of March 31, 2012 has been adjusted in the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2013. Therefore, to the extent affected by these adjustments, the consolidated statement of financial position data as of March 31, 2012 are taken from the prior- year comparative financial information of the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2013.

(2) Excluding assets of disposal group classified as held for sale.

Consolidated Statement of Cash Flows Data

The following table shows the Company's selected consolidated statement of cash flows data for the financial years 2011/2012, 2012/2013 and 2013/2014, and for the nine months ended December 31, 2013 and 2014:

	Financial year ended March 31,			Nine months ended December 31,	
	2012[1]	2013	2014	2013	2014
	(audited)			(unaudited)	
	(in € million)				
Cash and cash equivalents at the beginning of the period	**311.3**	**264.2**	**231.4**	**231.4**	**268.5**

Cash flow from operating activities	55.0	26.9	110.8	75.1	140.3
Cash flow from investing activities	(76.4)	(50.8)	(65.5)	(47.2)	(59.3)
Cash flow from financing activities	(25.7)	(9.0)	(8.2)	(5.7)	(5.6)
Increase/decrease in cash and cash equivalents	**(47.0)**	**(32.9)**	**37.1**	**22.1**	**75.5**
Cash and cash equivalents at the end of the period	**264.2**	**231.4**	**268.5**	**253.5**	**344.0**

(1) Due to changes in the presentation of cash flow from discontinued operations the prior-year comparative financial information for the financial year 2011/2012 has been adjusted in the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2013. Therefore, to the extent affected by these adjustments, the consolidated statement of cash flows data for the financial year 2011/2012 are taken from the prior-year comparative financial information of the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2013.

Other Historical Financial and Operating Data[1]

The following table shows the Group's selected other historical and operating data for the financial years 2011/2012, 2012/2013 and 2013/2014, for the nine months ended December 31, 2013 and 2014 and for the twelve months ended December 31, 2014:

	Financial year ended March 31,			Nine months ended December 31,		
	2012	2013	2014	2013	2014	Twelve months ended December 31, 2014
		(unaudited)			(unaudited)	
	(in € million, except where indicated)					
Revenues by business line and geography:						
Onshore	1,225.2	1,695.5	1,530.2	997.0	1,161.6	1,694.8
Germany	271.4	386.3	565.2	397.7	597.0	764.5
United Kingdom	86.3	238.0	124.9	82.3	60.5	103.1
Canada	208.4	303.3	262.1	146.7	131.0	246.4
France	167.7	108.2	190.5	98.0	119.2	211.7
United States	218.3	304.2	0.1	0.1	0.1	0.1
Rest of the world	273.0	355.4	387.4	272.3	253.9	369.0
Offshore	324.9	369.1	82.5	59.7	55.2	78.0
O&M services	92.7	130.4	174.0	126.7	138.1	185.4
Other	31.9	26.4	19.3	13.8	17.4	22.9
EBIT[2]	105.8	80.2	101.2	36.1	53.4	118.5
EBIT margin[3]	6.3%	3.6%	5.6%	3.0%	3.9%	6.0%
EBITDA[4]	136.2	119.8	145.8	65.1	94.8	175.5
EBITDA margin[5]	8.1%	5.4%	8.1%	5.4%	6.9%	8.9%
Adjusted EBITDA[6]	143.5	144.9	148.7	74.7	98.1	172.1
Adjusted EBITDA margin[7]	8.6%	6.5%	8.2%	6.2%	7.1%	8.7%
Order book[8]	3,042.3	2,847.4	3,149.5	3,494.9	3,074.3	3,074.3
Signed contracts[9]	1,377.8	1,703.3	1,890.4	2,273.3	1,856.6	1,856.6
Net firm orders[10]	1,664.6	1,144.1	1,259.1	1,221.6	1,217.7	1,217.7
Order book by country:						
Germany	662.0	1,299.8	1,550.7	1,439.0	1,162.6	1,162.6
United Kingdom	197.0	217.0	125.5	223.3	221.3	221.3
Canada	385.4	664.7	557.5	652.4	569.2	569.2
France	172.8	254.0	207.6	295.5	171.3	171.3
United States	283.0	0.0	0.0	0.0	0.0	0.0
Rest of the world (including offshore)	1.342.0	413.0	708.2	884.7	950.0	950.0
Installed capacity worldwide (in MW)[11]	1,072.7	2,201.6	1,487.3	1,076.5	1,538.3	1,949.1
Installed WTGs worldwide (in number)[12]	433	941	595	424	560	731
Employees (in number)[13]	2,958	3,507	3,375	3,246	3,543	3,543

(1) For more information on the non-IFRS financial measures included in the table, see "*Presentation of Financial and Other Information—Other Financial Measures*."

(2) EBIT is defined as result from operating activities before exceptional items from reorganization. This measure is not a defined financial indicator under IFRS. It should be noted in this context that not all companies calculate the items that are not defined under IFRS in the same manner, and that consequently the measures reported are not necessarily comparable with similarly described measures employed by other companies. See "*Presentation of Financial and Other Information—Other Financial Measures*." Below is a reconciliation calculation from result from operating activities to EBIT for the periods indicated:

	Financial year ended March 31,			Nine months ended December 31,		Twelve months ended December 31, 2014
	2012	2013	2014	2013	2014	
	(audited, except where indicated)			(unaudited)		
	(in € million)					
Result from operating activities	**105.8**	**80.2**	**63.2**	**5.9**	**53.4**	**110.7**
Exceptional items from reorganization	—	—	38.0[(a)]	30.2[(a)]	—	7.8
EBIT (unaudited)	**105.8**	**80.2**	**101.2**	**36.1**	**53.4**	**118.5**

(a) Reflects costs relating to the Group's efficiency enhancement program "POWER," which resulted in approximately 500 employees mutually agreeing to leave the Group, and related to legal and consulting costs and personnel costs.

(3) EBIT margin is defined as EBIT as a percentage of revenues.

(4) EBITDA is defined as a result from operating activities before exceptional items from reorganization and depreciation of property, plant and equipment and amortization of intangible assets. EBITDA as presented herein differs from consolidated EBITDA as defined in the Indenture governing the Notes. This measure is not a defined financial indicator under IFRS. It should be noted in this context that not all companies calculate the items that are not defined under IFRS in the same manner, and that consequently the measures reported are not necessarily comparable with similarly described measures employed by other companies. See "*Presentation of Financial and Other Information—Other Financial Measures*." Below is a reconciliation calculation from result from operating activities to EBITDA for the periods indicated:

	Financial year ended March 31,			Nine months ended December 31,		Twelve months ended December 31, 2014
	2012	2013	2014	2013	2014	
	(audited, except where indicated)			(unaudited)		
	(in € million)					
Result from operating activities	**105.8**	**80.2**	**63.2**	**5.9**	**53.4**	**110.7**
Exceptional items from reorganization	—	—	38.0[(a)]	30.2[(a)]	—	7.8
Depreciation of property, plant and equipment and amortization of intangible assets	30.4	39.6	44.6	29.0	41.4	57.0
EBITDA (unaudited)	**136.2**	**119.8**	**145.8**	**65.1**	**94.8**	**175.5**

(a) Reflects costs relating to the Group's efficiency enhancement program "POWER," which resulted in approximately 500 employees mutually agreeing to leave the Group, and related to legal and consulting costs and personnel costs.

As of and for the twelve months ended December 31, 2014, the aggregated revenues, aggregated EBITDA and aggregated total net assets of the Company and the other Post-Issue Date Guarantors together represented 92.8%, 100.9% and 101.3% of the aggregated revenues, aggregated EBITDA and aggregated total net assets, respectively, of the Group entities, each calculated on an unconsolidated basis not including the revenues and EBITDA of the discontinued operations and assets of the disposal group classified as held for sale relating to REpower North (China) Ltd. Below is a reconciliation calculation from aggregated result from operating activities to aggregated EBITDA of the Post-Issue Date Guarantors and the Group entities for the period indicated.

	Twelve months ended December 31, 2014	
	Post-Issue Date Guarantors	The Group entities
	(unaudited)	
	(in € million)	
Aggregated result from operating activities	98.9	92.3
Aggregated exceptional items from reorganization	7.8	7.8
Aggregated depreciation of property, plant and equipment and amortization of intangible assets	50.2	55.3
Aggregated EBITDA	**156.9**	**155.4**

(5) EBITDA margin is defined as EBITDA as a percentage of revenues.

(6) Adjusted EBITDA is defined as EBITDA after applying adjustments to eliminate certain special items. Adjustments to EBITDA include adjustments for penalties, release of general warranty provisions and write off

of charter contracts for offshore O&M ships. Adjusted EBITDA as presented herein differs from "Consolidated EBITDA" as defined in the Indenture governing the Notes. This measure is not a defined financial indicator under IFRS. It should be noted in this context that not all companies calculate the items that are not defined under IFRS in the same manner, and that consequently the measures reported are not necessarily comparable with similarly described measures employed by other companies. See *"Presentation of Financial Information and Other Information—Other Financial Measures."* Below is a reconciliation calculation from EBITDA to Adjusted EBITDA for the periods indicated:

	Financial year ended March 31,			Nine months ended December 31,		Twelve months ended December 31, 2014
	2012	2013	2014	2013	2014	
	(unaudited) (in € million)					
EBITDA[a]	**136.2**	**119.8**	**145.8**	**65.1**	**94.8**	**175.5**
Penalties[b]	7.3	30.9	6.5	9.6	1.0	(2.1)
General warranty provision releases[c]	—	(5.8)	(3.6)	—	(4.2)	(7.8)
Sea supply shipping[d]	—	—	—	—	6.5	6.5
Adjusted EBITDA	**143.5**	**144.9**	**148.7**	**74.7**	**98.1**	**172.1**

(a) See note (4) for the reconciliation of result from operating activities to EBITDA for the periods indicated.

(b) Penalties relate to expenses incurred in connection with the late delivery of WTGs as well as expenses incurred in connection with payments to customers for unfulfilled availability guarantees. The income from penalties of €2.1 million in the twelve months ended December 31, 2014 resulted from the release of penalty provisions, referring to previous periods.

(c) General warranty provisions releases relate to the yearly update of the amount of the general warranty provisions based on the latest statistical data. The adjustment is then also applied to all WTGs that are still under warranty and the amounts of provisions are adjusted accordingly.

(d) Sea supply shipping relates to the write off of charter contracts that the Company signed in the past for three ships to be built specifically for offshore O&M with non-refundable advances at cancellation.

(7) Adjusted EBITDA margin is Adjusted EBITDA as a percentage of revenues.

(8) Order book is defined as signed contracts and the net firm orders in a defined period. In addition to the Group's order book for WTGs, the Group also had an order book for O&M services of €1.5 billion as of December 31, 2014.

(9) Signed contracts is defined as the Group's orders received from customers by means of a formal binding agreement that is subject to conditions precedent or is otherwise not fully effective in a defined period.

(10) Net firm orders is defined as order intake (the Group's firm orders received from customers by means of a formal binding agreement after all conditions precedent have been fulfilled in a defined period), less any revenues already realized under the percentage of completion method.

(11) Installed capacity worldwide measures the total megawatts from the WTGs that the Group installed in the periods indicated.

(12) Installed WTGs worldwide measures the number of WTGs that the Group installed in the periods indicated.

(13) Employees are the total number of employees on the last day in the periods indicated.

As Adjusted Financial Data[1]

The following table shows the Parent Guarantor's selected adjusted financial data as of and for the twelve months ended December 31, 2014:

	As of and twelve months ended December 31, 2014
	(unaudited)(in € million, except where indicated)
As adjusted cash and cash equivalents[2]	150.0
As adjusted total indebtedness[3]	424.4
As adjusted total net indebtedness[4]	274.4

As adjusted cash interest expense[5]	41.6
Ratio of as adjusted total net indebtedness to Adjusted EBITDA	1.59x
Ratio of Adjusted EBITDA to as adjusted cash interest expense	4.14x

(1) As adjusted financial data has been presented for illustrative purposes only and does not purport to be what our financial data would have actually been had the Transactions occurred on the date assumed, nor does it purport to project our financial data for any future period or our financial condition at any future date. See also "*Presentation of Financial and Other Information—As Adjusted Financial Information*."

(2) As adjusted cash and cash equivalents represents an assumed amount of cash and cash equivalents of the Group on the Issue Date. The actual amount of cash and cash equivalents may vary. See "*Capitalization*."

(3) As adjusted total indebtedness represents the principal amount of our loans and borrowings after giving effect to the Transactions and the application of the proceeds from the Financing and the repayment of the Cash Liquidity Facility, as if such transactions occurred on December 31, 2014. See "*Capitalization*."

(4) As adjusted total net indebtedness represents as adjusted total indebtedness less as adjusted cash and cash equivalents.

(5) As adjusted cash interest expense represents our net interest expense on as adjusted total indebtedness for the twelve months ended December 31, 2014, after giving effect to the Transactions and the repayment of the Cash Liquidity Facility, as if such transactions occurred on January 1, 2014.

RISK FACTORS

An investment in the Notes involves a high degree of risk. In addition to the other information contained in this offering memorandum, you should carefully consider the following risk factors before purchasing the Notes. The risks and uncertainties we describe below are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, financial condition and results of operations. If any of the possible events described below were to occur, our business, financial condition and results of operations could be materially and adversely affected. If that happens, the Issuer may not be able to pay interest or the principal on the Notes when due, and you could lose all or part of your investment.

This offering memorandum also contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements." Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this offering memorandum.

Risks Related to Our Industry and its Regulation

Change in, or elimination of, government initiatives and incentives relating to renewable energy sources, and in particular to wind energy, could have a material adverse effect on the demand for wind energy.

In recent years, governments in many countries have enacted legislation or established policies that support the expansion of renewable energy sources, such as wind energy. Such support has been a significant factor in encouraging our customers to purchase wind turbine generators ("WTGs") and participate in wind farm projects. For example, due to the increasing focus on reducing dependence on fossil fuels and cutting carbon dioxide emissions, some countries prescribe specified percentages of electricity that utilities must obtain from renewable energy sources. Additionally, some countries have provided financial incentive schemes or public grants to the owners of renewable energy systems such as wind energy. Such incentives are often provided through preferential tariffs or regulated feed-in-tariffs ("FITs") on power generated by WTGs or tax incentives for promoting investments in wind energy.

However, faced with high financial deficits and rising levels of public debt, some governments may seek to scale back or eliminate these government incentives. In the past, the decrease in, or elimination of, direct or indirect government incentives for renewable energy, including wind energy, has had a negative impact on the market for wind energy. For example, the expiration and curtailment of such incentives in the United States caused a significant contraction of newly commissioned wind capacity in 2013, as a result of which we decided not to sell any WTGs in the U.S. market in financial year 2013/2014. Most recently in December 2014, the incentives in the United States were extended retroactively by one year to cover 2014, which was less than the two years expected. There is no assurance that such incentives will be extended in 2015 or thereafter. Additionally, the *Netzanforderungen* (SDL) bonus, a German governmental subsidy that lowers the levelized cost of energy ("LCoE") for WTGs that were installed during 2014, is expected to be eliminated over the course of 2015. If government support for wind energy is terminated or reduced in any jurisdiction which is material for our business, this could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, governments may seek to alter the ways in which their incentives are provided. Currently, in many countries the subsidies paid to renewable energy are funded by taxes levied on the consumer's energy bill (as is the case in Germany, for example). This has increased pressure on policymakers to restructure support for the renewable energy sector. As a result, governments are moving away from the more generous fixed support regimes towards market- based auction models where competing developers bid each other down and the one willing to accept the lowest level of incentives will be awarded a project. For example, the German incentive system may be moving from the preferential fixed FIT system to an auction-based system from 2017 onwards and is currently conducting pilot rounds for solar power to gain experience with this policy. This is likely to reduce margins and returns for our customers and might therefore further intensify price pressure and competition for our industry. Similar auction systems already implemented in other markets have led to WTG projects becoming larger but fewer in those markets. We might be subject to the resulting risk of market volatility on order intake, production volume and revenues and a potential decrease in the number of overall WTG projects should our customers fail to compete successfully were an auction-based system to be introduced in any of the markets in which we operate. In addition, there is a risk that government policies could change in a manner that makes it less attractive for investors to establish community-led energy projects, and wind energy projects in particular. Governments may also cap the total wind capacity additions over a particular period similar to a cap recently enacted in Germany. Furthermore, as a result of continuing fiscal concerns, some governments in our satellite markets (including those in Romania) have applied retrospective tariff measures in the renewable energy sector, which have negatively affected the level of wind power installations. If the type of government support offered for wind energy is altered in any jurisdiction in which we operate, this could have a material adverse effect on our business, financial condition and results of operations.

These risks are enhanced by the fact that wind energy is not the only available renewable energy source. There are various other types of renewable energy sources, including modern bioenergy/biomass, geothermal, tidal, biofuels and nuclear power, all of which compete for such governmental incentives. If governments provide more attractive support to other sources of renewable energy, such as solar or bioenergy/biomass, they could make producing electricity from wind energy less competitive. For example, Germany recently reduced the incentivizing FITs available for wind energy. Competition from alternative renewable energy sources could lead to similar reductions in governmental support, diverting the allocation of subsidies to alternative forms of renewable energy, which could have a material adverse effect on our business, financial condition and results of operations.

This is especially significant in the immature offshore wind industry where grid connectivity, related cost sharing mechanisms and support for ancillary industries are particularly critical and often require government subsidies. Any delay in implementing policies in relation to any of these may affect the growth of the offshore wind sector, which is an important growth driver for us. For example, recent delays in resolving grid connectivity issues in the UK and Germany have delayed the development of multiple offshore wind farms by several years. Any delays such as these could have a material adverse effect on our business, financial condition and results of operations.

The market for WTGs is highly competitive.

The market for WTGs is intensely competitive. Important factors affecting competition in the WTG industry include the performance, reliability and quality of WTGs, the suitability of WTGs for specific project sites, their price, the scope and quality of services offered in conjunction with the sale of the WTGs, the ability to invest as a minority investor in large projects (including offshore projects), the training offered to customers and the available regulatory incentives. Any deterioration in our competitive position with respect to any of these factors could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, competition in the WTG industry has only intensified in recent years as a result of international expansion by existing industry participants, consolidation and market entry by new entrants. If our competitors consolidate further, through joint ventures, cooperative agreements or otherwise, we may have difficulty competing with them. Large industrial groups that compete in the WTG market, such as General Electric or Siemens, benefit from a higher capital base and cross-financing through affiliated companies, resulting in less expensive financing and providing increased resilience against economic fluctuations. Furthermore, for large projects, in particular offshore, the WTG supplier's capital base, financial position and availability of guarantees are a significant competitive consideration. Our competitors may be willing and able to spend more resources on product development, and may be able to provide comparable products and services faster or at a lower price than we can. For example, competitors from other areas, such as China, could attempt to enter the European market with less expensive WTGs. In addition, the market for WTGs includes an increasing number of large utilities which tender wind farm projects of large sizes and request WTG suppliers to conform to bidding processes prescribing both bespoke technical and commercial terms. We might not have sufficient capacity to react in time and to adequately comply with such demands of bidding processes and contractual terms. The inability to comply with such demands may result in us not being considered as a preferred WTG supplier and not gaining expected revenues. Growing competition could result in a decline in our market share or may force us to reduce the prices of our products and services, which may reduce revenues, margins and cash flows.

Given the highly innovative and competitive nature of our industry, our ability to defend our market depends heavily on designing, developing and marketing new and more cost efficient WTGs. WTGs are progressively becoming larger and their operational performance has improved, resulting in customers demanding more cost-efficient WTGs. However, the development of new WTG models requires considerable investment and there is a risk that our product development may be delayed, which may result in the incurrence of higher than expected costs. For example, our component manufacturing equipment and technology may not be suited for future generations of products being developed by other wind energy companies. Furthermore, though product cycles generally last two to three years, continuous improvements are required, in particular in the fields of R&D, procurement and supply chain, production and project management, and lifecycle engineering. In certain of these areas, scale could be an important advantage, for example, to increase bargaining power with suppliers or to benefit from a global supply chain with low-cost sourcing, thus putting us at a disadvantage compared to larger competitors. Additionally, there can be no assurance that the newly developed products will deliver the expected technological results. Our competitors may develop new and technologically more advanced WTG models, which are better equipped to satisfy customer demand. The cost of developing new products may prove to be greater than the income generated from those products. The newly developed WTGs may also face initial technical issues, which we may not be able to overcome or which may lead to customer claims and associated costs as well as potentially reputational issues and thereby negatively affecting our ability complete. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

The demand for wind energy projects is generally dependent on economic growth.

The demand for electricity is generally linked to economic growth. As the economy grows, economic activities, such as industrial production and personal consumption, also tend to grow, which increases the demand for electricity. Conversely, in economic downturns, economic activities decline or stagnate, causing demand for electricity to decrease. If the economies of the markets in which we operate do not grow, or if any of them enter a period of recession, or if there is an economic downturn, demand for electricity, including the demand for renewable energy sources such as wind energy, is likely to stagnate or decrease. Additionally, challenging macroeconomic conditions could contribute to a decline in demand for products that require sizeable initial capital expenditures. A wind project typically represents a substantial investment, for which our customers are generally required to obtain financing. Any increase in market volatility and liquidity disruptions in the global financial system could lead to lenders reduce funding to borrowers. As discussed in more detail under "—*The terms of financing that our customers can obtain for wind energy projects has a significant influence on our ability to sell our products*," the financing available to our customers has a significant influence on whether and when our customers will proceed with the development of wind power plant projects and purchase our products and services. A significant and sustained economic downturn in our key operating markets would have a material adverse effect on our business, financial condition and results of operations.

Volatility and instability in global capital and credit markets as well as significant developments in macroeconomic and political conditions that are beyond our control could have an adverse effect on our business, financial condition and results of operations.

Our business can be affected by a number of factors that are beyond our control such as general macroeconomic conditions, conditions in the global capital and credit markets, geopolitical conditions and other general political and economic developments. Volatility in the financial markets, including in the capital and credit markets, the European sovereign debt crisis and any economic slowdown or uncertainty in the markets in which we operate could have a negative effect on our business. Despite the recent improvement in the European financial markets, the outcome of the sovereign credit crisis still remains uncertain. For example, the recent Greek elections and issues regarding the writing off of Greek debt could continue to affect the stability of the euro and contribute to a decline in interest for capital intensive projects such as the development of WTGs. Although we do not have any operations in Greece, any of these developments could affect the stability of the Eurozone in general and may adversely affect financial markets and, therefore, the ability of our Group to finance our operations. Any shortage of liquidity and credit could trigger a worldwide economic recession, which could be exacerbated by adverse developments in global or national political and macroeconomic conditions. Any deterioration in financial markets could impair our ability to obtain financing in the future, including our ability to incur additional indebtedness, including indebtedness to refinance the Notes. If conditions in the markets we operate in or the global economy weaken, this could adversely impact our business, financial condition and results of operations.

The viability of wind energy projects is dependent on the price at which electricity can be sold and the cost of wind-generated electricity compared to other energy sources.

The viability of a wind energy project in a particular region is dependent on the price at which electricity can be sold, as well as the cost of wind- generated electricity compared to electricity generated from other sources of energy in such region. Wind energy projects require higher initial capital investment per kilowatt hour ("KWh") of energy produced as compared to that required for a fuel-based power plant. The cost of electricity produced by wind energy projects is dependent on the cost of establishment of the wind energy projects themselves, including access to the electricity grid, financing costs, maintenance costs and wind conditions at the designated site. Continued investment in product development and technical advances in WTG design have led to an overall reduction in the cost per KWh of power from wind energy over a period of time. However, in many countries, especially in Europe, wind energy is still not cost-competitive with conventional sources of energy and the gap is even wider for offshore wind energy. Moreover, an increase in cost- competitiveness or significant developments in technology for other sources of power generation could result in lower demand for wind energy products. If wind energy fails to generate electricity at a LCoE that is less than or equal to the price of purchasing alternative forms of energy from the grid ("grid parity"), this would have a material adverse effect on our business, financial condition and results of operations.

The viability and level of wind energy generation is dependent on wind patterns, which are not constant and vary over time.

The viability of wind energy projects is primarily dependent on the wind patterns at project sites conforming to the patterns that had previously been recorded to determine the suitability of these sites for wind energy projects. There can be no assurance that wind patterns at a particular site will remain constant or consistent with our projections. A lack of appropriate sites with favorable wind conditions or changes in wind patterns at sites that have been previously identified as suitable for wind energy projects could impact the demand for WTGs generally. Furthermore, WTG specifications must be suitable for the wind conditions expected at a particular site. Therefore, unavailability of locations

that are suitable for the WTGs we produce would have a negative impact on our sales and thus materially adversely affect our business, financial condition and results of operations.

Wind energy cannot be considered viable as a primary source of electricity and faces the risk of substitution.

Wind energy is generally not considered a viable base load source of electricity because it is not a stable provider of electricity. As such, it introduces volatility on the grid, which needs to be absorbed by other energy sources that can ramp up production when electricity produced by wind is low. As a result, the share of the electricity production that can be achieved from wind is limited. This means that, while demand for wind energy is expected to increase, it appears unlikely in the foreseeable future that it will be considered a large-scale substitute for nuclear or fossil-fuel generated power and for renewable energy from more reliable sources, such as hydro power. In addition to energy produced from other renewable energy sources, principally solar and hydroelectric power, the main competition to wind power is gas, coal and nuclear-fueled power generation. There have been several technological innovations within the renewable energy industry which could lead to other forms of renewable energy, such as solar or biomass, emerging as more cost- competitive, thereby taking market share away from wind technology, adversely affecting the future growth prospects of the wind energy industry in general and our prospects in particular. In recent times, the abundant availability of shale gas in the United States has resulted in low wholesale electricity prices, which, in turn, has directly affected the demand for wind energy.

Furthermore, the cost of oil, coal and other fossil fuels is a key factor in determining the effectiveness of wind energy from an economic perspective. Cheaper and larger supplies of fossil fuels favor non-wind energy generation, while more expensive and limited supplies of fossil fuels would favor wind energy generation. Discovery of new and significant oil, gas and coal deposits or a decline in the global prices of oil, gas and coal and other petroleum products, could result in lower demand for wind energy projects, which would have a material adverse effect on our business, financial condition and results of operations.

The terms of financing that our customers can obtain for wind energy projects has a significant influence on our ability to sell our products.

Most customers require bank financing for purchasing a WTG, and, therefore, the financing terms available in the market have a significant influence on the wind energy industry. Many offshore wind farms are also financed by utilities and are therefore directly affected by the financial health of the utilities. Additionally, banks have now started extending project based non-recourse financing. However, if this trend is reversed, it would negatively affect the demand for offshore wind energy. Higher interest rate levels will increase the costs of investing in wind energy, making wind energy a less attractive investment proposition. Further, wind farms are generally financed for a shorter term than fossil fuel-based power plants. As a result, WTG customers assume a higher degree of risk regarding upward interest rate movements in the event a WTG project requires refinancing. The ability to obtain financing for a wind energy project also depends on the willingness of banks and other financing institutions to provide loans to the wind energy industry participants, including their willingness to finance large wind energy projects. If banks and other financing institutions decide to reduce their exposure to the wind energy industry or to one or more suppliers of WTG components or credit and liquidity conditions worsen, customers may reduce, delay or forgo orders which would harm our business. Factors having a negative impact on the financing terms for wind energy projects therefore influence our ability to sell our products and could materially adversely affect our business, financial condition and results of operations.

The construction and operation of wind energy projects have faced opposition from local communities and other parties in the past and could encounter similar opposition in the future.

The construction and operation of wind farms in a number of countries have faced opposition from the local communities where these plants are located and from special interest groups. WTGs cause noise pollution and are considered by some to be aesthetically unappealing. For example, in some projects in Germany, we have faced issues with noise pollution with respect to our products. In some cases, such issues have lessened the range of wind speeds in which our WTGs can operate and we have had to compensate our customers for their diminished use. WTGs also emit light effects (such as rotating shadows and reflected flashes of light from the rotor blades when the sun is shining) and ice throws in winter. In addition, certain environmental organizations have expressed opposition to WTGs based on allegations that wind farms affect weather patterns, kill birds and have other adverse effects on the environment. WTGs also are sometimes regarded as detrimental to the beauty of the local environment, particularly by residents of neighboring residential areas. Laws and other regulatory measures govern the construction and operation of WTGs (in terms of allowable noise levels, distance from buildings, and permissibility of construction projects in nature reserves). Due to these legal regulations, and the widely different wind conditions in various regions, only a limited number of suitable sites are available for WTGs in Germany and a number of other countries. New or expanded legislation regulating wind energy projects may impose additional restrictions which could lead to significant constraints on the growth of the wind energy industry as a whole. Securing suitable sites for wind farms by entering into land use agreements or by acquiring land owned by third parties is of increasing relevance for the realization of new onshore

projects and our further project development business. Difficulties in identifying new land that can be leased or purchased from third parties can materially affect our future project development revenues. Any of these factors could have an adverse effect on our business, financial condition and results of operations.

We may be subject to risks relating to operating WTGs on property owned by third parties.

In most cases, we construct WTGs for our customers on land owned by third parties. If such large WTGs or facilities are firmly connected to the ground, there is a risk, both under German law and in other legal systems, that title to the WTGs will pass to the owner of the land whether or not payment of the WTGs or facilities has been made. Unless the relevant parties agree on land use rights or similar rights beforehand, the title to the WTGs will pass to the owner of the land. This also applies in the case of our wind farms, given that our customers, which are the operators, are not normally the owners of the land. In addition (subject to agreements regarding land use rights or similar rights), there is a risk that the security interests required for project financing purposes in favor of the relevant bank can no longer be created, with the result that banks may be unwilling to finance projects. We have no security interests in the form of a retention-of-title clause or similar rights under those circumstances and this could have a material adverse effect our business, financial condition and results of operations.

The offshore wind industry faces particular challenges and could fail to meet market expectations.

We believe that the offshore market represents a substantial growth opportunity for us and other WTG developers going forward. The offshore wind industry is still an immature industry. The significant majority of the global offshore capacity is currently located on the European continent, while Asia and other markets are in very early stages of development. Offshore wind projects face specific challenges and are generally considered to carry a higher degree of risk than onshore projects.

Wind electricity generated offshore has not yet achieved an average cost equal to the price of purchasing alternative forms of energy from the grid in the relevant area and hence is heavily dependent on government incentives and subsidies. If regulatory support for the industry weakens or becomes uncertain, offshore wind investment would decline. This risk is particularly pronounced with respect to new geographical offshore markets, such as China, India or Japan. As a result, offshore wind energy may not become a sustainable part of the energy mix and any expected growth may not occur.

Furthermore, cost and technological track record remain major challenges. Offshore projects are significantly more costly to install and maintain compared to onshore projects, making financing difficult to secure. Substantial complexities arise in relation to, for example, multiple stakeholders involved, logistical challenges due to numerous interfaces (land, port, marine, air), technological risks (such as those related to foundations, WTG availability and grid connection), impact of wind, current and waves on structures and activities, subsurface conditions, risks associated with heavy lifts and collisions, and health and safety risks. The long periods involved in the construction of offshore wind farms exacerbate these risks.

Because of the high costs and risks associated with offshore projects, competition in the offshore WTG industry is to a great extent affected by the WTG supplier's, its shareholders' or its group's balance sheet size. This puts us at a competitive disadvantage compared to our competitors, such as the large industrial groups, who have more equity and assets than we have and are able to offer guarantees from their affiliates in the contract tendering process. All of these are factors potential customers take into account when awarding contracts for large, in particular offshore, WTG projects. In addition, we will need to further develop our product offering in order to compete effectively in the offshore business. Moreover, the major expected growth drivers of our offshore revenues are two planned projects which are subject to certain conditions and may not result in firm orders for us. Should these projects not turn into firm orders or if we encounter any significant difficulties in executing these projects, the future of our offshore business may be impaired and could subsequently have a material adverse effect on our business, financial condition and results of operations.

We could be subject to risks in connection with our ability to connect to power grids.

The connection or access of WTGs to a power grid is essential when it comes to generating power using WTGs, especially in our offshore business. There are statutory rules which govern the connection or access of WTGs to the power grid in all of the markets in which we operate. In addition, there are special technical challenges related to the connection of offshore WTGs to mainland grids. Should we or our customers fail to timely obtain a connection or access to the grid operators' transmission grids on economically reasonable terms and enter into an agreement (whether on a statutory or contractual basis) concerning the purchase of the electrical energy generated, this could have a material adverse effect on our business, financial condition and results of operations.

In light of the significant numbers of WTGs and that the electrical energy fed in by these WTGs depends on the local wind conditions, single grid operators or energy suppliers increasingly require compliance with technical rules that WTGs must meet in order for them to be connected to the grid. This is done with a view to ensuring that grids are safe and stable and that there is sufficient supply. There is, therefore, a risk that WTGs might be unable to meet these requirements, thus being unmarketable. If these requirements are not sufficiently met in the future with respect to our WTGs, this could have a material adverse effect on our business, financial condition and results of operations.

The forward-looking industry and market information presented in this offering memorandum could differ materially from our estimates or actual results.

We present forward-looking industry and market information in this offering memorandum, which has been derived from internal company estimates, industry publications and third party reports prepared on our behalf as part of the sale process for the Senvion Group. We caution you that the development of the industry and markets in which we operate could differ materially from the estimates made in this offering memorandum. Factors that could cause or contribute to these differences include, but are not limited to, those discussed in these "*Risk Factors*" and "*Forward-Looking Statements*." In addition, we have not presented all of the industry and market information from available industry publications and third party reports, and certain of these sources estimate less favorable industry and market conditions in the future than have been estimated in this offering memorandum. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. As a result, neither we nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of the forward-looking industry or market information included in this offering memorandum. If our industry or the markets in which we operate develop in a manner that is less favorable to us than is suggested by the estimates presented in this offering memorandum, this could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Business

Any technical deficiencies in our WTGs could adversely affect our business, financial condition, results of operations and future orders.

Our business, financial condition and results of operations are directly related to the continued technical performance and reliability of our WTGs and their components. As is common in our industry, the performance of our WTGs is at times subject to certain significant technical risks. In addition to one-off technical issues, our WTGs and WTG components may be affected by serial defects or damages.

In the contracts with our customers, we provide various product warranties and in our O&M service business we typically guarantee minimum annual average machine availability or a certain energy yield. Our warranties for all new products that we sell generally last two years. Accordingly, we could incur a significant amount of costs to repair defects or damages to our WTGs or their components, in particular with respect to serial defects. In our consolidated statement of financial position as of December 31, 2014, we recorded warranty provisions in the cumulative amount of €126.4 million for potential costs related to the technical issues of our products and such provisions may be increased in the future. In any event, we cannot assure you that our provisions or any insurance coverage or supplier recourse available to us would be sufficient to cover all such costs, and in any such event we would be required to bear the amount of customer claims or replace the WTGs or their components. Supplier recourse is often limited to the defective part, and our suppliers are not required to fully indemnify us against any losses we incur as a result of such part.

In addition, we may become involved in disputes with our customers based on actual or alleged product defects, which could lead to further costs and disruptions to our business. In certain countries in which we operate, statutes of limitation or specific construction legislation may also contain provisions permitting, in certain types of contracts, a right to bring claims in respect of latent defects that exist at the time of delivery.

We also undertake various testing on new models of WTGs and their components in different operating conditions to acquire data for making decisions for serial production of new models, and the WTGs and components used in the course of such tests may be damaged or become unfit to be used. In accordance with the agreement with our customers, any loss incurred in the course of such tests is borne by us. There can be no assurance that the new WTGs or their components will operate without any technical issues, in actual conditions, despite being fully certified and tested extensively under laboratory conditions.

We have experienced defects in our products in the past. In the financial year 2013/2014, for example, we registered certain irregularities in the rotor bearings of our 5M and 6XM offshore WTGs. All of the irregularities share a common characteristic that can be detected by a rise in temperature in the bearings, potentially due to inadequate lubrication of the bearings. Further, since the financial year 2012/2013 we registered certain irregularities in the blade

bearings of our MM92 and MM82 onshore WTGs. In certain cases, fractures have appeared in the outer ring of the blade bearing. In few cases such fractures have resulted in a breakdown of the blade. As a result of these technical irregularities, one customer of the Company has initiated preliminary court proceedings for the preservation of evidence and issued certain notices of a dispute as provided for under the respective contractual agreements. In addition to internal calculations and risk assessments, examinations are being conducted with external specialists to validate the cause and verify the solution. Should we not be able to successfully resolve these irregularities, legal proceedings could be pursued. Further, such technical irregularities could have a serious impact on future offshore and onshore orders. We have also faced other technical issues with respect to some of our components such as rotor blades, rotor bearings and gearboxes.

Although any defect or damage to any of our WTGs or their components could have a material adverse effect on our business, financial condition and results of operations, our offshore business is particularly at risk due to the cost-intensive nature of offshore operations and the costs associated with the complex repair and replacement operations for offshore WTGs. Any product failure of WTGs or WTG components or any failure of such products to meet specified performance levels could also damage our reputation and therefore impair the marketability or lifespan of our products.

We could incur expenses in relation to warranties for our products and services.

We are liable to pay liquidated damages to our customers, amounting to a certain rate per day of delay (typically capped at a specified percentage of the total order value), if there are any delays or disruptions in the delivery and installation of our WTGs. In most cases we provide various types of warranties and guarantees in relation to our products, including performance and availability guarantees. For example, pursuant to our O&M service contracts for onshore projects, we typically guarantee a minimum annual average machine availability after commissioning of the WTGs during the service period, which generally lasts around two years. If our products fail to meet the levels guaranteed, we could incur substantial expenses, we could be required to pay liquidated damages, our reputation may be harmed and our revenues could decline.

Our provisions could prove to be insufficient to cover potential claims arising from warranties, guarantees and liquidated damages. In the event that such provisions are insufficient, the amount of claims arising from any cancellations of orders, deferrals or other unanticipated delays, which arise on account of our fault or from the warranties and guarantees in relation to our products, could have a material adverse effect on our business, financial condition and results of operations.

We could be required to repay certain subsidies if certain conditions are not met.

We have received subsidies of approximately €19.7 million over the last five financial years and the first nine months of financial year 2014/2015 from various entities to finance mainly R&D of our products and investments. The German government requires such subsidies be used on certain types of projects in Germany. For example, the German government requires that certain numbers of persons be employed to work on the various projects such subsidies fund. The German government also requires, among other things, that the research be done and products made in Germany. If these and certain other conditions are not met, we could be required to repay the subsidies that we have received. There is a risk that subsidy repayment could also occur in the other jurisdictions in which we operate. Should we fail to meet the conditions attached to our use of certain subsidies, this could have a material adverse effect on our business, financial condition and results of operations.

The length and content of our O&M service contracts may change in the future.

As of December 31, 2014, we held O&M service contracts on 80% (approximately 9 GW) of all WTGs we have sold over time. As of December 31, 2014, our O&M service contract renewal rate was more than 75%. Thereby, we also offer an “Integrated Service Package” (“ISP”) which provides a complete O&M service, including the provision of all spare parts and labor necessary for maintaining the operational performance of a wind farm. As a result, our service revenues have been growing each year over the past five years. There is a risk, however, that our customers may not renew their O&M service contracts. There is also a risk that our new customers may not choose to enter into such O&M service contracts. For example, banks typically expect O&M service contracts to mitigate the risk of technical unavailability, but our customers could obtain their financing elsewhere, or technological progress could eliminate the need for such O&M service contracts. Under our ISP contracts, some of which may even run for the entire life of the WTG, there is a risk that we may not be able to immediately meet our obligations to replace, service or guarantee certain degrees of availability or an energy yield of our installed WTGs. For various reasons, the length and content of such O&M service contracts may change in the future. Should any of the above occur, this could have a material adverse effect on our business, financial condition and results of operations.

Because we are dependent on external suppliers for key components, equipment, machinery and materials, any business or relationship interruptions could harm our operations.

The success of our operations depends on, among other things, our ability to source sufficient amounts of components, equipment, machinery and materials for our projects at competitive prices. WTGs require certain components that are specifically designed for application in wind energy generation. The type and configuration of particular WTGs also require specifically designed components. We source raw materials such as glass fiber and epoxy resin for rotor blades, as well as several key WTG components (such as gearboxes, yaw and pitch drives, gear rims, slowing rings, brake callipers and castings, as well as towers, converters and generators) from third party suppliers. The quality of our products depends on the quality of the components and materials and the ability of suppliers to deliver them timely. Because we are less vertically integrated than some of our competitors, ability to source key components is particularly crucial for us. We use primarily large and internationally reputable suppliers and seek, wherever possible, to have a minimum of two suppliers for each key component to minimize the risk of shortages. Finding suitable alternative suppliers who can meet our technical and quality standards, and who can supply the necessary quantities, may be difficult within short periods in the event of a supply failure.

The failure of any of our suppliers to deliver these raw materials or components in the necessary quantities, to adhere to delivery schedules or to comply with specified quality standards and technical specifications could adversely affect our production and our ability to deliver orders on time and at the desired level of quality. This, in turn, could give rise to contractual penalties or liabilities for us, loss of customers and damage to our reputation. In the past, we have been subject to shortages in the supply of certain key components, such as WTG towers, due to the inability of component suppliers to meet demand. In certain cases, this has led to and can lead to delays in supplying and commissioning WTGs and thus delay our ability to recognize revenues and also may lead to the payment of liquidated damages.

We may also face instances where claims against suppliers for losses caused to customers by faulty components are disputed and recovery of such losses from the supplier is delayed or prevented, leading to us having to compensate the customer.

We rely on equipment and machinery that is built by third parties and may be susceptible to malfunction. Although, in certain cases, we are entitled to be compensated by manufacturers for certain equipment failures and defects, such arrangements may not fully compensate us for the damage and loss suffered as a result thereof. We are also subject to mechanical failure and equipment shutdowns. In such situations, undamaged manufacturing units that are dependent on, or interact with, damaged sections of our facilities may also have to be shut down. Such events could have a material and adverse impact on our manufacturing capacity. If such shutdowns continue for extended periods, this could have a material adverse effect on our business, financial condition and results of operations.

We are subject to the risk of additional costs because of an increase in the prices of components and materials.

The prices of the components and materials used in our production depend on factors that are not within our control. The costs of components and materials required for making WTGs could rise due to factors such as an increase in demand, commodities or labor prices or shortages in supply. If any of these were to happen and prices for supplies were to increase, we may be unable to pass on these additional costs to our customers by increasing the prices of our WTGs and may be unable to implement cost-saving measures in other parts of our business. Where possible, we include price escalation clauses in our sale agreements with customers. However, these clauses do not comprehensively protect us from an increase in the price of all of our key inputs. These factors could have a material adverse effect on our business, financial condition and results of operations.

Additionally, with a view to reducing manufacturing costs, we are attempting to shift our supplier base to Asia. However, if our new suppliers are unable to match the quality requirements of our customers or our customers demand WTGs and components from specific factories or geographies, shifting the supplier base may take longer or may not be possible at all.

Any failure or delay in our transportation and logistics arrangements could harm our operations.

We depend on various forms of transport, such as air, sea-borne freight, rail and road, to receive components and materials used in the production of WTGs and to deliver our products to customers. Such transportation and logistics may not be adequate to support our future operations. Further, we are vulnerable (in relation to both ourselves and our suppliers) to disruptions of transportation and logistical operations because of weather-related problems, strikes, lock-outs, inadequacies in road and rail infrastructure and port facilities, lack of or vaguely defined regulations or other events. We have limited storage facilities and may not be able to store sufficient WTG components and materials, making us more dependent on efficient logistical operations. These factors could adversely affect our ability to supply

products to our customers and could have a material adverse effect on our business, financial condition and results of operations.

The reported amounts of our order book, signed contracts and net firm orders are not necessarily indicative of actual or future revenues due to possible cancellations, delays or scope adjustments of projects.

Signed contracts and net firm orders, which together make up our order book as presented in this offering memorandum, comprise conditional and unconditional orders that we have received from customers on the basis of a binding agreement. While net firm orders represent business that is considered likely, such orders may be, and from time to time are, cancelled, modified or subject to delays in execution, and customers may dispute the amounts owed to us. This is also true of signed contracts, which may require, for example, a building permit to be obtained before the contract is fully enforceable. There is the possibility of cancellations or changes in the scope of the project and schedule because of the exercise of customer discretion, technology issues or problems encountered in the timely execution of the project for reasons outside our and our customers' control. These events could result in our inability to convert or in a delay in converting orders into revenues and cash flows. Any penalty levied on the customer in the event of a signed contract or net firm order cancellation may not compensate us fully for the loss of potential revenues. Accordingly, signed contracts and net firm orders should not be considered representative of future revenues.

We generally enter into WTG supply contracts which require us to supply, install, commission and test WTGs on site and provide for a fixed construction schedule and front-loaded payment milestones for the amounts due to us. Even relatively short delays or minor difficulties in the execution of a project could result in the non-payment or late payment of customer dues. As the technical complexity of our projects (in particular large turnkey projects) increases, we face greater exposure to these risks. In addition, if we are unable to execute a project according to the order and are unable to commission WTGs on schedule, we may have to pay liquidated damages to customers.

Any delay, reduction in scope, cancellation, execution difficulty, payment postponement or payment default in relation to signed contract or net firm order projects, or disputes with customers could have a material adverse effect on our business, financial condition and results of operations.

Our sales cycles are complex and could negatively impact our results of operations from quarter to quarter, making results difficult to predict.

The size and timing of our revenues from sales of products to our customers is difficult to predict and is dependent on many factors, including market conditions, customer financing, attaining the requisite permits and weather conditions, all of which may combine to result in high variability in our results of operations. Our sales efforts often require us to educate our customers about the use and benefits of our products, including their technical and performance characteristics. Customers typically undertake a significant evaluation process that has generally resulted in lengthy sales cycles for us, typically many months, in particular for large offshore projects. Furthermore, installation of our WTGs is generally conducted under the direction and control of end-users or third party contractors. The regulatory approval, permit procurement, construction, start-up and operation of WTG sites could involve unanticipated changes or delays that could negatively impact our business, financial condition and results of operations, and result in fluctuations in our revenues between periods.

A certain portion of our operating expenses are fixed costs, which cannot be adjusted according to short-term fluctuations in business activities. While we typically have a number of projects scheduled to close in consecutive sales cycles, a decrease in revenues in a given period could have a material adverse effect on our results of operations for that period.

Our revenues are generated from a limited number of customers.

In the financial year 2013/2014, our ten largest customers represented 37% of our total revenues, with more than 18.3% of our total revenues being attributable to two customers. We compete with a large number of companies. It is not certain that we will be able to generate additional business from our existing customers, to prolong existing agreements with our customers or that we will be able to secure new customer contracts. Concentration of a significant portion of our revenues in a limited customer base may mean that any deterioration in our relationship with one or more of our customers may lead to our inability to agree the terms of new contractual arrangements, which could have a material adverse effect on our business, financial condition, results of operations.

We face credit risk in relation to payments by our customers.

We are exposed to credit risk in connection with deliveries of our products and services to customers. Our receivables against main debtors are generally covered by payment security, such as letters of credit, bank guarantees,

credit insurance, third party guarantees (such as debtor parent company guarantees) and reservation of title. We attempt to structure payments to match the obligations we undertake in accordance with the milestone plan agreed for the project. However, we remain exposed to the risk that payments are not made when due and can be obtained only after lengthy proceedings. Our customers' default on their payment obligations to us could have a material adverse effect on our financial condition and results of operations.

The long-term nature of our projects exposes us to the risk of a change in taxation.

Due to the long-term nature of our projects, we face a risk of an intervening change in taxation. If new taxes or changes in existing taxation are introduced between the time of signing and invoicing a contract, we might be required to bear the higher tax burden, which would affect the profitability of the project, or we may seek our customers to cover the increased tax, which could harm our relationship with customers. Any change in the tax regimes to which we are subject could have a material adverse effect on our financial condition and results of operations.

We are subject to tax risks, especially as a result of changes in tax law or its interpretation and application or as a result of tax audits.

The German and foreign tax assessments of the Group are audited by the tax authorities in the respective jurisdictions at regular intervals. With respect to Germany, the last completed tax audit of the Company covered the fiscal years 2003 to 2007. Tax audits for the Company and German tax group companies covering the 2008 to 2012 fiscal years are currently ongoing. With regard to non-German jurisdictions, we detected that an employee who was responsible for VAT declarations did not file any VAT returns to the tax authorities of foreign countries. Due to the fact that we have not submitted VAT returns since 2012, we have a risk of paying interest and penalties as well as a risk of criminal proceedings. Furthermore, due to the fact that we are late in time to declare VAT for former periods, we have a risk that not all payable VAT is recoverable from the customers by issuing new corrected invoices. Further, a tax audit of Senvion Italy s.r.l. for the financial years 2005/2006 to 2009/2010 has been expanded to the Company as the Italian tax authorities at the beginning of the audit took the position that the Italian subsidiary is also a permanent establishment of the German parent company with respect to certain business operations. In this respect, in the financial year 2014/2015, the Company settled with the Italian tax authorities and the focus of the open tax issue changed from the assumption of a permanent establishment to a transfer pricing adjustment at the level of Senvion Italy s.r.l. Moreover, due to a unilateral advance price agreement (APA) in Australia, the Company plans a transfer price adjustment to avoid a tax audit in Australia. If the tax authority in Germany does not accept the transfer price adjustment in the total amount, we will have a deferred tax write down. As a result of current or future tax audits or other review actions of the relevant financial or tax authorities, additional taxes could be assessed, for example, in connection with intra-group pricing terms or reduction of tax losses carried forward. Demands for tax payments relating to earlier periods may be expected. Due to the complexity and dynamics of both tax legislation and the interpretation of applicable law by the tax authorities, it is possible that the outcome of the tax audits performed in Germany and abroad may not be as expected and that the tax amounts determined by the tax authorities may exceed the provisions set up for this purpose, so that additional liquid funds must be applied to pay the tax owed, which could adversely affect our business, financial condition, results of operations and our ability to fulfill our obligations under the Notes and the Notes Guarantees.

In the event of changes in our shareholder structure, there is a risk that existing tax losses and loss carryforwards within the Group could, depending on the provisions applicable in the relevant jurisdictions, be forfeited in whole or in part. This forfeiture of tax loss carryforwards would diminish the deferred tax assets. Further, the tax burden in future assessment periods could be increased if corresponding tax loss carryforwards can no longer be set off against the taxable annual income. Moreover, future changes in tax law or in administrative practices in Germany or other countries where we may from time to time be subject to taxation could increase our tax burden. This could have an adverse effect on our business, financial condition and results of operations.

In addition, whether or not it will be possible to realize deferred tax assets will depend on our ability to generate sufficient taxable income in the future in order to make use of tax loss carryforwards. A change in the estimated amounts or our future taxable income may result in the necessity to recognize impairments. This could have a material adverse effect on our business, financial condition, results of operations and our ability to fulfill our obligations under the Notes and the Notes Guarantees.

Due to restrictions of the deduction of interest expenses or forfeiture of interest carryforwards under German tax laws, we may be unable to fully deduct interest expenses on our financial liabilities.

Interest payments on the Notes and on our other debt may not be fully deductible for tax purposes, which could adversely affect our financial results. Subject to certain prerequisites, the German interest barrier rules (*Zinsschranke*) impose certain restrictions on the deductibility of interest for German tax purposes. The German interest barrier rules in general allow the deduction of interest payments for German income tax purposes to the extent the taxpayer earns positive interest income in the same financial year. Interest expense in excess of interest income (net interest expense) is

tax deductible only to 30% of its tax-adjusted EBITDA. Net interest expenses exceeding 30% of its tax-adjusted EBITDA are disallowed.

For purposes of the interest barrier rules, all businesses belonging to the same financial unity (*Organschaft*) for corporate income and trade tax purposes are treated as one single business. Such consolidation is, *inter alia*, relevant for the calculation of the tax-adjusted EBITDA. It is contemplated to establish a financial unity between the Parent Guarantor (as ultimate controlling entity), MidCo, the Issuer and the Company (as controlled entities) in order to make use of such tax-adjusted EBITDA for interest barrier rules purposes.

Any non-deductible amount of interest expenses exceeding the threshold of 30% is carried forward and may, again subject to the interest barrier rules, be deductible in future financial years (up to a maximum period of five years).

Our international operations subject us to risk.

We operate and sell our products in a number of countries. Our production facilities are located in Germany, Portugal and Canada, and we have market presence in several additional European markets (including France, UK, Sweden, Austria, Belgium, and Romania), as well as the U.S., Canada and Australia. Our ability to operate and expand in international markets could be harmed by a number of factors which could have a material adverse effect on our business, financial condition and results of operations, including:

- changes in political and economic conditions and potential instability in certain regions;
- fluctuation in foreign currency exchange rates, currency control and repatriation issues;
- changes in regulatory requirements or in foreign policy, including the adoption of laws, regulations and interpretations detrimental to our business;
- burdens of complying with a wide variety of legal and tax regimes, including those relating to liability and warranty requirements in relation to our products and services;
- difficulties in managing the staffing of international operations;
- laws and business practices favoring local competitors;
- terrorist attacks and security concerns in general;
- reduced protection of our intellectual property rights; and
- unfavorable tax rules or trade barriers.

In addition to the current markets in which we operate, we are cautiously considering entering or expanding our market presence in other attractive markets where we believe our 3.XM platform to be particularly suited, such as Turkey, Chile, South Africa and Japan, among others. Our expansion into new markets would expose us to risks associated with adapting our business to the different economic conditions in each country and integrating such expansion with our existing business. Additional risks include the need for appropriate management of our efforts, successful negotiation on terms advantageous to us of agreements facilitating our profitable expansion of our business, including logistics, installation and commissioning, and post-sales support service efforts. International business efforts generally include risks relating to management of increased currency exchange rate exposure, international enforceability of contracts, potential exposure of intellectual property to misuse or misappropriation, compliance and operational challenges which may delay or add complexity to sales and support efforts, and the potential of local taxation above that which is currently forecast. We may need to comply with local content requirements and develop products that fulfill the specific requirements of local customers. In addition, because grid connectivity requirements differ among countries and regions, we face risks of delay in project execution if we have to build up expertise and adapt our existing products. Furthermore, we intend to continue expanding our O&M services by broadening our service offering and further penetrating our existing customer base. There is a risk that demand for such new services may not compensate our costs in creating them. If we are unsuccessful in managing any of these challenges, our expansion could increase our costs without significant contribution to the results of our operations and our expansion plans may not yield the intended benefits. As a result, our expansion strategy may not enhance the value of our business, and could result in a material adverse effect on our financial condition and results of operations if executed ineffectively or at loss.

Our capital expenditure plans are subject to change and other risks and may not yield the benefits intended.

Our operations are capital intensive, as a substantial amount of capital is required to develop, manufacture, market and distribute our products, services and new technologies. Our capital expenditure plans are based on management estimates, which may prove to be incorrect or based on incorrect assumptions.

Our capital expenditure plans also depend on regulations in respect of local content requirements in countries where we have operations or plan to enter. Such regulations may require us to incur capital expenditure in a particular country or to source locally at higher cost. Inability to comply with such requirements could result in fines or market exit. For example, local content requirements in Canada or Brazil could create challenges for us in such markets.

A significant amount of our capital expenditures are linked to product development. In order to remain technologically competitive, we may be required to expand substantial resources for developing new product platforms which may prove to be unsuccessful. In addition, our capital expenditure plans are subject to a number of risks including cost overruns, construction and development delays or defects, failure or delay in receiving governmental or other approvals, and the availability of financing on acceptable terms. The actual amount and timing of our future capital requirements may differ from our estimates as a result of, among other things, unforeseen delays or cost overruns, unanticipated expenses, economic, political and other conditions in the markets in which we operate, regulatory changes, engineering design changes, weather-related delays and technological changes. Higher-than-expected capital expenditures could have an adverse impact on our profitability and financial condition.

Any disruption affecting our operations could harm our business.

The manufacture of our WTGs and WTG components involves significant hazards that could result in fires and other unexpected or dangerous conditions or accidents. Any significant interruption to our operations because of fires, floods, severe weather or other natural disasters, power loss, rolling blackouts, telecommunication failures, terrorist attacks, cyber-attacks, computer viruses, human error, hardware or software defects or malfunctions, or industrial accidents could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to foreign currency fluctuations.

The reporting currency for our consolidated financial statements is the euro. However, due to the international nature of our business, we generate revenues and make payments in a number of currencies outside the Eurozone, including U.S. dollars, Canadian dollars, British pounds sterling and Australian dollars. For the financial year 2013/2014, revenues from the Group's operations outside of the Eurozone represented 38.7% of its revenues. The exchange rates between these currencies can fluctuate substantially.

Our exchange rate risk arises from our foreign currency revenues, costs and other foreign currency assets and liabilities, to the extent that there is no natural hedge. Although we may use various derivative and non-derivative instruments to manage risks arising from fluctuations in 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 our business, financial condition and results of operations.

Our business could be adversely affected by strikes, work stoppages or increased wage demands by our employees or other disputes with our employees.

We are exposed to the risk of strikes, lock-outs, trade union activities and other industrial actions. There can be no assurance that we will not experience a strike, work stoppage, lock-out or other industrial action. For example in October 2012, there was a warning strike during ongoing collective negotiations with the trade union IG Metall, with whom we have a collective bargaining agreement. Further, efforts by labor unions may divert the management's attention and result in increased costs. Although our current collective bargaining agreements with employees are in place until December 31, 2019, we may be unable to negotiate acceptable collective bargaining agreements with our employees who are represented by unions, which could lead to union-initiated stoppages. Any such event could disrupt our operations, result in an increase in wages and other benefits or otherwise have a material adverse effect on our business, financial condition and results of operations.

We may not be able to obtain or maintain adequate insurance cover.

Our operations are subject to various hazards and risks, including risks inherent in the use of chemicals and other hazardous materials in the course of our production processes. These risks include the occurrence of thefts, explosions, chemical spills, storage tank leaks, discharges or releases of hazardous substances and other environmental risks, mechanical failures of equipment and natural disasters. In addition, many of these operating and other risks could

cause personal injury, loss of life, severe damage to or destruction of our properties and the property of third parties and environmental pollution, and may result in the suspension of operations and the imposition of civil or criminal penalties.

While we believe that our insurance coverage is consistent with industry norms, if any of our production facilities are damaged or our operations are interrupted for a sustained period, there can be no assurance that our insurance policies will be adequate to cover any resulting losses. Similarly, our insurance may not provide sufficient cover for warranty claims by customers. If we were to suffer a large uninsured loss, our business, financial condition and results of operations could be materially adversely affected.

In addition, our insurance coverage is generally subject to annual renewal. If premium levels increase, we may not be able to obtain the same levels of coverage in the future as we currently have or we may only be able to obtain such coverage at a substantially higher cost.

Failure to keep our technical knowledge confidential and protect our intellectual property could erode our competitive advantage.

We rely on patents and copyright laws and licenses as well as non-assertion agreements, among other protections, to safeguard our intellectual property rights. There can be no assurance that our rights will not be challenged, invalidated or circumvented, or that we will successfully renew our rights or licenses. Further, our know-how may not be adequately protected by intellectual property rights such as patents, copyrights and trademarks. Some know-how is protected only by secrecy and any contractual protection, and we cannot be certain that our know-how will remain confidential. If confidential technical information or know how about our products or business becomes available to third parties or to the public, our competitive position could be harmed. Further, there can be no assurance that we will be able to protect our intellectual property rights in respect of newly developed or upgraded products. Our competitors may be able to take advantage of this and develop and market similar or superior products. Our inability to protect our intellectual property could have a material adverse effect on our business, financial condition and results of operations.

We may inadvertently infringe upon the intellectual property rights of others.

Companies active in the WTG industry make extensive use of intellectual property rights, both to protect their technology and to assert their competitive position. Although we believe that our products, services and proprietary information do not infringe upon the intellectual property rights of others and that we do and will have all the rights necessary to use the intellectual property employed in our business, there can be no assurance that infringement claims, including the possibility of substantial monetary claims, will not be asserted against us. Such claims may force us to alter our technologies, obtain licenses or cease significant portions of our operations. Irrespective of their merit, these claims could: (i) adversely affect our relationships with customers; (ii) result in costly litigation; (iii) cause product shipment delays or stoppages; (iv) divert management's attention and resources; (v) subject us to significant liabilities; (vi) require us to enter into potentially expensive royalty or licensing agreements; and (vii) require us to cease certain activities, including the manufacture/supply of certain products and provisions of services. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. All of these factors could have a material adverse effect on our business, financial condition and results of operations.

We depend on highly skilled personnel to operate our business, and if we are not able to hire, retain, and motivate our personnel, we may not be able to grow effectively.

Our success depends in part on the knowledge, skill, industry experience and continued services of our Executive Board members and other key members of senior management as well as on several key experts without management responsibilities. Competition for talented personnel is intense, and if we lose the services of any of our key senior management personnel, it would be very difficult to find and integrate replacement personnel in a timely manner, which could significantly impair our ability to develop and implement our business strategies. The development and implementation of our business strategies is also heavily dependent on our ability to recruit, retain and train other highly qualified employees, particularly in the areas of mechanical and electrical engineering, development of WTGs and rotor blades as well as marketing and sales employees, who should generally have a technical background and knowledge of the particulars of WTG construction. Our failure to retain highly skilled personnel could have a material adverse effect on our business, financial condition and results of operations.

Compliance with and changes in safety, health and environmental laws and regulations could adversely affect our operations.

Our operations are subject to a broad range of safety, health and environmental laws and regulations in the jurisdictions in which we operate. These laws and regulations require us to obtain and maintain permits and approvals, undergo environmental impact assessments, review processes and implement environmental health and safety programs,

impose controls on our air, noise, waste, fume and water discharges, storage, handling, discharge and disposal of chemicals, employee exposure to hazardous substances and other aspects of our operations and products. Some of our manufacturing and O&M processes are hazardous and require compliance with stringent safety standards. We expect to continue to incur substantial costs and capital expenditure to comply with such laws and regulations.

While we believe we are in compliance in all material respects with all applicable safety, health and environmental laws and regulations, the discharge of hazardous substances or pollutants into the air, soil or water may nevertheless cause us to be liable to governmental authorities or private persons. In addition, we may be required to incur costs to remedy the damage caused by any such discharges or environmental incidents.

We could also be affected by the adoption or implementation of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other similar developments in the future. Safety, health and environmental laws and regulations are becoming increasingly stringent. The costs of complying with these requirements can be significant. The measures that we implement in order to comply with these new laws and regulations may be deemed insufficient by governmental authorities and our compliance costs may significantly exceed current estimates. If we fail to meet safety, health and environmental requirements, we may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other persons, which could result in substantial fines and penalties against us as well as orders that could limit or halt our operations. Any of these developments could have a material adverse effect on our business, financial condition and results of operations.

The risk of litigation is inherent in our operations. Some of our pending litigation may have an adverse outcome.

In the ordinary course of our business, legal actions and claims against and by us and arbitrations involving our Group arise. Other than the preliminary court proceedings for the preservation of evidence in connection with the technical irregularities in the blade bearings of our MM92 and MM82 onshore WTGs and the notices of a dispute issued by one customer of the Company under the respective contractual agreements with respect to these technical irregularities, we are not a party to any material legal proceedings (including any such proceedings that are pending or threatened of which we are aware). We may be subject to other claims from customers, suppliers, current and former employees and third parties in the future. Our management believes that we have made adequate provisions to cover our current litigation risks; however, our provisions may prove insufficient in the event of an adverse outcome and we may incur significant expenses on legal defense. If publicity associated with, or the outcome of one or more of the legal proceedings we face, is significantly different than what our management expects, this could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Financial Profile

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes and the Notes Guarantees.

Following the issuance of the Notes, we will be highly leveraged. As of December 31, 2014, after giving effect to the Transactions and the application of proceeds from the Financing and the repayment of amounts drawn under the Cash Liquidity Facility, we would have had total debt outstanding with an aggregate principal amount of €424.4 million. On April 14, 2015, we entered into the Cash Liquidity Facility Agreement, which will provide for a Cash Liquidity Facility of up to €180.0 million. On March 30, 2015, we entered into the Revolving Credit and L/G Facilities Agreement, which will provide for a €125.0 million Revolving Credit Facility and a €825.0 million L/G Facility. The Revolving Credit Facility will not be available until after repayment of the Cash Liquidity Facility. The Cash Liquidity Facility and the L/G Facility will be available on the Issue Date. We expect that substantially all of the Cash Liquidity Facility will be drawn, and that a substantial amount of the L/G Facility will be utilized, on the Issue Date. As of December 31, 2014, the Company had utilized €407.3 million under the Company's existing syndicated guarantee facility, which will be replaced by the L/G Facility. In addition, the Company and certain of its subsidiaries have entered into bilateral loan facilities (including mortgages relating to certain specified properties), which will remain outstanding after the completion of the Acquisition. As of December 31, 2014, the total aggregate principal amount outstanding under these facilities was € 24.4 million. See "*Capitalization*." The level of our indebtedness following the issuance of the Notes could have important consequences to holders of the Notes offered hereby, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to the Notes;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;

- requiring the dedication of a substantial portion of our cash flow from operations to the payment of interest on indebtedness, thereby reducing the availability of such cash flow for, and limiting the ability to obtain additional financing to fund, working capital, capital expenditure, acquisitions, joint ventures or other general corporate purposes;

- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;

- placing us at a competitive disadvantage compared to our competitors, to the extent that they may not be as highly leveraged; and

- increasing our cost of borrowing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes.

In addition, our debt under the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement bear interest at a variable rate which is based on EURIBOR and other applicable locally based interbank offered rates for loans denominated in other currencies, in each case plus an agreed margin. Fluctuations in EURIBOR or other interbank offered rates or the occurrence of a market disruption event may increase our overall interest burden and could have a material adverse effect on our ability to service our debt obligations. We may be able to incur substantial additional indebtedness in the future. Although the Indenture, the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial. If we incur additional indebtedness, the related risks that we now face, as described above and elsewhere in these "*Risk Factors*," could intensify. In addition, the Indenture, the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement will not prevent us from incurring obligations that do not constitute indebtedness as such term is defined under those agreements.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The Indenture, the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement will restrict, among other things, our ability to:

- incur or guarantee additional indebtedness;

- pay dividends or make other distributions or purchase or redeem our stock;

- make investments or other restricted payments;

- enter into agreements that restrict our restricted subsidiaries' ability to pay dividends;

- transfer or sell assets;

- engage in transactions with affiliates;

- create liens on assets to secure indebtedness;

- impair security interests;

- merge or consolidate with or into another company; and

- engage in new types of business.

See "*Description of the Notes—Certain covenants*," "*Description of Certain Financing Arrangements—Revolving Credit and L/G Facilities Agreement*" and "*Description of Certain Financing Arrangements—Cash Liquidity Facility Agreement*." The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

Our failure to comply with the covenants under the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement or the Indenture, including as a result of events beyond our control, could result in an event of default which could materially and adversely affect our financial condition, financial returns and results of operations.

The Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement will require us to comply with a maximum leverage ratio and a minimum interest coverage ratio. See "*Description of Certain Financing Arrangements—Revolving Credit and L/G Facilities Agreement*" and "*Description of Certain Financing Arrangements—Cash Liquidity Facility Agreement*." Our ability to meet these financial requirements could be affected by deterioration in our operating results, as well as by events beyond our control, including decreases in collections and unfavorable economic conditions, and we cannot assure you that we will be able to meet these tests.

Moreover, the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement include certain events of default (such as breach of representations and warranties and cross-payment defaults) that are in addition to the events of default set forth in the Indenture. If an event of default occurs under the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement or any other of our debt instruments and is not cured or waived, borrowings under any other debt instruments that we have outstanding, including the Notes, that contain cross-acceleration or cross- default provisions may also be accelerated or become payable on demand, together with accrued and unpaid interest and other fees payable thereunder. In these circumstances, our assets and cash flow may not be sufficient to repay in full all of our indebtedness that has been accelerated, including the Notes then outstanding, which could force us into bankruptcy or liquidation. We might not be able to repay our obligations under the Notes in such an event.

We require a significant amount of cash to service our debt and sustain our operations. Our ability to generate sufficient cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our debt, to fund working capital, and to make capital expenditures, will depend on our future operating performance and ability to generate sufficient cash. This depends on the success of our business strategy and on general economic, financial, competitive, market, legislative, regulatory and other factors, as well as the other factors discussed in these "*Risk Factors*," many of which are beyond our control.

We cannot assure you that our business will generate sufficient cash flows from operating activities, that turnover growth, cost savings and operating improvements will be realized, or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

The Cash Liquidity Facility will mature on the earliest of (i) the date of first utilization of the Revolving Credit Facility, (ii) the date falling three months following the date of completion of the Acquisition and (iii) the date falling five business days from the date on which the conversion of the Company into a limited liability company (*GmbH*) is registered in accordance with German law requirements. In addition, the Revolving Credit and L/G Facilities Agreement will mature on March 31, 2020.

If our future cash flows from operating activities and other capital resources (including borrowings under the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities (including brand investment) and any capital expenditures;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. Any failure to make payments on the Notes on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to obtain additional debt or increase our cost of borrowing. In addition, the terms of our debt, including the Notes, the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement, limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial condition and results of operations. There can be no assurance that any assets which we could be required to dispose of can be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale will be sufficient.

Any impairment of our ability to draw funds under our Revolving Credit and L/G Facilities Agreement could adversely and negatively impact our business operations.

Following the completion of the Transactions, our operations are expected to be primarily financed using cash generated in our operations and funds drawn from the Revolving Credit Facility.

In addition, we need bond and guarantee facilities to sustain our operations. The L/G Facility will be for an amount of €825.0 million and the Group currently also has a bilateral facility in an amount of €10 million that serves as a bond and guarantee facility. These facilities will be used primarily to (i) to secure advance payments from our customers to us until the time we deliver our products (advanced payment bonds), (ii) as security post-delivery until the time the project is handed over to the customer (performance bonds) and (iii) to secure our warranty obligations (warranty bonds).

Should we lose the ability to access the Revolving Credit and L/G Facilities Agreement, we may not be able to pursue our growth plans, which would negatively impact revenues generation, and consequently future cash flows. There also can be no assurance that we will have sufficient cash resources on hand at any given time to meet our expenses or debt servicing requirements. Our ability to draw on the Revolving Credit and L/G Facilities Agreement depends on, among other things, our ability to comply with certain financial covenants and other required conditions to drawing could be affected by a number of factors, including by events beyond our control. See "*—We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities*." This inability to implement our growth plans or to maintain our operations due to a lack of cash flow would materially and adversely affect our business.

In addition, to support our growth and ability to win future projects, we may require additional financing, and upon the expiration of the Revolving Credit and L/G Facilities Agreement, we will need to secure new financing. The Revolving Credit and L/G Facilities Agreement will have final maturity of March 31, 2020. Our ability to obtain credit is dependent on market conditions. Disruptions and volatility in the credit and capital markets could adversely affect our ability to access credit and could increase our financing costs significantly. Furthermore, our financial condition and prospects as well as conditions and outlook for our industry and the general macroeconomic environment in our markets will determine our access to and cost of credit. If we cannot access financing on acceptable terms or at all, we may not be able to finance our operations or take on new projects, which would have a material adverse effect on our business, financial condition and results of operations.

Risks Related to the Offering, the Notes and the Notes Guarantees

Creditors under the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement and potentially other obligations, are entitled to be repaid with the proceeds of the Notes Guarantees and the Collateral received upon any enforcement in priority to the Notes.

The obligations under the Notes are guaranteed by the Notes Guarantees and secured on a first ranking basis with security interests over Collateral, which will also guarantee and secure our obligations under the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement. The Indenture also permits the Collateral to be pledged to secure additional indebtedness in accordance with the terms thereof and the Intercreditor Agreement.

Pursuant to the Intercreditor Agreement, the liabilities under the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement will have priority over any amounts received from enforcement action taken with respect to the Notes Guarantees and Collateral. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." In addition, some additional obligations, such as certain hedging obligations, may be secured on the same basis.

As a result, in the event of any realization or enforcement of the Collateral, you may not be able to recover on the Collateral if the then outstanding claims under the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement or other instruments entitled to recover first from the proceeds of such realization or enforcement, are greater than the proceeds realized.

Holders of the Notes may not control certain decisions regarding the Collateral.

The same Collateral securing the Notes will also secure the obligations under the Revolving Credit and L/G Facility and the Cash Liquidity Facility. In addition, under the terms of the Indenture, we will be permitted to incur significant additional indebtedness and other obligations that may be secured by the same Collateral.

As a result of the voting provisions set forth in the Intercreditor Agreement, certain amendments and waivers and other actions under the Intercreditor Agreement and in relation to the Collateral will have to be consented to by the

required majority of holders of the Notes, the required majority of holders of any *pari passu* additional indebtedness and the required majority of "super senior creditors" (being the agent and the lenders under the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement). The required majority will vary with the type of amendment or waiver being sought. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." The Intercreditor Agreement provides that a common security agent will serve as the Security Agent for the secured parties under the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement, the Notes and certain additional indebtedness with respect to the shared Collateral. The Security Agent will act with respect to the shared Collateral only at the direction of the "Instructing Group."

A proposal to deliver enforcement instructions in relation to security over the Collateral triggers, except in certain circumstances, a 30-day consultation period among representatives of creditors sharing in the Collateral, including the Trustee on behalf of the holders of the Notes and the agent on behalf of the lenders under the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement. Upon conclusion of the consultation period, if there are conflicting enforcement instructions given to the Security Agent by the different classes of creditors, which are secured by the Collateral and who can constitute the Instructing Group, then provided those instructions are consistent with the Intercreditor Agreement and Security Documents, the enforcement instructions from the holders of the Notes will prevail. However, in certain circumstances (where the super senior creditors have not been fully repaid within six months of the Collateral enforcement instructions being issued, or if no steps have been taken as to enforcement by the Security Agent within three months of the enforcement instructions being issued or if an insolvency event has occurred and the Security Agent has not commenced any enforcement action), the instructions of the super senior creditors will then prevail.

Disputes may occur between the holders of the Notes and the holders of *pari passu* additional debt, the lenders under the Revolving Credit and L/G Facilities Agreement or the lenders under the Cash Liquidity Facility Agreement as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the Collateral. In such an event, the holders of the Notes may be bound by any decisions of the holders of the *pari passu* additional indebtedness, the lenders under the Revolving Credit and L/G Facilities Agreement or the lenders under the Cash Liquidity Facility Agreement if the circumstances are such that the instructions of the holders of the *pari passu* additional indebtedness, lenders under the Revolving Credit and L/G Facilities Agreement or lenders under the Cash Liquidity Facility Agreement prevail, which may result in enforcement action in respect of the shared Collateral, whether or not such action is approved by the holders of the Notes or may be adverse to such holders. The creditors under the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement or any *pari passu* additional indebtedness may have interests that are different from the interests of holders of the Notes and they may elect to pursue their remedies under the Security Documents at a time when or in a manner which would otherwise be disadvantageous for the holders of the Notes to do so. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes—Security—Release."*

The Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes and the Notes Guarantees, and such security may not be sufficient to satisfy the obligations under the Notes and the Notes Guarantees.

Our obligations under the Notes will be secured only by the Collateral. See "*Description of the Notes—Security*" for a more detailed description of the Collateral. No appraisals of any of the Collateral have been prepared by us or on our behalf in connection with the issuance of the Notes. There is no guarantee that the value of the Collateral will be sufficient to enable the Issuer to perform its obligations under the Notes. There is no requirement to provide funds to enhance the value of the Collateral if it is insufficient. The proceeds of any sale of the Collateral following an event of default with respect to the Notes may not be sufficient to satisfy, and may be substantially less than, amounts due on the Notes.

The amount of proceeds realized upon the enforcement of the security interests over the Collateral or in the event of liquidation will depend upon many factors, including, among others, general market and economic conditions, the condition of the market for the Collateral, the ability to sell Collateral in an orderly sale, the fair value of the Collateral, the timing and manner of the sale, whether or not our business is sold as a going concern, the ability to readily liquidate the Collateral, the availability of buyers and the condition of the Collateral. Further, there may not be any buyer willing and able to purchase our business as a going concern, or willing to buy a significant portion of its assets in the event of an enforcement action.

The value of the Collateral may be subject to significant changes in value due to economic or regulatory trends. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. Portions of the Collateral may be illiquid and may have no readily ascertainable market value. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, we cannot assure you that the proceeds from any sale or liquidation of the Collateral will be sufficient to pay our obligations under the Notes.

By its nature, some or all of the Collateral may not have a readily ascertainable market value or may not be saleable or, if saleable, there may be substantial delays in its disposal. To the extent that liens, security interests and other rights granted to other parties encumber assets owned by the Issuer or the Guarantors, those parties have or may exercise rights and remedies with respect to the property subject to their liens, security interests or other rights that could adversely affect the value of that Collateral and the ability of the Security Agent or investors as holders of the Notes to realize or enforce that Collateral. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes and the Notes Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against the Issuer's and the Guarantors' remaining assets. Each of these factors or any challenge to the validity of the Collateral or the Intercreditor Agreement governing our creditors' rights could reduce the proceeds realized upon enforcement of the Collateral. In addition, there can be no assurance that the Collateral could be sold in a timely manner, if at all. Proceeds from enforcement sales of capital stock and assets that are part of the Collateral must first be applied in satisfaction of obligations under the Cash Liquidity Facility Agreement, the Revolving Credit and L/G Facilities Agreement and certain hedging obligations pursuant to the Intercreditor Agreement and thereafter towards application to repay on a *pari passu* basis the obligations of the Issuer and the Guarantors under the Notes. In addition, the Indenture governing the Notes will allow incurrence of certain additional permitted debt in the future that is secured by the Collateral on a priority or *pari passu* basis. The incurrence of any additional debt secured by the Collateral would reduce amounts payable to you from the proceeds of any sale of the Collateral.

To the extent that any other first priority and pre-existing security interests permitted under the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement and the Indenture and other rights encumber the Collateral securing the Notes, those parties may have or may exercise rights and remedies with respect to the Collateral that could adversely affect the value of the Collateral and the ability of the Security Agent to realize or foreclose on the Collateral.

The Issuer and the Guarantors will have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents will, subject to the terms of the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement and the Indenture, allow the Issuer and the Guarantors to remain in possession of, retain control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes. So long as no default or event of default under the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement or the Indenture is occurring or would result therefrom, the Issuer and the Guarantors may, among other things, without any consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring or otherwise disposing of Collateral and making ordinary course cash payments, including repayments of indebtedness.

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens, security interests and other imperfections permitted under the Indenture, the Cash Liquidity Facility Agreement or the Revolving Credit and L/G Facilities Agreement and accepted by other creditors that have the benefit of first priority security interests in the Collateral securing the Notes from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens, security interests and other imperfections could adversely affect the value of the Collateral securing the Notes, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first priority ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens, liens arising by entering into standard banking arrangements or land lease agreements or liens arising out of conditional asset sales, title retentions or similar arrangements.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests over personal property such as the Collateral. For example, the Security Agent may need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes.

The security interests in the Collateral that will secure our obligations under the Notes and the obligations of the Guarantors under the Notes Guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent except for the Post-Issue Date Collateral governed by Portuguese law, which will be granted in favor of the holders of the Notes and the remainder of the secured parties acting through the Security Agent. The

Intercreditor Agreement will provide that only the Security Agent has the right to enforce the Security Documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral, except through Trustee, which will (subject to the applicable provisions of the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent in respect of the Collateral.

Notwithstanding the foregoing, if enforcement of any security interest in Portugal was to be carried out by the Security Agent in Portugal, it may be necessary to prove that the Security Agent is duly and expressly empowered for such purpose under the Indenture or the Intercreditor Agreement.

In addition, the ability of beneficial owners of the Notes and the Security Agent to enforce the security interests in the Collateral is subject to the terms of the relevant Security Documents and the laws of each jurisdiction in which security interests in the Collateral are taken as set forth under "*Description of the Notes—Security Documents*" and "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*." For example, the laws of certain jurisdictions may not allow for an appropriation of certain pledged assets, but require a sale through a public auction and certain waiting periods may apply.

There is some uncertainty under the laws of certain jurisdictions as to whether obligations to beneficial owners of the Notes that are not identified as registered holders in a Security Document will be validly secured. With respect to Germany, due to the laws and case law applicable to the creation and perfection of security interests and enforceability of such security interests, the Collateral will secure only so-called "parallel debt" obligations created under the Intercreditor Agreement in favor of the Security Agent rather than secure the obligations under the Notes directly, since the creation and ongoing valid existence of certain German security interests is linked with the original secured claims. Consequently, certain actions in relation to the original secured claims may cause the release or invalidity of such security interests. While the relevant provisions of the Intercreditor Agreement express that the Security Agent will have, pursuant to the parallel debt, a claim against the Issuer and the Notes Guarantors for the full principal amount of the Notes, the parallel debt construct has not been tested in court in Germany and we cannot assure you that it will be recognized or that it will eliminate or mitigate the risk of invalidity and unenforceability of the relevant security interests. Therefore, the ability of the Security Agent to enforce the Collateral may be restricted. To the extent that the security interests in the Collateral created under the parallel debt construction are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral.

In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the beneficiary of the parallel debt.

Noteholders must rely on the effectiveness of the Intercreditor Agreement to implement parity among the secured parties.

Due to the laws and case law applicable to the creation and perfection of security interests and enforceability of such security interests in Germany, certain Collateral will secure only the parallel debt created under the Intercreditor Agreement in favor of the Security Agent rather than secure the obligations under the Notes directly. Accordingly, the parity of the Notes, obligations under the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement and any other obligations secured by the Collateral will be implemented by way of the Intercreditor Agreement. As a result, the holders of the Notes must rely on the effectiveness of the Intercreditor Agreement to implement parity among the holders of the Notes and the other *pari passu* secured creditors, including the lenders under the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement. In the event that the Intercreditor Agreement does not ensure parity on a contractual basis, the proceeds from the enforcement of the Collateral may not be sufficient to repay the obligations under the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

Certain Collateral will not initially secure the Notes.

Pursuant to the terms of the Indenture, we will be required to take such necessary actions so that, on the Upstream Effective Date for any security granted by the Company and, within 90 days after the Issue Date for any security granted by any other Post-Issue Date Guarantor, the Notes and the Notes Guarantees will be secured by the Post-Issue Date Collateral. There can be no assurance that we will be successful in fulfilling the required conditions for the occurrence of the Upstream Effective Date within the time period specified, in particular since this also involves registrations with a German public register. Further, there can be no assurance that we will be successful in procuring the Post-Issue Date Collateral within the time period specified.

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party or the grantor of the security. The security interests in the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we, or the Security Agent, fail or are unable to take the actions required to perfect any of these liens.

Under German law, the creation of a valid security interest under a German law-governed pledge agreement in relation to certain assets (e.g., bank accounts) may be subject to a delivery of a notice of pledge by the Security Agent or the security provider to a third party (e.g., the notice of pledge to the account bank in case of a pledge over bank accounts).

Any failure to perfect any security interest in the Collateral may result in the invalidity of the relevant security interest or adversely affect the priority of such security interest in favor of the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. Further, it should be noted that neither the Trustee nor the Security Agent shall have any obligation to take any steps or action to perfect any of the liens in the Collateral.

The Notes may not be a suitable investment for all investors seeking exposure to green assets.

In connection with the Offering, DNV GL AS ("DNV GL") is expected to issue a second-party opinion regarding the suitability of the Notes as an investment in connection with certain environmental and sustainability criteria (the "DNV GL Opinion"). More specifically, DNV GL has been commissioned to provide an opinion on the Notes based on the compliance of the Offering with the "Green Bond Principles," which are a set of voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market. It is DNV GL's opinion that, although the Notes are not fully aligned with the Green Bond Principles because the Notes are not linked to specific assets or projects (rather, the acquisition of the Company), the Notes are consistent with the stated definition of green bonds within the Green Bond Principles. The DNV GL Opinion is not incorporated into and does not form part of this offering memorandum. Neither we nor the Initial Purchasers make any representation as to the suitability of the DNV GL Opinion or the Notes to fulfill such environmental and sustainability criteria. The DNV GL Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. The DNV GL Opinion is not a recommendation to buy, sell or hold securities and is only current as of the date that the DNV GL Opinion was initially issued. In addition, although we have agreed to certain reporting and use of proceeds from certain divestments in connection with the DNV GL Opinion as described under "*Use of Proceeds*," it will not be an event of default under the Indenture if we fail to comply with such obligations. A withdrawal of the DNV GL Opinion may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

We may not be able to obtain the funds required to repurchase the Notes upon a change of control.

The Indenture will contain provisions relating to certain events constituting a "change of control." Upon the occurrence of certain change of control events (subject to certain exceptions), we will be required to offer to repurchase all outstanding Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. If a change of control event were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the outstanding Notes or that the restrictions in our Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement, the Intercreditor Agreement or our other then-existing contractual obligations would allow us to make such required repurchases. A change of control would cause a mandatory prepayment event to occur under the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement, and a change of control may result in an event of default under, or acceleration of our other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. In addition, certain events that may constitute a change of control under the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement may not constitute a change of control under the Notes. The ability of the Issuer to receive cash from its subsidiaries to allow it to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then existing financial resources. In addition, under the terms of the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement, under certain circumstances, we are required to repay a proportionate amount of debt under our Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement if we repay all or a portion of the principal under the Notes. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control event occurs at a time when the Group is prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that the group would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, and to the extent the Trustee becomes entitled to declare the Notes as being due and payable would constitute an event of default under the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement. Additionally, a change of control under the Indenture will also trigger a change of control under the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement, which gives the lenders certain repayment and cancellation rights. See "*Description of the Notes—Repurchase at the option of holders—Change of Control*."

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a re-organization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Indenture. In addition, in certain circumstances a change of control would be deemed not to have occurred if a certain leverage ratio is not exceeded as a result of the transaction. Except as described under "*Description of the Notes—Repurchase at the option of holders—Change of Control*," the Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a re-organization, restructuring, merger, recapitalization or similar transaction.

The definition of "Change of Control" in the Indenture will include a disposition of all or substantially all the assets of the Company and its restricted subsidiaries (if any), taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no established precise definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the Issuer's assets and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

You may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and all of the Guarantors are organized under non-U.S. laws. None of the directors or executive officers of the Issuer and the Guarantors are residents of the United States. Although the Issuer and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws under the Indenture, you may be unable to effect service of process within the U.S. on the directors and executive officers of the Issuer and the Guarantors. In addition, it may also not be possible for investors to effect service of process within Germany upon the Issuer or the German Guarantors or those persons under the Convention on Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters and the German and other relevant laws implementing such convention if such service were deemed to infringe German sovereignty or security, particularly if such service violated the German Federal Constitution (*Grundgesetz*) or other applicable law. If a judgment is obtained in a U.S. court against the Issuer or any Guarantor, investors will need to enforce such judgment in jurisdictions where the relevant company has assets, and because all the assets of the Issuer and all of the Guarantors and their respective subsidiaries and all or a majority of the assets of their directors and executive officers are located outside of the U.S., you may be unable to enforce any such judgments against them. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer and the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States. Holders of the Notes should consult with their advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States. See "*Service of Process and Enforcement of Civil Liabilities*."

The insolvency laws of Germany may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.

The Issuer and the Guarantors and providers of collateral are organized under the laws of Germany, have their registered offices in Germany and substantially all of their operations are located in Germany. A court is therefore highly likely to assume that the "center of main interest" of the Issuer and the respective Guarantors is in Germany. Consequently, provided that this presumption will not be rebutted, any insolvency proceedings with regard to the Issuer and such Guarantors are likely to be initiated in Germany and would most likely be governed by the insolvency laws of Germany. The provisions of German insolvency law differ substantially from U.S. bankruptcy laws, including with respect to priority of creditors' claims, the ability to obtain post- petition interest and the duration of the insolvency proceedings, and hence may be less favorable to holders of the Notes than comparable provisions of U.S. law. Thus, your ability to recover payments due on the Notes may be more limited than would be the case under U.S. bankruptcy laws.

For holders of the Notes, the opening of formal insolvency proceedings against the Issuer and the Guarantors subject to the German insolvency regime include the following important consequences:

- unless debtor-in-possession status (*Eigenverwaltung*) is granted by the court upon application by the relevant debtor, the right to administer and to dispose of its assets generally passes to the insolvency administrator (*Insolvenzverwalter*);

- also subject to the granting of debtor-in-possession status (*Eigenverwaltung*), disposals effected by the management of any of the Issuer or Guarantors after the opening of formal insolvency proceedings are generally null and void by operation of law;

- if, during the final month preceding the date of filing for the opening of insolvency proceedings (*Insolvenzeröffnungsantrag*) or thereafter, a creditor in the insolvency proceedings acquires by way of enforcement a security interest in part of the debtor's property that would normally form part of the insolvency estate, such security interest becomes null and void by operation of law upon opening of formal insolvency proceedings; and

- claims against any of the Issuer or Guarantors may only be pursued in accordance with the rules set forth in the German Insolvency Code (*Insolvenzordnung*).

Under German insolvency law, an insolvency administrator may under certain circumstances avoid (*anfechten*) any transaction, performances or other acts that are deemed detrimental to insolvency creditors and which were effected prior to the commencement of formal insolvency proceedings during applicable voidable periods. Generally, if transactions, performances or other acts are successfully voided by the insolvency administrator, any amounts or other benefits derived from such challenged transaction, performance or act will have to be returned to the insolvency estate (*Insolvenzmasse*). The administrator's right to void transactions can, depending on the circumstances, extend to transactions having occurred up to ten years prior to the filing for the commencement of insolvency proceedings. In particular, an act (*Rechtshandlung*) or a legal transaction (*Rechtsgeschäft*) (which term includes the granting of a guarantee, the provision of security and the payment of debt) detrimental to the creditors of the debtor may be voided according to the German Insolvency Code in certain cases.

For more information, see "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations—Germany—Certain insolvency law considerations*."

The Notes may be considered shareholder debt under German law, and may be subordinated to other debt of the Issuer.

Loans or similar debt extended to the Issuer or to a German Guarantor by a direct or indirect shareholder of such debtor are generally subordinated under German insolvency laws, if such shareholder holds equity interests in such debtor in excess of 10% of the total share capital. However, under certain circumstances, such debt may also be subordinated despite the shareholder holding 10% or less of such debtor's share capital.

German law does not expressly exclude debt securities, such as the Notes, from the scope of equitable subordination and thus any holder of Notes who simultaneously (directly or indirectly) holds an equity interest of more than 10% in the Issuer or a Guarantor could be subject to equitable subordination under German insolvency laws. In addition, there is a risk that even third party creditors, if such creditors are affiliated with the debtor or its shareholders or could otherwise be regarded as "shareholder-like," are treated like shareholders in that loans or other debt they granted to the debtor would be equitably subordinated under German insolvency laws. German law does not specify a test to determine whether any creditor is shareholder-like and thus the holders of the Notes may be considered shareholder-like and their claims under the Notes and the Notes Guarantees may be equitably subordinated in an insolvency of the Issuer or a German Guarantor.

If a shareholder or person with a shareholder-like position transfers its shareholding and/or loan or similar lending (including the Notes) to a third party, such loan or similar lending could remain equitably subordinated for at least one year following such transfer. In the event that payment (principal or interest) on such a shareholder loan or similar lending has been made during the year prior to the petition for insolvency proceedings (or thereafter), such payment may be appealed and reversed under statutory avoidance provisions. Also, any transaction that involved the granting of collateral to secure a loan or similar lending during the period of 10 years prior to the petition (or thereafter) may be set aside.

Certain Notes Guarantees and security interests will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit the validity and enforceability.

The Guarantors will guarantee the payment of the Notes on a senior basis. Each Notes Guarantee will provide the relevant holders of the Notes with a direct claim against the relevant Guarantor. However, the Indenture and the Security Documents will provide for general and local law specific limitation language to the effect that relevant Notes Guarantees and relevant security interests granted (as well as any other obligation, liability or indemnification under the Indenture, any Security Document or any related finance document) will be limited in order to take into account corporate benefit, fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance, liquidity maintenance or similar laws as well as regulations or defenses affecting the rights of creditors generally, for example by limiting the maximum amount that can be guaranteed or secured by the relevant Guarantor or security provider with respect to the aggregate obligations and exposure of the Guarantor or security provider or by limiting the enforceability of the relevant Notes Guarantee and/or the relevant security interests.

Germany

In relation to the Company, which is incorporated in Germany in the form of a European law stock corporation (*Societas Europaea*) ("SE") and which is expected to become a Guarantor, the German capital maintenance rules are particularly strict. The granting of distributions and other benefits by a SE to its direct or indirect parent or sister companies is prohibited, with the exception of the distribution of the balance sheet profit (*Bilanzgewinn*) or unless otherwise permitted by applicable German corporate law. Guarantees or security interests granted by an SE or its direct and indirect subsidiaries in order to secure liabilities of a direct or indirect parent or sister company are considered to be

such disbursements. Further, the granting of guarantees and security interests by an SE or its direct and indirect subsidiaries which serve the purpose of supporting the financing of the acquisition of shares in such SE is in general prohibited and, therefore, invalid. Pursuant to the applicable German law provisions, such prohibition is not applicable while a domination agreement and/or profit transfer agreement exists between an SE and the entity on whose instructions the guarantee is granted. Nonetheless, even in case a respective domination agreement and/or profit transfer agreement is in place and provided that certain other requirements are met, the granting of guarantees by the Company and by its direct and indirect subsidiaries to support the acquisition of a direct or indirect parent company of the Company could considered to be a violation of such restrictions, in which case such guarantees would be void and unenforceable or subject to a redemption claim against the beneficiary.

The Indenture and the Security Documents entered into by the German Guarantors will provide for so-called "limitation language" to the effect that each Notes Guarantee and each security interest to be granted by a German Guarantor (as well as any other obligation, liability or indemnification incurred by such entity in connection with the Offering) will be contractually limited in relation to applicable capital maintenance, liquidity maintenance and financial assistance rules and principles under German law. This could lead to a situation in which such Notes Guarantees and/or the respective security interests cannot be enforced at all.

German capital maintenance, liquidity maintenance and financial assistance rules are subject to evolving case law. We cannot assure you that future court rulings may not further limit the access of shareholders to assets of any German Guarantors, which can negatively affect the ability of the Issuer to make payments on the Notes or of the German Guarantors to make payments on their Notes Guarantees. Future court rulings may also further limit the enforceability of the Notes Guarantees and the security interests to be granted by the German Guarantors.

In addition, it cannot be ruled out that the case law of the German Federal Supreme Court (*Bundesgerichtshof*) regarding "destructive interference" (*existenzvernichtender Eingriff*) (i.e., a situation in which a shareholder deprives its company of the liquidity necessary for it to meet its own payment obligations) may be applied by courts with respect to the enforcement of any Notes Guarantee or security interests to granted by any German Guarantors. In such a case, the amount of proceeds to be realized in an enforcement process may be further reduced, even to zero.

Portugal

Under Portuguese law, claims may become time-barred (20 years being the ordinary term set forth under article 309 of the Portuguese Civil Code) and may be or become subject to the defense of set-off or counterclaim.

The terms "enforceable," "enforceability," "valid," "legal," "binding" and "effective" (or any combination thereof) mean that all of the obligations assumed by the relevant party under the relevant documents are of a type enforced by Portuguese courts; the terms do not mean that these obligations will necessarily be enforced in all circumstances in accordance with their terms. Enforcement before the courts will, in any event, be subject to:

- the degree to which the relevant obligations are enforceable under their governing law;
- the nature of the remedies available in the courts; and
- the availability of defenses such as set-off, fraud, abuse of rights (*abuso de direito*), violation of public policy principles, duress, misrepresentation, undue influence, conflict of interests, force majeure, exception non adimplenti contractus, error, abatement and counterclaim.

As a general rule, under Portuguese law, any guarantee, pledge or mortgage must guarantee or secure another obligation to which it is ancillary, which must be clearly identified in the relevant guarantee or security agreement. Therefore, the guarantee or security interest follows the underlying obligation in such a way that the invalidity of the underlying obligation entails invalidity of the guarantee or security and termination of the underlying obligation entails termination of the guarantee or security. In the event that the security providers are able to prove that there are no existing and valid guaranteed obligations, Portuguese courts may consider that the security providers' obligations under the relevant guarantees or security are not enforceable.

Pursuant to Portuguese law, the Notes Guarantees or Collateral granted by the Portuguese Guarantors to guarantee third parties obligations are not allowed, unless (i) the company has a justified corporate interest (*justificado interesse próprio*) in the granting of the Notes Guarantees and/or of the Collateral or (ii) the company is in a group or control relationship with the entities whose obligations are being secured.

Under the Companies Code the definition of "controlling relationship" includes relationships between Portuguese companies where one holds, directly or indirectly the majority of the share capital or the voting rights in, or

the right to appoint the majority of the members of the board of directors or supervisory board of another company on, the other company. A "group relationship" includes relationships between Portuguese companies where one is 100% owned or controlled, directly or indirectly, by the other or between companies that are bound by a group agreement or a subordination agreement whereby one company is subject to the instructions or management of the other. In the absence of a controlling or a group relationship, the validity of a guarantee/security interest could be challenged if there is no justified corporate interest.

In addition, the obligations under the Notes Guarantees or Collateral granted by the Portuguese Guarantors shall not extend to any use of the proceeds of the Notes for the purpose of acquiring shares representing the share capital of such Guarantor or shares representing the share capital of the Parent Guarantor, or refinancing a previous debt incurred for the acquisition of shares representing the share capital of such Guarantor or shares representing the share capital of its Parent Guarantor, i.e. said obligations cannot include granting of the Notes Guarantees or Collateral which would constitute unlawful financial assistance pursuant to article 322 of the Portuguese Companies Code, approved by Decree Law 262/86 of September 2 as amended (*Código das Sociedades Comerciais*). In this respect, guarantee limitation language shall be included in such Notes Guarantees or Collateral to ensure that in no case can any Notes Guarantees or Collateral granted by a Portuguese Guarantor secure repayment of the above- mentioned funds, which could significantly reduce, even to zero, the amount that can be recovered by the persons that benefit from such Notes Guarantees or Collateral, including the holders of the Notes.

Guarantees or indemnities granted in breach of financial assistance limitations will be considered null and void, and may trigger liability of the relevant directors of the companies approving or executing the infraction.

The obligations under certain Notes Guarantees or Collateral granted by the Portuguese Guarantors will be limited to an agreed maximum amount. This specific limitation will apply to all indebtedness so guaranteed and/or secured on an aggregate basis by such Notes Guarantees or Collateral and, as a result, the Portuguese Guarantors will not have a direct obligation to repay any amounts to the holders of the Notes or the Security Agent under such Notes Guarantees or Collateral once the relevant maximum secured amount has been reached, as applicable.

The security interests in the Collateral that will secure the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Note Guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent. It should be noted that Portuguese law does not recognize the concept of parallel debt or trusteeship. The Indenture will provide (along with the Intercreditor Agreement) that only the Security Agent has the right to enforce the Security Documents in its capacity as agent (*mandatário com representação*) and joint and several creditor (*credor solidário)* and that the holders of the Notes will not have direct security interests and that therefore will not be entitled to take enforcement action in respect of the Notes Guarantee or Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent in respect of the Notes Guarantee and/or Collateral. Notwithstanding the foregoing, if enforcement of any security interest in Portugal was to be carried out by the Security Agent, it may be necessary to prove that the Security Agent is duly and expressly empowered for such purpose under the Indenture or the Intercreditor Agreement.

Finally, it should be noted that the Portuguese Guarantors will be entitled to claim for themselves immunity from suit, execution, attachment or other legal process in respect of its obligations under the Note Guarantees to the extent that their assets are covered by the immunities legally set forth, which include, but are not limited to, assets that are part of the public domain of the Portuguese Republic ("*domínio público do Estado*") or allocated to public service purposes.

For more information, see "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Notes Guarantees will be released automatically and under which the Notes Guarantees will be released automatically, without your consent or any action on the part of the Trustee.

Under various circumstances, the Collateral and the Notes Guarantees will be released automatically, including the following:

- in the case of Collateral, in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets to a person that is not (either before or after giving effect to such transaction) the Parent Guarantor or any restricted subsidiary, if the sale or other disposition is not prohibited by, or does not otherwise violate the "Asset Sale" provisions of the Indenture;

- in the case of a Guarantor that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and capital stock, of such Guarantor;

- if the Parent Guarantor designates any restricted subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions "*—Legal Defeasance and Covenant Defeasance*" and "*—Satisfaction and discharge*" under "*Description of the Notes*";

- upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes;

- in connection with an enforcement sale pursuant to the Intercreditor Agreement or any additional intercreditor agreement, or as otherwise provided for under the Intercreditor Agreement or any additional intercreditor agreement;

- to effectuate a merger, consolidation, conveyance or transfer conducted in compliance with and subject to the requirements under the covenant described under "*—Certain covenants—Merger, consolidation or sale of assets*" under "*Description of the Notes*;" *provided*, *however*, that following such merger, consolidation, conveyance or transfer, a Lien of at least equivalent ranking over the same assets or property is granted in favor of the Security Agent (on its own behalf and on behalf of the Trustee for the holders of the Notes) to the extent such assets or property continue to exist as assets or property of the Parent Guarantor or a restricted subsidiary; or

- as described under "*—Amendment, supplement and waiver*" under "*Description of the Notes*."

See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes.*"

Investors may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than the euro, an investment in the Notes will entail foreign exchange related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which such investors measure the return on their investments. These changes may be due to economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which such investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which such investors measure the return on their investments.

There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.

We cannot assure you as to:

- the liquidity of any market in the Notes;

- your ability to sell your Notes; or

- the prices at which you would be able to sell your Notes.

Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

In addition, the Indenture will allow us to issue additional Notes in the future, which could adversely impact the liquidity of the Notes.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

The transferability of the Notes may be limited under applicable securities laws.

The Notes and the Notes Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or any other jurisdiction and, unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or any other jurisdiction. See "*Transfer Restrictions*." It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

The Notes are initially held in book-entry form and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will be initially only issued in global certificated form and held through Euroclear and Clearstream. Interests in the global Notes trade in book-entry form only, and Notes in definitive registered form, or definitive registered Notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests are not considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream is the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book- entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if investors own a book-entry interest, they must rely on the procedures of Euroclear and Clearstream, and if investors are not participants in Euroclear and Clearstream, they must rely on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests do not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if an investor owns a book-entry interest, it is permitted to act only to the extent it has received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if investors own book-entry interests, they will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-entry; Delivery and Form*."

Payments under the Notes may be subject to withholding tax under the EU Directive on the taxation of savings income.

The EU has adopted Council Directive 2003/48/EC (the "Savings Directive") regarding the taxation of savings income. The Savings Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to (or for the benefit of) an individual or to certain other persons in another Member State, except that Austria and Luxembourg may instead impose a withholding system for a

transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. Luxembourg has announced the abolition of the withholding system with effect from January 1, 2015, in favor of automatic information exchange under the Savings Directive.

On March 24, 2014, the European Council adopted an EU Council Directive amending and broadening the scope of the requirements described above. In particular, the changes expand the range of payments covered by the Savings Directive to include certain additional types of income, and widen the range of recipients payments to whom are covered by the Savings Directive, to include certain other types of entity and legal arrangement. Member States are required to implement national legislation giving effect to these changes by January 1, 2016 (which national legislation must apply from January 1, 2017). Investors who are in any doubt as to their position should consult their professional advisers.

If a payment were to be made or collected through an EU 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 pursuant to the Savings Directive or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer will undertake to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000.

Risks Related to Our Structure

The Issuer is a holding company that has no revenue generating operations of its own and will depend on cash from its operating companies to be able to make payments on the Notes.

The Issuer is a holding company with no business operations. After the Issue Date, the only material asset of the Issuer will be its shares in the Company. We intend to provide funds to the Issuer in order to meet the obligations on the Notes through a combination of dividends and interest payments on intercompany loans. The Issuer's material liabilities will include the Notes, obligations under the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement and any additional debt it may incur in the future. See "*Description of the Notes*" and "*Description of Certain Financing Arrangements*." As such, the Issuer will be dependent upon payments from the Company to make any payments due on the Notes. If the Company fails to make payments to the Issuer, the Issuer will not have any other sources of funds that would allow it to make payments on its indebtedness.

The amounts available to the Company will depend on the profitability and cash flows of the Company and the ability of other members of the Group to make payments to the Company under applicable law or the terms of any financing agreements or other contracts that may limit or restrict their ability to pay such amounts. The terms of the Intercreditor Agreement also restrict certain intra-group payments. In addition, the members of the Group that will not guarantee the Notes have no obligation to make payments with respect to the Notes.

The Notes will be structurally subordinated to the liabilities of non- Guarantor subsidiaries.

The Notes will be guaranteed by the Parent Guarantor and MidCo on the Issue Date, by the Company within five business days after the Upstream Effective Date and by Ria Blades S.A., Senvion Indústria, S.A., Power Blades S.A. and Senvion Portugal S.A. within 90 days after the Issue Date, subject to certain contractual and legal limitations, which could significantly reduce the amount that can be recovered by the holders of Notes from the Guarantors. For more information, see "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*." However, under various circumstances, the Notes Guarantees may be released and newly incorporated subsidiaries of the Parent Guarantor may not be required to guarantee the Notes. See "*—There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Notes Guarantees will be released automatically and under which the Notes Guarantees will be released automatically, without your consent or any action on the part of the Trustee*" and "*Description of the Notes*." Unless a subsidiary of the Parent Guarantor is a Guarantor, such subsidiary will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such companies before these assets are made available for distribution to any Guarantor, as a direct or indirect shareholder.

Accordingly, in the event that any non-Guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Guarantors will have no right to proceed against the assets of such subsidiary; and

- creditors of such non-Guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such company before any Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes and each Notes Guarantee will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of any non-Guarantor subsidiaries. As of and for the nine months ended December 31, 2014, the aggregated revenues, aggregated EBITDA and aggregated total net assets of the Company represented 88.0%, 89.5% and 98.0%, respectively, and the other Post-Issue Date Guarantors together represented 4.8%, 11.4% and 3.3%, respectively, of the aggregated revenues, aggregated EBITDA and aggregated total net assets of the Group entities, each calculated on an unconsolidated basis not including the revenues and EBITDA of the discontinued operations and assets of the disposal group classified as held for sale relating to REpower North (China) Ltd. As of and for the twelve months ended December 31, 2014, the EBITDA and total net assets of the Company were €149.5 million and €674.2 million respectively, representing 96.1% and 98.0% of the EBITDA and total net assets respectively, of the Group entities, each calculated on an unconsolidated basis not including the revenues and EBITDA of the discontinued operations and assets of the disposal group classified as held for sale relating to REpower North (China) Ltd.

The interests of our controlling shareholders may differ from the interests of the holders of the Notes.

Upon completion of the Transactions, Centerbridge will indirectly control the Issuer. As our controlling shareholder, Centerbridge is able to control matters requiring shareholder approval, including the election and removal of our directors, our corporate and management policies, potential mergers or acquisitions, payment of dividends, asset sales and other significant corporate transactions. The interests of Centerbridge may differ from yours in material respects. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of Centerbridge, as ultimate majority shareholder, may be in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investment, even though such transactions might involve risks to you as a holder of Notes. Centerbridge has no contractual obligations to fund our business and may not have sufficient liquidity to fund our business if we require additional funding. Additionally, the Indenture permits us to pay advisory fees, dividends or make other restricted payments under certain circumstances, and Centerbridge may have an interest in our doing so.

Additionally, Centerbridge and its affiliates are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly and indirectly with us, or with which we conduct business. Centerbridge and its affiliates may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. You should consider that the interests of these holders may differ from yours in material respects. See "*Principal Shareholder*" and "*Related Party Transactions*."

Risks Related to the Transactions

The Acquisition is subject to significant uncertainties and risks.

On January 22, 2015, the Issuer entered into the Acquisition Agreement with the Sellers and SEL to acquire 100% of the share capital of the Company. The consummation of the Acquisition is still subject to satisfaction of certain conditions, including valid release of encumbrances on the shares in the Company and no judgment, injunction or other decision by any court or government authority prohibiting the consummation of the acquisition having been served on any party. The parties to the Acquisition Agreement will not consummate the Acquisition until the conditions are fulfilled. Should the parties to the Acquisition Agreement fail to fulfill these conditions, the parties may not be able to undertake this transaction in a timely fashion, without remedies, or at all. Any such remedies may make the Acquisition less attractive.

The Issuer does not, and will not, control the Senvion Group until completion of the Acquisition.

The Senvion Group is currently controlled by the Sellers. We will not obtain control of the Senvion Group until completion of the Acquisition, which we expect to occur on the Issue Date. We cannot assure you that during the interim period the Senvion Group's business will be operated in the same way that we would operate it. The information contained in this offering memorandum has been derived from public sources and, in the case of historical information

relating to the Senvion Group, has been provided to us by the Company and the Sellers, and we have relied on such information supplied to us in its preparation. Further, the Transactions have required, and will likely continue to require, substantial amounts of the Senvion Group management's time and focus, which could adversely affect their ability to operate the business.

If we do not satisfy the conditions precedent for utilization of the Revolving Credit Facility, we may be required to seek alternative sources of financing to ensure sufficient liquidity reserves.

Although we have entered into the Revolving Credit and L/G Facilities Agreement, there can be no assurance that we will satisfy the conditions precedent to utilization of the Revolving Credit Facility made available under the Revolving Credit and L/G Facilities Agreement. If we do not meet the conditions precedent to utilization of the Revolving Credit Facility, we will need to seek alternative sources of financing to ensure sufficient liquidity reserves. We may be unable to find such alternative financing, and even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. Any alternative financing could be at higher interest rates and may require us to comply with more onerous covenants, restricting our business operations. This could make it difficult for us to implement our strategy and make payments on the Notes.

Amendments made to the Acquisition Agreement may have adverse consequences for holders of the Notes.

The Acquisition is expected to be consummated in accordance with the terms of the Acquisition Agreement. However, the Acquisition Agreement may be further amended and the closing conditions may be waived at any time by the parties thereto, without the consent of holders of the Notes. Furthermore, any amendments made to the Acquisition Agreement may make the Acquisition less attractive. Any amendment made to the Acquisition Agreement may be materially adverse to holders of the Notes, which, in turn, may have an adverse effect on the return you expect to receive on the Notes.

The Senvion Group may have liabilities that are not known to us.

There may be liabilities that we failed or were unable to discover in the course of performing due diligence investigations into the Senvion Group in connection with the Acquisition. We may learn additional information about the Senvion Group that adversely affects us, such as unknown or contingent liabilities and issues relating to compliance with applicable laws. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

The Acquisition will entitle certain counterparties of the Senvion Group to terminate their agreements as a result of change of control provisions.

The Acquisition will constitute a change of control under a number of agreements entered into by certain members of the Senvion Group with certain of their counterparties, including a number of WTG sales and maintenance contracts as well as certain bilateral loan facilities of the Senvion Group (primarily mortgage loans) and will entitle these counterparties, which include significant customers, to terminate their agreements. We cannot exclude the possibility that some of these counterparties may exercise their termination rights, which could have an adverse effect on our business following the Acquisition.

THE TRANSACTIONS

The Acquisition

On January 22, 2015, the Issuer, as purchaser, the Sellers, as sellers, and SEL entered into the Acquisition Agreement to acquire 100% of the share capital of the Company, a wholly-owned subsidiary of the Sellers. The Acquisition Agreement provides for a purchase price of €1.0 billion, less net intragroup receivables owed to the Company by affiliates of the Sellers and any closing "leakage" (including dividends and other specified transfers outside the Senvion Group from the signing date through the date of completion of the Acquisition), plus an earn-out payable by the Issuer, which is capped at €50.0 million (which cap might be increased up to €75.0 million in the event the Sellers make certain indemnification payments under the Acquisition Agreement).

The closing leakage to be deducted from the purchase price (if any) is equal to the amount of any leakage that comes to the attention of the Issuer prior to or on the date of completion of the Acquisition. The closing leakage amount includes, subject to exceptions, all receivables which are owed by the Sellers or any of their related entities or related persons to the Company or any of its direct or indirect wholly-owned subsidiaries on the date of completion of the Acquisition which result from arms' length transactions and which are still outstanding on the date of completion of the Acquisition after a set-off of claims from arms' length transactions between the Sellers or any of their related entities or related persons, on the one hand, and the Company or any of its direct or indirect wholly-owned subsidiaries, on the other hand, which set-off is deemed to occur as of the date of completion of the Acquisition pursuant to the Acquisition Agreement. The closing leakage amount further includes an amount between €22.0 million and €26.0 million to be paid into escrow by the Issuer on the date of completion of the Acquisition. Such escrow amount (to be finalized as of the date of completion of the Acquisition) reflects the difference between certain outstanding receivables owed by the Sellers or any of their related entities or related persons and certain outstanding receivables owed by the Company or any of its direct or indirect wholly-owned subsidiaries, in each case, as specifically listed in the Acquisition Agreement. The escrow amount will be released to the Sellers if all of the liabilities of the Sellers specifically listed in the Acquisition Agreement have been settled in full by way of payment or set-off within three months following the date of completion of the Acquisition (with respect to certain liabilities within four weeks following the date of completion of the Acquisition), otherwise such escrow amount will be released to the Issuer.

The earn-out amount payable by the Issuer to the Sellers consists of the lower of the earn-out cap of €50.0 million (or any higher earn-out cap) and the incremental profits to the Issuer, Centerbridge Partners L.P. and any of their affiliates and any other fund managed by Centerbridge Partners L.P. or any equity investment partner or any of their affiliates, after they have, upon the occurrence of one or more exit events (such as an issuance or transfer of shares, including upon a change of control), realized and received, with respect to their invested capital, profits that represent certain performance targets pursuant to the Acquisition Agreement. The earn-out calculation is subject to customary dispute settlement provisions.

The consummation of the Acquisition is subject to certain conditions precedent, including receipt of European and Canadian merger control clearance, valid release of encumbrances on the shares in the Company, approval by the shareholders' meeting of SEL of the transactions contemplated by the Acquisition Agreement and no judgment, injunction or other decision by any court or government authority prohibiting the consummation of the acquisition having been served on any party to the Acquisition Agreement. We received the European merger control clearance by clearance letter dated March 19, 2015, the Canadian merger control clearance on February 25, 2015 and the shareholders of SEL approved of the transactions contemplated by the Acquisition Agreement on March 19, 2015. The Issuer and the Sellers may terminate the Acquisition Agreement prior to the fulfillment or waiver of all closing conditions by July 22, 2015.

The Acquisition Agreement also contains customary "no leakage" representations and covenants of the Sellers from March 31, 2014 through the signing date and from the signing date through the date of completion of the Acquisition, respectively, including restrictions on the payment of dividends and bonuses and the incurrence of additional liabilities. In addition, the Acquisition Agreement contains representations and warranties as well as tax and other indemnities, in each case, subject to limitations. In the Acquisition Agreement, the parties have also agreed to negotiate the transfer of a license of the Company's 6.2M offshore WTG for India from the Company to the Suzlon Group, and a license of the Suzlon Group's S111 WTG for the United States from the Suzlon Group to the Company.

Following completion of the Acquisition, the shares in the Company will be held by the Issuer as its sole shareholder. In order to implement certain recapitalization measures at the Company, we intend to convert the Company by way of a change of the legal form from a European law stock corporation (*Societas Europaea*) incorporated under the laws of Germany into a German limited liability company (*Gesellschaft mit beschränkter Haftung*). The stated share capital will remain unchanged at €9,220,179.00. The Company will continue to have a co-determined supervisory board initially consisting of four representatives of Centerbridge and two employees' representatives. See *"Management."*

In connection with the Acquisition, management of the Company is anticipated to be offered the opportunity to invest in the Parent Guarantor and its Luxembourg shareholder through instruments representing up to 8% of the share capital of the Parent Guarantor. Management will invest through a special purpose vehicle that is controlled by Centerbridge.

The Financing

The Acquisition will be financed as follows (collectively, the "Financing"):

- Centerbridge will indirectly provide approximately €485.0 million to the Issuer through the Equity Contribution;
- the Issuer will issue the Notes in an aggregate principal amount of €400.0 million; and
- the Issuer will borrow approximately €176.0 million under the Cash Liquidity Facility Agreement.

The proceeds from the Financing described above will be used to:

- fund the cash consideration payable for the share capital of the Company purchased in the Acquisition; and
- pay the fees and expenses in connection with the Acquisition and the Financing, including fees and expenses to be incurred in connection with the Offering.

On April 14, 2015, we entered into the Cash Liquidity Facility Agreement, which will provide for a Cash Liquidity Facility of up to € 180.0 million. On March 30, 2015, we entered into the Revolving Credit and L/G Facilities Agreement, which will provide for a € 125.0 million Revolving Credit Facility and a €825.0 million L/G Facility. The Revolving Credit Facility will not be available until after repayment of the Cash Liquidity Facility. The Cash Liquidity Facility and the L/G Facility will be available on the Issue Date. We expect that substantially all of the Cash Liquidity Facility will be drawn, and that a substantial amount of the L/G Facility will be utilized, on the Issue Date. See "*Description of Certain Financing Arrangements*" and "*Capitalization*."

We expect the consummation of the Acquisition to occur on the same date as the Issue Date.

We refer to the Acquisition and the Financing as the "Transactions." See *"Use of Proceeds," "Capitalization," "Description of Certain Financing Arrangements"* and *"Description of the Notes."*

USE OF PROCEEDS

We estimate that the gross proceeds from the Offering will be approximately €400.0 million. On the Issue Date, the Issuer intends to transfer the net proceeds from the Offering to the Sellers.

Sources and Uses

The following table presents the estimated sources and uses of funds for the Transactions. Actual amounts will vary from estimated amounts depending on several factors, including the actual amount of fees and expenses related to the Transactions. The table below should be read in conjunction with "*The Transactions*" and "*Description of Certain Financing Arrangements.*"

Sources of Funds	Amount	Uses of Funds	Amount
	(in € million)		
Notes offered hereby	400.0	Acquisition consideration[3]	1,000.0
Equity Contribution[1]	485.0	Transaction fees and expenses[4]	61.0
Available cash on hand[2]	176.0		
Total Sources	**1,061.0**	**Total Uses**	**1,061.0**

(1) On the Issue Date, Centerbridge will provide the Equity Contribution, which will be made with a combination of contributions into capital reserves and deeply subordinated intercompany loans. The actual amount of the Equity Contribution will depend upon the actual amount of fees and expenses related to the Transactions as well as the available cash on hand of the Company as of the Issue Date, but in any case will amount, at a minimum, to €450.0 million.

(2) Cash of the Company will not be used to pay the Acquisition consideration on the Issue Date. On the Issue Date, the Issuer will draw approximately €176.0 million under the Cash Liquidity Facility, which will be used, together with the net proceeds of the Offering and the Equity Contribution, to finance the Acquisition consideration. After the Upstream Effective Date, we expect that cash from the Company will be used to repay amounts drawn under the Cash Liquidity Facility in full. See "*Description of Certain Financing Arrangements—Cash Liquidity Facility Agreement.*" The amount shown assumes that, prior to repaying the Cash Liquidity Facility, the existing net intragroup receivables in an amount between €22.0 million and €26.0 million owed to the Company by affiliates of the Sellers will be settled as a part of the Acquisition. A portion of the Acquisition consideration in the amount of the net intragroup receivables will be transferred to an escrow account on the Issue Date, and will only be released to the Sellers if and when such net intragroup receivables are satisfied within three months following the Issue Date. If the Sellers do not settle the net intragroup receivables within such time, the amounts in escrow would be released to the Issuer, and the Acquisition consideration as well as the available cash on hand needed to fund the Transactions would be reduced accordingly. See "*The Transactions—The Acquisition.*"

(3) Represents the total consideration payable to the Sellers pursuant to the terms of the Acquisition Agreement. Actual consideration paid to the Sellers could differ from this amount, as the Acquisition consideration will be reduced by any closing leakage. See "*The Transactions—The Acquisition.*"

(4) Represents estimated fees and expenses relating to the Transactions, including financing fees, the Initial Purchaser commissions, legal, accounting and other professional fees and other transaction costs (including expenses related to the admission to trading of the Notes of €6,641.20).

Summary of second-party opinion

DNV GL has been commissioned by the Issuer to provide a second-party opinion on the Notes based on the compliance of the Offering with the "Green Bond Principles," which are a set of voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market. The basis of DNV GL's opinion can be found in DNV GL's Second Party Opinion statement, which will be made publicly available by the Issuer. It is DNV GL's opinion that, although the Notes are not fully aligned with the Green Bond Principles because the Notes are not linked to specific assets or projects, the Notes are consistent with the stated definition of "green bonds" within the Green Bond Principles, which is to enable capital- raising and investment for new and existing projects with environmental benefits. In giving their opinion, DNV GL considered the following:

- The net proceeds from the Offering will be applied towards the acquisition of a global developer and manufacturer of onshore and offshore WTGs, rather than specific projects in the wind industry;
- The Acquisition is expected to provide the platform necessary to facilitate the continued expansion of the Company's WTG manufacturing and customer base, contributing to market competitiveness in the sector and assisting in driving electricity production cost/KWh of wind-based energy generation toward parity with conventional fossil-based energy sources (depending on prevailing regulatory and policy support environment); and
- Increasing competitiveness of wind energy with other energy generation technologies is an important element of the transition toward lower-carbon intensity economic growth.

In accordance with its commitment to transparency of proceeds assumed in connection with the second-party opinion issued by DNV GL, for so long as any Notes remain outstanding, the Company will provide holders of the Notes an annual update on the expected environment impact of the Company's activities in a corporate and sustainability report. This report will outline key performance indicators, highlighting the contribution of the Company's business to the overall transition toward lower-carbon intensive energy generation, and be available on the Company's website.

CAPITALIZATION

The following table sets forth our liquid funds and capitalization as of December 31, 2014 on a historical basis and as adjusted to give effect to the Transactions described in this offering memorandum as if they had occurred on the December 31, 2014 as well as the change in the amount of liquid funds in the Group as of March 31, 2015 as compared to December 31, 2014.

The table below should be read in conjunction with "*Selected Historical Consolidated Financial Information*," "*The Transactions*," "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Financing Arrangements*," "*Description of the Notes*" and the consolidated financial statements of the Company included elsewhere in this offering memorandum.

	As of December 31, 2014		
	Group	**Adjustments[1]**	**As adjusted for the Transactions**
		(unaudited) (in € million)	
Liquid funds	**346.3**	**(196.3)[2]**	**150.0[3]**
Debt:			
Revolving Credit Facility[4]	—	—	—
Notes offered hereby	—	400.0	400.0
Other financial debt[5]	24.4	—	24.4
Total debt[6]	**24.4**	**400.0**	**424.4**
Total equity	**653.2**	**(168.2)**	**485.0[7]**
Total capitalization	**677.6**	**231.8**	**909.4**

(1) Unless otherwise specified, figures in the "Adjustments" column represent the difference between the figures in the "Group" column and the "As adjusted for the Transactions" column.

(2) The adjustments include the decrease in the amount of liquid funds of the Group since December 31, 2014 due to working capital expansion and cash utilization to fund existing projects during the fourth quarter of financial year 2014/2015 and assumes settlement in full of the net intragroup receivables owed to the Company by affiliates of the Sellers and the corresponding release from the escrow account established pursuant to the Acquisition Agreement in an amount between €22.0 million and € 26.0 million, for a net effect of between €19.0 million and € 23.0 million, as well as available cash on hand used to repay the amounts drawn under the €180.0 million Cash Liquidity Facility in full (with the final amounts depending on the actual amount of the net intragroup receivables). See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Working capital*" and "*Use of Proceeds*." The amount of adjustments is subject to change, as specified in note (3).

(3) Represents the assumed available liquid funds of the Group on the Issue Date. The amount of adjustments is subject to change due to certain purchase price adjustments to the Acquisition consideration. Any release of cash to the Issuer from the escrow account established pursuant to the Acquisition Agreement would correspond to a lower amount of available cash on hand needed to fund the Transactions. See "*Use of Proceeds*" and "*The Transactions—The Acquisition*."

(4) On April 14, 2015, we entered into the Cash Liquidity Facility Agreement, which will provide for a Cash Liquidity Facility of up to €180.0 million. On March 30, 2015, we entered into the Revolving Credit and L/G Facilities Agreement, which will provide for a € 125.0 million Revolving Credit Facility. The Revolving Credit Facility will not be available until after repayment of the Cash Liquidity Facility. The Cash Liquidity Facility will be available on the Issue Date. We expect that substantially all of the Cash Liquidity Facility will be drawn on the Issue Date. See "*Description of Certain Financing Arrangements—Revolving Credit and L/G Facilities Agreement*."

(5) Represents the Group's short-term loans and current portion of long-term loans and long-term loans under certain bilateral loan facilities that will remain outstanding after the completion of the Acquisition. See "*Description of Certain Financing Arrangements—Local Facilities*."

(6) Total debt does not include any amortized debt issuance costs or debt related to the Company's existing syndicated guarantee facility, the Company's existing €10 million bilateral guarantee facility or the new €825.0 million L/G Facility, which will be partly utilized on the Issue Date. As of December 31, 2014, the Company had utilized € 407.3 million under its existing syndicated guarantee facility, which will be replaced by the L/G Facility.

(7) On the Issue Date, Centerbridge will provide the Equity Contribution, which will be made with a combination of contributions into capital reserves and deeply subordinated intercompany loans. The actual amount of the Equity Contribution will depend upon the actual amount of fees and expenses related to the Transactions as well as the available cash on hand of the Company as of the Issue Date, but in any case will amount, at a minimum, to €450.0 million.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The financial information contained in the following tables is taken or derived from the audited consolidated financial statements of the Company as of and for the financial years ended March 31, 2012, 2013 and 2014, each prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315a(1) of the German Commercial Code (*Handelsgesetzbuch*), and the unaudited interim consolidated financial statements of the Company as of and for the nine months ended December 31, 2014, prepared in accordance with IFRS on interim financial reporting (IAS 34). The results of operations for interim periods or prior years are not necessarily indicative of the results to be expected for the full year or any future period.

The Issuer was formed on December 8, 2014 for the purposes of facilitating the Transactions. None of the Parent Guarantor, MidCo or the Issuer has conducted any business operations and none of those entities has any material assets or liabilities other than those incurred in connection with its incorporation and the Transactions. In the future, we will report our financial results at the Parent Guarantor level on a consolidated basis.

The Acquisition will be accounted for using the acquisition method of accounting. Under IFRS 3 "Business Combinations," the cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair market values at the acquisition date. The excess of the consideration transferred over the fair value of the acquirer's share of the identifiable net assets acquired is recorded as goodwill. Since the Acquisition has not been consummated as of the date of this offering memorandum, we have not identified the fair value of assets acquired and liabilities to be assumed at the date of the Acquisition. In accordance with IFRS, we have up to one year from the date of completion of the Acquisition to finalize the allocation of the purchase price.

Where financial information in the following tables is labeled "audited," this means that such financial information was taken from the Company's audited consolidated financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that was taken or derived from the Company's unaudited interim consolidated financial statements mentioned above, the Company's internal accounting records or management reporting systems or is based on calculations of financial information of the above mentioned sources and not included in the audited consolidated financial statements mentioned above.

Unless stated otherwise, all the financial information presented in the text and tables in this section of this offering memorandum is shown in millions of euro, rounded to one decimal point. As a result, the figures shown as totals in this offering memorandum may vary slightly from the exact arithmetic aggregation of the figures that precede them. With respect to financial information set out in of this offering memorandum, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but is or has been rounded to zero.

The following selected financial information should be read together with the sections "*Presentation of Financial and Other Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," and the Company's consolidated financial statements contained in this offering memorandum and the additional financial information contained elsewhere in this offering memorandum.

You should regard the selected financial information below only as an introduction and should base your investment decision on a review of this offering memorandum in its entirety.

Consolidated Income Statement Data

The following table shows the Company's consolidated income statement data for the financial years ended March 31, 2012, 2013 and 2014 and for the nine months ended December 31, 2013 and 2014:

	Financial year ended March 31,			Nine months ended December 31,	
	2012	2013	2014	2013	2014
		(audited)		(unaudited)	
			(in € million)		
Revenues	1,674.6	2,221.4	1,806.0	1,197.2	1,372.2
Changes in work in progress	(58.1)	(23.8)	15.8	32.8	17.3
Work performed by the entity and capitalized	17.9	20.5	23.4	15.1	26.0
Total performance	**1,634.3**	**2,218.1**	**1,845.3**	**1,245.0**	**1,415.4**
Other operating income[1]	61.0	74.5	43.7	27.9	23.9

Cost of materials/cost of purchased services	(1,236.2)	(1,738.1)	(1,401.6)	(948.2)	(1,059.9)
Personnel expenses	(154.6)	(198.3)	(196.2)	(145.4)	(153.5)
Depreciation of property, plant and equipment and amortization of intangible assets	(30.4)	(39.6)	(44.6)	(29.0)	(41.4)
Other operating expenses	(168.4)	(236.5)	(145.3)	(114.2)	(131.2)
Result from operating activities before exceptional items from reorganization[2]	**—**	**—**	**101.2**	**36.1**	**53.4**
Exceptional items from reorganization[3]	—	—	(38.0)	(30.2)	—
Result from operating activities	**105.8**	**80.2**	**63.2**	**5.9**	**53.4**
Interest and similar financial income	3.0	2.8	1.1	0.8	1.3
Interest and similar financial expenses	(13.4)	(16.3)	(16.2)	(10.3)	(14.6)
Share of result from joint ventures	0.1	0.2	—	—	—
Result before income taxes	**95.5**	**66.9**	**48.1**	**(3.6)**	**40.1**
Income tax expense/Income taxes	(33.4)	(18.4)	(20.2)	5.8	(16.8)
Profit/loss for the period from continuing operations	**62.1**	**48.5**	**27.9**	**2.3**	**23.4**
Profit/loss for the period from discontinued operations	(0.5)	(0.4)	(7.5)	(0.5)	1.1
Net income for the period	**61.6**	**48.1**	**20.3**	**1.8**	**24.4**

(1) Other operating income includes currency translation gains, income from hedging transactions, insurance payments/compensations, income from reversal of provisions, investment subsidies, R&D subsidies, income from reversal of bad debt allowances, gain on disposal of non-current assets and other operating income.

(2) This subtotal line item was introduced in the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2014 to disclose the occurrence of exceptional items from reorganization in the financial year 2013/2014 (discussed in note (3) below). Because no such exceptional items from reorganization had occurred in the financial year 2011/2012 or the financial year 2012/2013, this subtotal was not disclosed in the Company's audited consolidated financial statements as of and for the financial years ended March 31, 2012 and 2013. Therefore, the above table shows a dash (—) for the subtotal for the financial year 2011/2012 and the financial year 2012/2013, indicating that this line item had not been disclosed for those financial years.

(3) Exceptional items from reorganization relate to the efficiency enhancement program "POWER" in which the Group altered its organizational structure in order to eliminate inefficiencies and standardize duplicated functions. Costs associated with the reorganization relate to legal and consulting costs, as well as personnel costs from the dismissal of staff and cancellation of employment contracts.

Consolidated Statement of Financial Position Data

The following table shows the Company's consolidated statement of financial position data as of March 31, 2012, 2013 and 2014 and as of December 31, 2014:

	As of March 31,			As of December 31, 2014
	2012[1]	2013	2014	
	(audited)			(unaudited)
	(In € million)			
Current assets				
Liquid funds	272.2	236.9	269.9	346.3
Gross amount due from customers for contract work as an asset	330.7	363.6	362.1	224.1
Trade accounts receivable	104.5	144.1	155.5	144.7
Receivables from related parties	5.2	15.3	23.6	25.0
Receivables from joint ventures	0.0	0.0	—	—
Inventories	320.2	299.9	236.4	285.6
Receivables from income taxes	14.5	11.1	1.9	1.7
Other financial assets	17.0	2.1	9.4	2.9
Other miscellaneous assets	105.4	113.4	99.3	130.2
Total current assets[2]	**1,169.8**	**1,116.3**	**1,158.1**	**1,160.5**
Assets of disposal group classified as held for sale	**23.2**	**28.9**	**13.3**	**12.6**
Non-current assets				
Other intangible assets	77.2	90.4	104.1	118.0
Goodwill	15.6	15.6	15.6	15.6
Property, plant and equipment	190.8	191.9	201.2	205.9
Investments in joint ventures	1.0	0	—	—
Other financial investments	0.1	0.1	0.1	0.1
Loans granted	19.4	16.3	13.2	2.9
Deferred taxes	4.7	7.2	8.0	6.6
Total other non-current assets	0.1	0	0	5.0
Total non-current assets	**308.9**	**321.4**	**342.3**	**354.1**
Total assets	1,501.9	1,466.6	1,513.7	1,527.2

Current Liabilities				
Short-term loans and current portion of long-term loans	9.0	9.8	8.3	8.1
Trade accounts payable	370.2	312.3	331.1	362.0
Liabilities to related parties	4.2	2.9	3.5	8.1
Advance payments received	273.2	204.0	153.4	157.5
Gross amounts due to customers for contract work as a liability	18.0	20.8	20.7	17.1
Provisions	95.3	118.5	150.7	128.8
Deferred income	15.6	20.4	29.2	19.0
Income tax liabilities	7.5	2.1	4.9	9.8
Other financial liabilities	17.3	21.4	29.8	19.1
Other miscellaneous liabilities	14.0	13.6	16.0	26.2
Total current liabilities	**824.3**	**725.9**	**747.7**	**755.6**
Liabilities of disposal group classified as held for sale	**4.2**	**9.7**	**3.2**	**0.5**
Non-current liabilities				
Long-term loans	39.0	30.1	21.9	16.3
Deferred taxes	60.4	81.2	97.1	100.6
Other non-current financial liabilities	13.3	10.8	11.1	1.0
Total non-current liabilities	**112.8**	**122.1**	**130.1**	**117.9**
Equity capital				
Subscribed capital	9.2	9.2	9.2	9.2
Additional paid-in capital	303.7	303.7	303.7	299.2
Other reserves	(0.1)	(0.3)	3.4	3.4
Revaluation reserve	0.8	0.8	0.8	0.8
Currency translation	(0.8)	(0.9)	1.0	2.4
Cash flow hedging reserve	(0.1)	(0.2)	1.6	0.2
Retained earnings	239.1	287.4	311.2	335.1
Equity attributable to shareholders of the parent company	**551.9**	**600.0**	**627.5**	**647.0**
Non-controlling interests	8.7	8.9	5.1	6.2
Total equity capital	**560.6**	**608.9**	**632.6**	**653.2**
Total equity and liabilities	1,501.9	1,466.6	1,513.7	1,527.2

(1) Due to changes in the presentation of equity attributable to shareholders of the parent company and non-controlling interests the prior-year comparative financial information as of March 31, 2012 has been adjusted in the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2013. Therefore, to the extent affected by these adjustments, the consolidated statement of financial position data as of March 31, 2012 are taken from the prior-year comparative financial information of the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2013.

(2) Excluding assets of disposal group classified as held for sale.

Consolidated Statement of Cash Flows Data

The following table shows the Company's consolidated statement of cash flows data for the financial years ended March 31, 2012, 2013 and 2014, and for the nine months ended December 31, 2013 and 2014:

	Financial year ended March 31,			Nine months ended December 31,	
	2012[1]	2013[2]	2014	2013	2014
	(audited, except where indicated) (in € million)			(unaudited)	
Cash flow from operating activities					
Profit before income taxes	95.0[3]	66.4	40.6	(4.0)	41.2
Adjustments for:					
Depreciation of property, plant and equipment, amortization of intangible assets and write-offs on financial assets	30.4	39.6	44.6	29.0	41.4
Result from joint ventures	(0.1)	(0.2)	0	—	—
Interest income	(3.0)	(2.8)	(1.1)	(0.8)	(1.3)
Interest expenses	13.4	16.3	16.2	10.3	14.6
Increase/decrease in provisions	(0.5)	23.2	32.2	36.0	(21.9)
Profit/loss from sales of property, plant and equipment, intangible and other long-term assets	0.2	0.3	0.8	1.4	0.0
Change in working capital	(48.5)[3]	(107.6)	(19.6)	4.4	97.7
Interest received	3.0	2.8	1.1	0.8	1.3
Interest paid	(21.4)	(10.2)	(10.2)	(7.2)	(21.3)
Income tax paid	(10.5)	(1.0)	6.3	5.3	(11.4)
Other non-cash income and expenses	(3.0)	0.1	0	—	—
Cash flow from operating activities*	**55.0**	**26.9**	**110.8**	**75.1**	**140.3**
Cash flow from investing activities					
Cash receipts from the sale of property, plant and equipment, intangible and other long-term assets	2.2	4.2	3.7	1.1	1.4
Cash payments for the purchase of intangible assets	(18.6)	(23.0)	(25.6)	(16.2)	(29.7)
Cash payments from purchase of property, plant and equipment and other long-term assets	(56.4)	(32.3)	(43.6)	(32.0)	(31.1)
Cash payments/receipts from acquisition of a subsidiary less cash acquired/Acquisition of subsidiary: Net of cash acquired	(3.0)	0.2	0	0	0.1
Cash payments to acquire equity of joint ventures	(0.6)	0	—	—	—
Cash flow from investing activities**	**(76.4)**	**(50.8)**	**(65.5)**	**(47.2)**	**(59.3)**
Cash flow from financing activities					
Cash payments issued to shareholders of the parent company (dividend distribution)	(13.8)	0	—	—	—
Cash repayments of amounts borrowed	(11.9)	(9.0)	(8.2)	(5.7)	(5.6)
Cash flow from financing activities	**(25.7)**	**(9.0)**	**(8.2)**	**(5.7)**	**(5.6)**
Increase/decrease in cash and cash equivalents	**(47.0)**	**(32.9)**	**37.1**	**22.1**	**75.5**
Cash and cash equivalents at the beginning of the period	311.3	264.2	231.4	231.4	268.5
Cash and cash equivalents at the end of the period	**264.2**	**231.4**	**268.5**	**253.5**	**344.0**
Liquid funds	272.2	236.9	269.9	256.3	346.3
Cash displayed in "Assets of disposal group classified as held for sale"	1.1	4.3	6.9	5.5	5.8
Short-term bank liabilities	(9.1)	(9.8)	(8.3)	(8.3)	(8.0)
Cash and cash equivalents at the end of the period	**264.2**	**231.4**	**268.5**	**253.5**	**344.0**

*thereof discontinued operations	(5.6)	3.3	2.6	1.2	(1.1)
**thereof discontinued operations	0.2	(0.0)	(0.0)	(0.0)	0.0

(1) Due to changes in the presentation of cash flow from discontinued operations the prior-year comparative financial information for the financial year 2011/2012 has been adjusted in the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2013. Therefore, to the extent affected by the above-mentioned adjustments, the consolidated statement of cash flows data for the financial year 2011/2012 are taken from the prior-year comparative financial information of the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2013.

(2) Due to changes in the presentation of cash flow from operating activities the prior-year comparative financial information for the financial year 2012/2013 has been adjusted in the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2014. Therefore, to the extent affected by the above-mentioned adjustments, the consolidated statement of cash flows data for the financial year 2012/2013 are taken from the prior-year comparative financial information of the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2014.

(3) Unaudited consolidated statement of cash flows data for the financial year 2011/2012 derived from the Company's internal accounting records using the presentation method of cash flow from operating activities in the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2014 and the Company's unaudited interim consolidated financial statements as of and for the nine months ended December 31, 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the audited consolidated financial statements of the Company as of and for the financial years ended March 31, 2012, 2013 and 2014, each prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315a(1) of the German Commercial Code (Handelsgesetzbuch), and the unaudited interim consolidated financial statements of the Company as of and for the nine months ended December 31, 2014, prepared in accordance with IFRS on interim financial reporting (IAS 34).

Where financial information in the following tables is labeled "audited," this means that such financial information was taken from the Company's audited consolidated financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that was taken or derived from the Company's unaudited interim consolidated financial statements mentioned above, the Company's internal accounting records or management reporting systems or is based on calculations of financial information of the above mentioned sources and not included in the audited consolidated financial statements mentioned above.

Some financial information and percentages in this offering memorandum have been rounded and, as a result, the figures shown as totals in this offering memorandum may vary slightly from the exact arithmetic aggregation of the figures that precede them. With respect to financial information set out in of this offering memorandum, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but is or has been rounded to zero.

The following section contains forward-looking statements, which are based on our management's assumptions regarding our future business performance. See "Forward-Looking Statements." A number of factors, including the risks described in the section entitled "Risk Factors," may cause our actual results to differ materially from the results expected on the basis of these forward-looking statements.

Overview

We are a global developer and manufacturer of onshore and offshore WTGs, operating in more than ten countries with approximately 12 GW of cumulative installed capacity worldwide as of December 31, 2014. We are headquartered in Hamburg, Germany and hold a strong competitive position in our core markets of Germany, Canada, France, the UK and Australia.

We develop, manufacture, assemble, install and market a competitive range of technologically advanced WTGs with rated outputs ranging from 2 to 6.15 MW and rotor diameters ranging from 82 to 152 meters, covering all wind classes in both onshore and offshore markets for a broad base of customers, including seven of the top 15 global wind utility companies (excluding Chinese market participants), such as RWE, EDF, Vattenfall and Enel, large-scale wind farm developers and leading independent producers of renewable power projects.

In addition to WTG development, manufacturing, assembly and installation, we have a large service book of O&M service contracts with an average length of approximately 9.6 years as of December 31, 2014, covering WTGs with a total installed capacity of approximately 9 GW. We offer our customers project-specific solutions in the fields of transportation and installation as well as individually tailored service and maintenance options.

In the wind farm development and operations value chain, we focus primarily on manufacturing and installation as well as the operation and maintenance phase and do not primarily engage in project development or wind farm ownership. Of the components contained in our WTGs, we produce a portion of our blades and nacelles internally and source other components from a broad network of more than 1,150 closely integrated suppliers. Our WTGs and blades are designed in Germany at our R&D center and manufactured and assembled at our production facilities in Germany, Portugal and Canada. As one of the pioneers in the wind industry, we have gained extensive experience from the production and installation of more than 5,850 WTGs as of December 31, 2014. This experience, in combination with our engineering capabilities, has historically enabled us to develop a diverse range of WTG technologies and establish our competitive position in the market.

In addition to our German engineering heritage, we have an established geographical presence and longstanding customer relationships in our other European markets, which together accounted for approximately 76% of our cumulative installed capacity as of December 31, 2014. Over the years we have successfully expanded our operations into North America, Australia and Asia, which accounted for approximately 24% of our cumulative installed capacity as of December 31, 2014.

We have a lean and flexible business model characterized by a high proportion of variable costs, which exceeded 80% our total costs on average for the past three full financial years. Our cost structure allows us to adapt quickly to market dynamics, effectively manage capital commitments and support our cash flow generation in more challenging market environments. We focus our operations on three core activities: WTG assembly, O&M services and WTG R&D. We also have substantial control of mission critical components, such as blades, 32% of which were manufactured in-house during the calendar year ended December 31, 2014, while we externally source other more commodity-like components from a broad range of more than 1,150 suppliers, helping enhance our lean operating business model. We have increased our percentage of in-house blade production over the past several years.

We have a proven track record of solid financial performance, characterized by strong profitability even in years of weaker demand for WTGs when most of the sector experienced substantial operating losses. Over the last five financial years, we have experienced overall positive revenue and Adjusted EBITDA trend. Our revenue base is diversified due to our geographical diversification in addition to our product split between onshore WTGs, offshore WTGs and O&M services and other revenues.

Key Factors Affecting Results of Operations

The Group's results of operations, financial condition and liquidity have been influenced and will continue to be influenced by the following key developments and market characteristics.

Government regulation

Market demand for wind power is dependent on, among others things, the cost of wind-generated electricity compared to electricity generated from other sources of energy. Although the electricity production cost per KWh of wind-generated electricity has declined from 2009 to 2014 by around 15% (Source: BNEF) the wind energy industry is still in the early stages of development, and the current cost per KWh of wind-generated electricity would not be competitive with alternative energy sources without government incentive programs in place in certain markets. These government incentives, primarily in the form of FITs and tax incentives, have contributed significantly to the expansion of the wind energy industry and continue to be one of the main drivers for developing wind energy technology and increasing capacity. FIT policies of one kind or another, which provide cost-based compensation for renewable energy producers, were in effect in our core markets during the financial years 2011/2012 through 2013/2014 and the first nine months of financial year 2014/2015. We believe that most of our core markets benefit from stable government support. However, various governments may gradually adopt the auction model (for example, the UK and Canada), lower their level of support (as done in Germany recently) or adopt another model instead of the FIT system, which currently is the most prevalent model in the industry. Changes in or uncertainty regarding governmental incentive programs in the markets in which we operate have affected our business in the past and we expect that such changes would affect our business in the future.

For example, in Germany, prior to August 1, 2014, every KWh generated from renewable energy facilities received a fixed FIT, and renewable energy facilities benefited from 20-year, technology-specific, guaranteed and gradually decreasing payments for electricity generation. However, Germany's renewable energy landscape has changed since that time with the introduction of the revised German Renewable Energy Act ("EEG 2014"), which increased targets for electricity generated from renewable energy sources and introduced a combined FITs system linked to "direct marketing." Under the EEG 2014, newly built wind farms with an installed capacity of over 500 KWh are obliged to engage in direct marketing of electricity and no longer receive only fixed FITs. Due to uncertainty in the market about the changes in EEG 2014, wind energy developers, and financing providers in particular, slowed the development of and investments in new projects, which negatively impacted our order intake in Germany in the second half of financial year 2013/2014 and the first half of financial year 2014/2015. From 2017, financial support for renewable energy projects in Germany is no longer expected to be determined by FITs at all, but will be determined on the basis of an auction process. The adoption of an auction system could significantly reduce the number of new investments. Auction systems implemented in other countries have demonstrated that, on average, renewable projects become larger but fewer in number. See "*Risk Factors—Risks Related to Our Industry and its Regulation—Change in, or elimination of, government initiatives and incentives relating to renewable energy sources, and in particular to wind energy, could have a material adverse effect on the demand for wind energy.*" The risk and volatility of being able to hold or expand market share in such a market is therefore higher than in a market with many smaller projects. Furthermore, with the EEG 2014, in the future the level of FITs are expected to be lower for new installations in excess of 2.5 GW per annum, which could, in combination with the envisaged auction system, lead to higher competition for fewer projects.

Significant changes in the regulatory environment in the United States also occurred during the financial years 2011/2012 through 2013/2014 and the first nine months of financial year 2014/2015. In 2013, the U.S. wind energy market suffered a severe decline in newly commissioned capacity, mainly due to uncertainty as to whether the U.S. Production Tax Credit incentive would continue. Newly commissioned capacity in the United States decreased from 13.1 GW in 2012 to 1.1 GW in 2013 and recovered slightly in 2014 with 4.9 GW (Source: GWEC). Although in December

2014 the U.S. government reinstated and retroactively applied the U.S. Production Tax Credit, the drop in our revenues in the United States (from €304 million for the financial year 2012/2013 to no revenues for the financial year 2013/2014) due to the uncertainty in the U.S. wind energy market was one of the core reasons behind our strategic choice to not currently pursue sales of WTGs in the U.S. market. As a result of the lower margin contribution of our WTG sales in the United States, our overall profitability was not negatively affected in the financial year 2013/2014. Despite this drop in revenues, our EBITDA improved from €119.8 million in the financial year 2012/2013 to €145.8 million in the financial year 2013/2014.

Our ability to compete through product development and operational efficiency

Winning projects in the wind energy business is intensely competitive. Important factors affecting competition are the price/performance ratio of WTGs, suitability of a WTG for the specific project site, stability and credibility of OEMs, the adaptability of WTGs to increasingly stringent grid requirements, suitability of the WTGs to the acoustic requirements of the sites and the scope and quality of O&M services.

Competition focused on LCoE has led to pricing pressure for our WTGs during the financial years 2011/2012 to 2013/2014 and the first nine months of financial year 2014/2015. Rates of decline vary by market and product, but generally this pricing pressure has led to annualized price reductions between 1% and 5% in some of our core markets. Our success in winning customer orders primarily depends on our ability to develop and license technologies and to market technologically advanced and cost-competitive WTGs, as our failure to continually develop competitive products could result in a decline of new orders. We aim to continually optimize the performance of our German-engineered products in diverse operating conditions such as in low and high temperatures, low and high wind speed areas and coastal areas, as well as to reduce the cost of our offerings. Our ability to design and develop new products that meet our customers' changing requirements will continue to be critical to our ability to maintain and increase our installed capacity and profitability.

In order to remain competitive by improving our existing WTG models and developing new products and variants, we must incur significant R&D costs and capital expenditures. Our total R&D costs (capitalized and expensed costs) in the financial years 2011/2012, 2012/2013, 2013/2014 and the first nine months of financial year 2014/2015 amounted to €35.2 million (2.1% of our revenues), €42.1 million (1.9% of our revenues), €44.9 million (2.5% of our revenues) and € 39.5 million (2.8% of our revenues), respectively. Our R&D capitalization rate, which is calculated as capitalized R&D costs as a percentage of the total R&D costs in the respective reporting period was 65.8% in the nine months ended December 31, 2014 as compared to 49.9%, 48.7% and 52.1%, in the financial years 2011/2012, 2012/2013 and 2013/2014, respectively. In general, the capitalization of R&D includes direct R&D project cost and a portion of the R&D overhead expenses transferred to projects through our time recording system. Total R&D expenditures comprises personnel costs, overhead expenses, allocations for rent, human resources, IT and direct spending on R&D projects. Special expenditures for prototypes, licenses and others are considered and classified under IFRS separately in various line items of our consolidated financial statements. See "*Business—Research and Development.*"

The release of new products and variants developed through our R&D efforts improves our average selling prices, as we are typically able to charge higher prices for new products and variants, which in turn helps stabilize our financial performance. We have launched a number of new products during the financial years 2011/2012 through 2013/2014 and the first nine months of financial year 2014/2015. As a result of the further development of the 3.XM series, we launched the production of the 3.2M114 in 2011, 120 of which have been installed in the first nine months of the financial year 2014/2015. In 2012, we launched the production of the 3.0M122, which is optimized for low wind-speed locations. Additionally, we are continuing to develop other new WTGs. In 2014, we completed the development of the WTG of the type 6.2M152, the largest and most efficient WTG of the 6.XM series, and installed a prototype of the type 6.2M152 WTG in an onshore location in Germany. We have also introduced Vortex generators to our existing 3.2M114, which have increased the efficiency of the blades and also introduced a new variant with the 3.4M114, which is an upgrade of the 3.2M114, to provide more energy output due to a bigger generator. In addition, we have upgraded a few of our machines, such as the MM100, to operate in medium wind speed markets, thereby adding a new product variant in our portfolio in an established market segment. Although we believe that we are able to compete with our peers through our new products and variants, if a release is delayed or is not competitive with the WTGs of our competitors, this could negatively impact our average selling prices of WTGs and therefore our business and results of operations.

In addition to our product development, in order to remain competitive with the market and mitigate the effects of further price declines, fixed cost increases and uncertainty in the offshore market, we have implemented programs to improve our operating efficiency. We altered our organizational structure in financial year 2013/2014 by introducing an efficiency enhancement program named "POWER" in order to eliminate inefficiencies and standardize duplicative functions over 17 areas of focus, with procurement, human resources and operating expenditures being the largest in terms of their impacts on profitability. We also optimized our human resources resulting in approximately 500 employees agreeing to leave us. We achieved total cost savings of approximately €160 million through POWER in the financial year

2013/2014. In financial year 2014/2015, we launched "FOCUS 2015," which is intended to improve revenues in sales and service, reduce direct material costs, sustainably improve product quality, optimize processes and keep a tight control on discretionary spending. In order to achieve this, we identified 22 areas of focus with individual monetary and non-monetary targets, comprising the entire value chain, from core functions, such as R&D, procurement and sales, to supporting functions, such as organizational development and operating expenditures. As with POWER, FOCUS 2015 works to, among other things, drive product costs down, keep discretionary spending at only necessary levels, add efficiency to our service business, gain margins by selling specialized services to our customers and optimize the design of our products on the back of technological advances in material sciences without compromising on high quality German engineering products that our customers expect from us. We are currently on track to achieve the target savings under FOCUS 2015 and expect to reach cost savings of approximately €115 million over the course of the full financial year 2014/2015. Continuous improvements in our value chain have become a core part of our daily business and we intend to continue implementing programs such as POWER and FOCUS 2015 in our business.

Installed capacity

Our results of operations are impacted by our installed capacity of WTGs (measured by MW) and the type of WTGs installed. Cumulative and installed capacity drives the revenues for our service business, whereas the installation of new WTGs drives revenues from the sale of our WTGs. Moreover, our revenue streams related to services and WTG sales are further affected by the types of WTGs involved. For example, 2 MW and 3 MW WTGs have different levels of pricing, profitability and operational requirements. Pricing, profitability and operational requirements also vary depending on the other variables of our WTGs, such as hub height. As our capacity increases, our revenues from services tend to increase, as we have held O&M service contracts for a high percentage of the WTGs we have sold over the years (approximately 80% as of December 31, 2014). In addition, our cost base also increases, due to increased repairs and maintenance costs, warranty expenses and personnel expenses. A change may thereby affect the comparability of our results of operations as new capacity may affect both revenues and expenses. We increased our installed capacity by 1,072.7 MW, 2,201.6 MW, 1,487.3 MW and 1,538.3 MW over the course of financial years 2011/2012, 2012/2013, 2013/2014 and the first nine months of financial year 2014/2015, respectively, and the number of WTGs installed from 433 as of March 31, 2012 to 941, 595 and 560 as of March 31, 2013, March 31, 2014 and December 31, 2014, respectively. As a result, our revenues followed a similar trend, with revenues of €1,674.6 million, €2,221.4 million and €1,806.0 million in the financial years 2011/2012, 2012/2013 and 2013/2014, respectively, and €1,372.2 million in first nine months of financial year 2014/2015. A larger installed base does not only serve as a proven track record (which, especially for project financed developments, is a key requirement from financing providers), but also generally increases revenues from O&M services, which provide more stable and predictable cash flow as compared to sales of our WTGs. More installations also create scale, which helps us source larger quantities of components and raw materials as well as create economies of scale, thereby improving payment terms with suppliers.

Prices of components and raw materials

Our supply chain is based on a strategic mixture of in-house production and sourcing from third parties. Our in-house production mainly comprises the assembly of nacelles and hubs, as well as rotor blade production. We also source a certain portion of rotor blades and most of the other key WTG components, such as gearboxes, yaw and pitch drives, gear rims, slowing rings, brake callipers and castings, as well as towers, converters and generators, from third parties. This allows us to follow our lean operating model strategy, which is based on a reasonable balance between internal and external sourcing of production components and also on utilizing the experience from best-in-class suppliers for their respective components. We also source raw materials, such as glass fiber and epoxy resin for rotor blades, from various third party suppliers. As such, we are dependent on the prices of components and raw materials used in the production of our WTGs.

The price of these components and raw materials depends on a number of factors that are outside of our control such as commodities prices, currency fluctuations and supply and demand. In general, prices of components and raw materials have declined during the financial years 2011/2012 through 2013/2014 and the first nine months of financial year 2014/2015. As a result, the savings on these components, which we use in our WTGs, have been one of the core drivers of our cost savings programs. Given the nature of our business model, the costs of such components are relatively large compared to some of our other costs, and therefore, savings on the costs of such components have a large effect on our annual savings. Competition among WTG manufacturers, material overcapacity in component markets (and the entry of well-known industrial participants into these markets) as well as further industrialization and optimization have led to reduced component prices. In addition, the price of steel, which is one of our principal commodities used in our business, also decreased during the financial years 2011/2012 through 2013/2014 and the first nine months of financial year 2014/2015, which has contributed to a drop in the price of components, such as towers. In addition, sales prices have also reduced over time due to reduced subsidies and incentive schemes and a competitive environment of WTG original equipment manufacturers ("OEMs"), which are other companies that manufacture certain components that we use in assembling and producing our WTGs, resulting in price reductions for our customers. Where possible, we include price

escalation clauses in our sale agreements with customers. At the same time, we are exposed to such clauses on the supply side (such as clauses tied to the steel price index).

We furthermore aspire to employ a strategy of natural hedging against currency exposure on the supply side as much as we can, which means that we try to use our revenues generated in diverse currencies to purchase components and raw materials denominated in the same currency. However, we do not specifically hedge supplier contracts or raw material costs unless they are linked to a specific project, as we only hedge specific projects or revenues streams.

Seasonality

Our revenues and results of operations derived from our business are subject to seasonality. For instance, our revenues in the first six months of financial year 2013/2014 represented 39.9% of our revenues for the full financial year 2013/2014. WTG sales in the regions in which we currently sell our WTGs are affected by seasonal variations and the timing of the application, expiration or beginning of government incentives. For example, the number of wind farms constructed and connected to an electricity grid is usually higher in the months before the cut-off dates for decreases in FITs, which typically results in increased business in the second half of the calendar year and mainly in the fourth quarter of our financial year. In addition, weather conditions in some of the areas where we operate also lead to seasonal influences on our business. For example, in Canada, cold weather conditions generally prevent the installations of our products during the winter months. The production of such installations, however, takes place to a certain extent in winter and thus leads to strong revenues in the fourth quarter of our financial year. In addition, due to the project-driven nature of our business, our revenues in any period can be influenced by large orders.

Our ability to source and manage working capital

Our operations require working capital due to the extensive timelines required for our projects, with several months of lead time from a project's signing to the installation and commissioning of the WTGs. Our cash flows depend on our ability to optimize the working capital cycle time and to have adequate working capital for the size of our business. Generally, our working capital increases during periods of high growth in our business, and especially in periods of higher production than installation, as customer payments are subject to certain milestones.

The typical cash flows from a project are as follows. When we are awarded a contract, we receive an advance payment from the customer. At a certain point prior to installation of the WTG we incur significant costs in the production, assembly and delivery of the WTGs to our customers, while the next payment milestone is typically when the WTG is ready for installation. There may also be a payment milestone related to the completion of the tower foundation prior to the WTGs being ready for installation. Payment milestones vary, and depend upon whether deliveries are in lots or based on single unit, the size and nature of the particular project and the standards and practices in the respective markets in which we operate. Once the WTG is installed, commissioned and handed over to the customer, our customer pays for the last remaining balance due under the contract for the WTGs. We typically collect approximately half of the total payment on a project as advance payments and milestone payments on and after delivery on-site, when the majority of costs have already been incurred. Thus, the gap between actual costs incurred and payments received is typically at its highest just before delivery. Our cash flows from operating activities can vary significantly depending on how operationally efficient the specific project planning for the cluster of projects is and the delivery plans (the gap between assembling the WTG at our facilities and delivering them to the project site), and also on our ability to have more favorable payments terms with our suppliers than those with our customers. A small amount of our suppliers require us to make prepayments in advance of shipment or provide letters of guarantee, and certain suppliers of complicated equipment require interim payment milestones.

Our net working capital has been higher than industry averages over the last two financial years. Since the end of the financial year 2013/2014, we have been reviewing, and in certain cases implementing, measures aimed at improving our net working capital. These measures include potentially shifting our business model to a "built to order" delivery model in order to reduce the storage time of assembled WTGs, improving our inventory days and payment milestones with customers and suppliers, addressing identified one-off items, potentially utilizing the available tools of factoring accounts receivables and/or payment guarantees instead of longer payment terms as well as implementing other operating efficiency measures. We expect that the focus on reducing net working capital as an absolute number and as a percentage of revenues will be at the core of our future efficiency improvement programs.

Technical deficiencies in our WTGs

The performance of our WTGs is at times subject to certain significant technical risks, which is a risk common to our industry. In addition to one-off technical issues, our WTGs and WTG components may be affected by serial defects or damages. In the contracts with our customers, we provide various product warranties and in our O&M service business we typically guarantee minimum annual average machine availability or a certain energy yield. Our warranties

for all new products that we sell generally last two years. General warranty provisions are based on WTG type, historical evidence available to us and the design assessments made by the design team in terms of wear-out rates, failure rates and the replacement and unplanned service requirements of such WTGs. We undertake an annual comparison of our average warranty rates and, usually at the end of every financial year, adjust our warranty rates to the average over the last three applicable financial years. We also undertake various testing on new models of WTGs and WTG components in different operating conditions to collect data for making decisions for serial production of new models, and the WTGs and WTG components used in the course of such tests may be damaged or become unfit to be used. In accordance with the agreement with our customers, any loss incurred in the course of such tests is borne by us.

We have incurred costs for certain technical issues during the financial years 2011/2012, 2012/2013 and 2013/2014 and the first nine months of financial year 2014/2015. In the financial year 2013/2014, for example, we registered certain irregularities in the rotor bearings of our 5M and 6XM offshore WTGs. All of the irregularities share a common characteristic that can be detected by a rise in temperature in the bearings, potentially due to inadequate lubrication of the bearings. We undertook an analysis of the cause of these irregularities, and based on the outcome of this analysis, we have started implementing what we believe to be a solution with respect to our new and installed offshore projects. Further, since the financial year 2012/2013 we registered certain irregularities in the blade bearings of our MM92 and MM82 onshore WTGs. In certain cases, fractures have appeared in the outer ring of the blade bearing. In few cases such fractures have resulted in a breakdown of the blade. As a result of these technical irregularities, one customer of the Company has initiated preliminary court proceedings for the preservation of evidence and issued certain notices of a dispute as provided for under the respective contractual agreements. In addition to internal calculations and risk assessments, examinations are being conducted with external specialists to validate the cause and verify the solution. Should we not be able to successfully resolve these irregularities, legal proceedings could be pursued. Further, such technical irregularities could have a serious impact on future offshore and onshore orders. We have also faced other technical issues with respect to some of our components such as rotor blades, rotor bearings and gearboxes. We recorded specific warranty provisions in the amounts of €42.2 million, €58.3 million, € 100.3 million and €92.1 million in our consolidated statements of financial position as of March 31, 2012, 2013, 2014 and December 31, 2014 respectively, for potential costs related to the specific technical issues of our products. These provisions have been accrued for under the IFRS principles and to the best of our knowledge at that time, covered the full anticipated and expected costs that could arise under the above mentioned technical issues. We may increase these provisions in the future, including, potentially, as we finalize the allocation of the purchase price for the Acquisition in accordance with IFRS. These provisions do not include general warranty provisions for which we are required under IFRS to accrue as per our sales contracts with our customers, as described above.

Currency fluctuations

We report our financial results in euros, which represented 90.5% of our revenues in the financial year 2013/2014 and 87.4% of our revenues in the nine months ended December 31, 2014. The remainder of our revenues is incurred in other currencies, including U.S. dollars, Canadian dollars, British pounds sterling and Australian dollars, which are subject to severe fluctuations. We also own certain assets that are recorded primarily in the functional currency of our subsidiaries, U.S. dollars, Canadian dollars, British pounds sterling and Australian dollars. A portion of our cost base is also incurred in other currencies, most notably U.S. dollars, Canadian dollars, British pounds sterling and Australian dollars, which primarily depends on WTG projects that we have in those countries but also due to our ongoing O&M services business or project activities in those countries. Therefore, our results of operations are affected by both transactional and currency translation risks. As part of our strategy, we intend to shift a material portion of our supplier base to Asia, which could increase our exposure to U.S. dollars. Although we hedge using forward exchange contracts, currency swaps, currency options and derivatives in order to harmonize global cash flows, we do not intend to hedge our supplier risk, except for using natural hedging and supplier hedging by having alternative supplier base in other currencies to cover risks from a single currency. See "*—Quantitative and Qualitative Disclosures about Market Risk—Currency Risk.*"

We hedge foreign currency items as they arise in order to fix prices on the basis of forward rates, and limit some currency risk, from sales and procurement transactions. However, hedging may not eliminate all risks, as changes in exchange rates can affect the translation into euros of revenues, costs, assets and liabilities of our subsidiaries that use a currency other than the euro as their functional currency. A depreciation of other currencies against the euro would mean that, despite constant sales volumes and nominally constant prices, we would, after translation into euros, generate lower revenues and profits for purposes of our consolidated financial statements. As we primarily use euros as the transaction currency in our business our translation risk is limited. However, the general weakening of the euro against the U.S. dollar could have a negative impact on our ability to make use of an Asian supply chain with potentially lower costs in the short term.

Key Performance Indicators

We consider the following key performance indicators in evaluating our business.

Order book

The size of our order book is directly related to our future revenue generation. According to our reporting policy, we include in our order book only (i) our signed contracts, which are orders received from customers by means of a formal binding agreement that is subject to conditions precedent or is otherwise not fully effective and (ii) our net firm orders, which are firm orders received from customers by means of a formal binding agreement after all conditions precedent have been fulfilled, less revenues already recognized under the percentage of completion method. The following table shows our order book for the dates indicated below.

	As of March 31,			As of December 31,	
	2012	2013	2014	2013	2014
			(unaudited) (in € million)		
Order book	3,042.3	2,847.4	3,149.5	3,495.9	3,074.3
Signed contracts	1,377.8	1,073.3	1,890.4	2,273.3	1,856.6
Net firm orders	1,664.6	1,144.1	1,259.1	1,221.6	1,217.7
Order book by country:					
Germany	662.0	1,299.8	1,550.7	1,439.0	1,162.6
United Kingdom	197.0	217.0	125.5	223.3	221.3
Canada	385.4	664.7	557.5	652.4	569.2
France	172.8	254.9	207.6	295.5	171.3
United States	283.0	0.0	0.0	0.0	0.0
Rest of the world (including offshore)	1,342.0	413.0	708.2	884.7	950.0

Our order book decreased 6.4% from €3,042 million as of March 31, 2012 to €2,847 million as of March 31, 2013, as a result of a decline in net firm orders, despite an increase in signed contracts from €1,377 million to €1,704 million over the period. The decline in net firm orders during the financial year 2012/2013 was mainly driven by a decrease from offshore and our business in the United States, which was not fully compensated for by an increase in orders for Australian, Canadian and German projects. The 10.4% increase of the order book from €2,853 million as of March 31, 2013 to €3,149 million as of March 31, 2014 was due to an increase in both signed contracts as well as net firm orders, mainly driven by offshore projects and onshore projects in Germany and Australia. Our order book decreased 12.0% from €3,495 million as of December 31, 2013 to €3,074 million as of December 31, 2014, as a result of a decline in orders for projects in Australian, German and France, which was partially offset by an increase from projects in Portugal.

Average selling prices

We offer a wide variety of solutions for our customers, which vary according to local market standards and customer requirements. These services range from contracts with customers who install WTGs on their own to full engineering, procurement and production contracts that cover all electrical and civil activities for the wind farm infrastructure. As a consequence, average selling prices per MW have a wide range due not only to the scope of the project, but also factors such as WTG type, hub heights, site-specific solutions and logistics. We are typically able to charge higher prices for new WTG products and variants are typically higher priced per MW than our other existing products.

The following table shows our average selling prices per MW for the periods indicated below.

	Financial year ended March 31,			Nine months ended December 31,		Twelve months ended December 31,
	2012	2013	2014	2013	2014	2014
			(unaudited) (in € thousand)			
Average selling prices per MW[1]	1,123.1	1,029.1	1,056.5	998.10	1,062.8	1,101.2

(1) The average selling price per MW is calculated by dividing the revenues from sales of completed contracts of WTGs by the MW relevant to revenue from those WTGs.

The average selling price per MW was €1,062 thousand for the first nine months of financial year 2014/2015 compared to €998 thousand for the first nine months of financial year 2013/2014, primarily as a result of a higher proportion of WTGs that have higher selling prices compared to our overall portfolio or increased scope of supply including logistics and foundation work.

Description of Individual Income Statement Items

The following is an explanation of certain individual items from the Company's consolidated income statement.

Revenues

Revenues include all revenues from the sale of WTGs, license revenues, electricity revenues and revenues from O&M service contracts and other revenues. Revenues from the sale of WTGs, in particular, include the production, delivery and installation of WTGs.

For construction contracts, revenues are typically recognized using the percentage of completion method, calculated using, in the majority of cases, the cost-to-cost method. See "*—Critical Accounting Estimates—Revenue recognition according to percentage of completion method*."

Total performance

Total performance comprises revenues, as well as changes in work in progress and work performed by the entity and capitalized.

Other operating income

Other operating income includes currency translation gains, income from hedging transactions, insurance payments/compensations, income from reversal of provisions, investment subsidies, R&D subsidies, income from reversal of bad debt allowances, gain on disposal of non-current assets and other operating income. For the financial year 2012/2013, this also included the gain on decrease of contingent purchase price liability of the Portuguese operations (CGU Portugal), which was due to reduced payment obligations from the Group's share purchase in 2011 of Senvion Portugal S.A. and Power Blades S.A. Investment subsidies as well as R&D subsidies may be revoked in whole or in part, which could trigger repayment obligations.

Cost of materials/cost of purchased services

Cost of materials/cost of purchased services reflects the raw materials we source as well as key WTG components procured from third party suppliers, including services related to the production of WTG components.

Personnel expenses

Personnel expenses comprise wages and salaries and social security contributions.

Depreciation of property, plant and equipment and amortization of intangible assets

Property, plant and equipment are carried at cost and depreciated on a straight-line basis over their economic life. Acquired intangible assets are measured at cost and amortized on a straight-line basis over their respective useful lives. Development costs for future products and other internally generated intangible assets are capitalized at cost and amortized on the basis of volume or on a straight-line basis. See also "*—Critical Accounting Estimates—Impairment of property, plant and equipment and intangible assets*."

Other operating expenses

Other operating expenses include currency translation losses, purchased services, office and land costs, IT and telecommunication costs, legal and consulting costs, travel expenses, vehicle costs, compensation for loss of production, repairs and maintenance, administration costs, costs of training and appointing staff, advertising and trade fair expenses, write-offs/write- downs of receivables, warranty expenses and other operating expenses.

Exceptional items from reorganization

Exceptional items in the financial year 2013/2014 refer to costs from reorganization relate to the efficiency enhancement program POWER, in which the Group altered its organizational structure in order to eliminate inefficiencies and standardize duplicated functions. Costs associated with the reorganization relate to legal and consulting costs, as well as personnel costs from the dismissal of staff and cancellation of employment contracts. The program was successfully completed in the financial year 2013/2014.

Interest and similar financial income and expenses

Interest and similar financial income and expenses represent the Group's financial and investment results.

Income tax expense

Income tax expense comprises current and deferred income tax expenses and benefits. Deferred taxes result from temporary differences in the carrying amounts in the Group's tax base and its consolidated financial statements, as well as from tax loss carryforwards. See also "—*Critical Accounting Estimates—Income taxes*."

Profit/loss for the period from discontinued operations

Profit/loss for the period from discontinued operations relates to the assets and liabilities of REpower North China Ltd. ("REpower North China") as a consequence of the initiated sales activities of shares in REpower North China, which produced WTGs for the north Chinese market. We expect the sale of REpower North China to be finalized in the financial year 2014/2015.

Results of Operations

Comparison of the nine months ended December 31, 2014 and December 31, 2013

The following table shows certain information with respect to the Company's consolidated income statement and period-to-period changes for the periods presented.

	Nine months ended December 31,		Change
	2013	2014	2013/2014
	(unaudited) (in € million)		(unaudited) (in %)
Revenues	1,197.2	1,372.2	14.6
Changes in work in progress	32.8	17.3	(47.3)
Work performed by the entity and capitalized	15.1	26.0	72.2
Total performance	**1,245.0**	**1,415.4**	**13.7**
Other operating income	27.9	23.9	(14.3)
Cost of materials/cost of purchased services	(948.2)	(1,059.9)	11.8
Personnel expenses	(145.4)	(153.5)	5.6
Depreciation of property, plant and equipment and amortization of intangible assets	(29.0)	(41.4)	42.8
Other operating expenses	(114.2)	(131.2)	14.9
Result from operating activities before exceptional items from reorganization	**36.1**	**53.4**	**47.9**
Exceptional items from reorganization	(30.2)	—	n/m
Result from operating activities	**5.9**	**53.4**	**n/m**
Interest and similar financial income	0.8	1.3	62.5
Interest and similar financial expenses	(10.3)	(14.6)	41.7
Result before income taxes	**(3.6)**	**40.1**	**n/m**
Income taxes	5.8	(16.8)	n/m
Profit/loss for the period from continuing operations	**2.3**	**23.4**	**n/m**
Profit/loss for the period from discontinued operations	(0.5)	1.1	n/m
Net income for the period	**1.8**	**24.4**	**n/m**

Revenues

The following table shows the Group's revenues by business line and geography for the periods presented.

	Nine months ended December 31,		Change
	2013	2014	2013/2014
	(unaudited) (in € million)		(unaudited) (in %)
Onshore	997.0	1,161.6	16.5
Germany	397.7	597.0	50.1
United Kingdom	82.3	60.5	(26.5)
Canada	146.7	131.0	(10.7)

France	98.0	119.2	21.6
United States	0.1	0.1	n/m
Rest of the world	272.3	253.9	(6.8)
Offshore	59.7	55.2	(7.5)
O&M services	126.7	138.1	9.0
Other	13.8	17.4	26.1
Revenues	**1,197.2**	**1,372.2**	**14.6**

The Group's revenues increased by €175.0 million, or 14.6%, from €1,197.2 million in the first nine months of financial year 2013/2014 to €1,372.2 million in the first nine months of financial year 2014/2015. This increase was mainly due to a rise in the revenues from the sale of WTGs from €1,056.7 million in the first nine months of financial year 2013/2014 to €1,216.8 million in the first nine months of financial year 2014/2015.

In the onshore business, the Group's revenues increased from € 997.0 million in the first nine months of financial year 2013/2014 to €1,161.6 million in the first nine months of financial year 2014/2015. This increase in revenues was mainly attributable to Germany, where, after the political uncertainty around the amendment of EEG (effective after 2014), the market showed significant strength in 2014 with a rise in installed capacity from 3.2 GW in 2013 to 5.3 GW in 2014 (Source: MAKE Consulting).

The Group's offshore revenues decreased slightly, from €59.7 million in the first nine months of financial year 2013/2014 to €55.2 million in the first nine months of financial year 2014/2015.

The Group's revenues from O&M services increased from €126.7 million in the first nine months of financial year 2013/2014 to €138.1 million in the first nine months of financial year 2014/2015, mainly due to increasing MW covered under O&M service contracts (from 8.7 GW on December 31, 2014 to 9.4 GW on December 31, 2014). This increase in MWs covered under O&M service contracts was driven by a relatively high number of installations during that period in our core market of Germany.

Other operating income

The Group's other operating income decreased by €4.0 million, or 14.3%, from €27.9 million in the first nine months of financial year 2013/2014 to €23.9 million in the first nine months of financial year 2014/2015. The decrease was mainly due to a decrease in currency translation gains (from €10.5 million in the first nine months of financial year 2014/2015 to €7.5 million in the first nine months of financial year 2013/2014), due to fewer projects in non-euro dominated countries and a decrease in income from the reversal of provisions that had been set aside for blade damage in the United States and a litigation matter (from €3.2 million in the first nine months of financial year 2013/2014 to €0.8 million in the first nine months of financial year 2014/2015).

Cost of materials/cost of purchased services

The Group's cost of materials/cost of purchased services rose by €111.7 million, or 11.8%, from €948.2 million in the first nine months of financial year 2013/2014 to €1,059.9 million in the first nine months of financial year 2014/2015. The cost of materials ratio (cost of materials/cost of purchased services in relation to total performance) decreased by 1.3 percentage points from 76.2% in the first nine months of financial year 2013/2014 to 74.9% in the first nine months of financial year 2014/2015, displaying the positive results from procurement activities under POWER and FOCUS 2015.

Personnel expenses

The Group's personnel expenses increased by €8.1 million, or 5.6%, from €145.4 million in the first nine months of financial year 2013/2014 to €153.5 million in the first nine months of financial year 2014/2015 due to an increase of the average number of employees, reflecting the Group's growth and the rising portion of in-house produced blades, which requires a higher number of employees.

Depreciation of property, plant and equipment and amortization of intangible assets

The Group's depreciation of property, plant and equipment and amortization of intangible assets increased by €12.4 million, or 42.8%, from €29.0 million in the first nine months of financial year 2013/2014 to €41.4 million in the first nine months of financial year 2014/2015, primarily due to finalizing development projects related to the 6.2M126 and 3.XM series that started to amortize, as well as the Group's development of a MM cold climate version for the North American market that was also finished during this period.

Other operating expenses

The Group's other operating expenses increased by €17.0 million, or 14.9%, from €114.2 million in the first nine months of financial year 2013/2014 to €131.2 million in the first nine months of financial year 2014/2015 mainly due to an increase of legal and consulting costs by €20.5 million to €30.1 million, which was driven by an increased use of consultants for compliance functions as well as in R&D as part of the value engineering component (aimed at reducing the cost of WTGs through design improvements) of FOCUS 2015.

Result from operating activities before exceptional items from reorganization

The Group's result from operating activities before exceptional items from reorganization (EBIT) increased from €36.1 million in the first nine months of financial year 2013/2014 to €53.4 million in the first nine months of financial year 2014/2015. The main contributor to this increase was the increase in revenues by 14.6% or €175 million during the same period as well as cost reduction measures undertaken with the implementation of POWER and FOCUS. The Group's result from operating activities before exceptional items from reorganization as a percentage of revenues (EBIT margin) increased from 3.0% in the first nine months of financial year 2014/2015 to 3.9% in the first nine months of financial year 2014/2015.

Exceptional items from reorganization

In the first nine months of financial year 2013/2014, due to the implementation of the POWER efficiency enhancement program initiated by the management of the Group in April 2013, costs in the amount of €30.2 million were recognized as exceptional items from reorganization. These costs relate to legal and consulting costs for the implementation of POWER in the amount of €14.1 million and to personnel costs in the amount of €16.0 million, which resulted from the early redundancies of staff and cancellation of employment contracts. The POWER program was completed on March 31, 2014.

Interest and similar financial income and expenses

The Group's interest and similar financial income increased by €0.5 million from €0.8 million in the first nine months of financial year 2013/2014 to €1.3 million in the first nine months of financial year 2014/2015, reflecting a higher average amount of cash available and an improved portfolio strategy.

The Group's interest and similar financial expenses increased from €10.3 million in the first nine months of financial year 2013/2014 to €14.6 million in the first nine months of financial year 2014/2015 and related primarily to guarantee commissions and interest on bank loans. The Company's existing syndicated guarantee facility will be replaced by the Revolving Credit and L/G Facilities Agreement in connection with the Transactions.

Income taxes

The Group's income taxes increased by €22.6 million, from an income tax income of €5.8 million in the first nine months of financial year 2013/2014 to an income tax expense of €16.8 million in the first nine months of financial year 2014/2015. The increase in the first nine months of financial year 2014/2015 was the result of an increase in total current income taxes of €11.1 million (comprising an increase of €4.6 million in current income taxes and an increase of € 6.5 million in current income taxes for previous years) and an increase in deferred taxes of €11.5 million from a deferred tax income of €5.9 million in the first nine months of financial year 2013/2014 to a deferred tax expense of €5.6 million in the first nine months of financial year 2014/2015 mainly due to a decrease of deferred tax assets on tax loss carryforwards from €18.7 million as of March 31, 2014 to €7.5 million as of December 31, 2014.

Profit/loss for the period from discontinued operations

The Group's loss for the period from discontinued operations was €0.5 million in the first nine months of financial year 2013/2014 and the Group's profit for the period from discontinued operations was €1.1 million in the first nine months of financial year 2014/2015, reflecting the result of REpower North China.

Net income for the period

As a result of the developments discussed above, the Group's net income for the period increased by €22.6 million from €1.8 million in the first nine months of financial year 2013/2014 to €24.4 million in the first nine months of financial year 2014/2015.

Comparison of the financial years ended March 31, 2014 and March 31, 2013

The following table shows certain information with respect to the Company's consolidated income statement and period-to-period changes for the periods presented.

	Financial year ended March 31,		Change
	2013	2014	2013/2014
	(audited) (in € million)		(unaudited) (in %)
Revenues	2,221.4	1,806.0	(18.7)
Changes in work in progress	(23.8)	15.8	n/m
Work performed by the entity and capitalized	20.5	23.4	14.1
Total performance	**2,218.1**	**1,845.3**	**(16.8)**
Other operating income	74.5	43.7	(41.3)
Cost of materials/cost of purchased services	(1,738.1)	(1,401.6)	(19.4)
Personnel expenses	(198.3)	(196.2)	(1.1)
Depreciation of property, plant and equipment and amortization of intangible assets	(39.6)	(44.6)	12.6
Other operating expenses	(236.5)	(145.3)	(38.6)
Result from operating activities before exceptional items from reorganization[(1)]	**—**	**101.2**	**n/m**
Exceptional items from reorganization	—	(38.0)	n/m
Result from operating activities	**80.2**	**63.2**	**(21.2)**
Interest and similar financial income	2.8	1.1	(60.7)
Interest and similar financial expenses	(16.3)	(16.2)	(0.6)
Share of result from joint ventures	0.2	—	n/m
Result before income taxes	**66.9**	**48.1**	**(28.1)**
Income tax expense	(18.4)	(20.2)	9.8
Profit/loss for the period from continuing operations	**48.5**	**27.9**	**42.5**
Profit/loss for the period from discontinued operations	(0.4)	(7.5)	n/m
Net income for the period	**48.1**	**20.3**	**(57.8)**

(1) This subtotal line item was introduced in the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2014 to disclose the occurrence of exceptional items from reorganization in the financial year 2013/2014. Because no such exceptional items from reorganization had occurred in the financial year 2012/2013, this subtotal was not disclosed in the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2013. Therefore, the above table shows a dash (—) for the subtotal of the financial year 2012/2013, indicating that this line item had not been disclosed for that financial year.

Revenues

The following table shows the Group's revenues by business line and geography for the periods presented.

	Financial year ended March 31,		Change
	2013	2014	2013/2014
	(unaudited, except where indicated) (in € million)		(unaudited) (in %)
Onshore	1,695.5	1,530.2	(9.7)
Germany	386.3	565.2	46.3
United Kingdom	238.0	124.9	(47.5)
Canada	303.3	262.1	(13.6)
France	108.2	190.5	76.0
United States	304.2	0.1	n/m
Rest of the world	355.4	387.4	9.0
Offshore	369.1	82.5	(77.6)
O&M services	130.4	174.0	33.4
Other	26.4	19.3	(26.9)
Revenues (audited)	**2,221.4**	**1,806.0**	**(18.7)**

The Group's revenues decreased by €415.4 million, or 18.7%, from €2,221.4 million in the financial year 2012/2013 to €1,806.0 million in the financial year 2013/2014. The decrease was attributable primarily to the decrease in

revenues generated from sales of WTGs from €2,064.6 million in the financial year 2012/2013 to €1,612.7 million in the financial year 2013/2014.

In the onshore business line, the Group's revenues of WTGs decreased from €1,695.5 million in the financial year 2012/2013 to € 1,530.2 million in the financial year 2013/2014. This was mainly due to the Group not actively pursuing opportunities in the United States and not selling any WTGs in the United States in the financial year 2013/2014 as compared to €304.2 million in the financial year 2012/2013. The U.S. wind energy market suffered a severe decline in newly commissioned capacity in 2013, primarily driven by uncertainty surrounding the continuation of the U.S. Production Tax Credit. The decrease was also due to a 47.5% decrease in revenues from the UK as a result of the expiry of an incentive program at the end of 2013. The decrease in the Group's revenues of onshore WTGs in the United States and the UK from the financial year 2012/2013 to the financial year 2013/2014 was partially offset by higher revenues in Europe (excluding the UK), especially Germany, which increased from €386.3 million in the financial year 2012/2013 to € 565.2 million in the financial year 2013/2014 mainly due to the Group's strong market position and the expansion of the 3.XM series.

The Group's offshore revenues decreased by €286.6 million from €369.1 million in the financial year 2012/2013 to €82.5 million in the financial year 2013/2014. This was mainly the result of the completion of the Group's major offshore project in Thornton Bank in the financial year 2012/2013 and fewer remaining projects as of March 31, 2013 to complete.

The decrease in the Group's revenues from the onshore and offshore business lines from the financial year 2012/2013 to the financial year 2013/2014 was partially offset by an increase of €36.5 million in revenues from O&M services and other. This was primarily due to an increase in the number of the Group's WTGs sold with an O&M service contract, resulting in an increase of €43.6 million in revenues from O&M services from €130.4 million in the financial year 2012/2013 to €174.0 million in the financial year 2013/2014.

Other operating income

The Group's other operating income decreased by €30.8 million, or 41.3%, from €74.5 million in the financial year 2012/2013 to €43.7 million in the financial year 2013/2014. The decrease was the result primarily of a decrease in currency translation gains from €22.0 million in the financial year 2012/2013 to €14.0 million in the financial year 2013/2014 due to lower business activities in the financial year 2013/2014 in countries that do not use the euro, such as the United States. In addition, the decrease in other operating income from the financial year 2012/2013 to the financial year 2013/2014 was due to a decrease of €12.7 million in income from reversal of provisions for technical issues that were solved during the period and €6.4 million in income from reversal of bad debt allowances.

Cost of materials/cost of purchased services

The Group's cost of materials/cost of purchased services decreased by €336.5 million, or 19.4%, from €1,738.1 million in the financial year 2012/2013 to €1,401.6 million in the financial year 2013/2014. This decrease was mainly the result of a corresponding decrease in revenues, as well as various material cost reduction initiatives that were part of the POWER program. Cost of materials/cost of purchased services as a percentage of total performance decreased by 2.4 percentage points from 78.4% in the financial year 2012/2013 to 76.0% in the financial year 2013/2014.

Personnel expenses

The Group's personnel expenses decreased by €2.1 million, or 1.1%, from €198.3 million in the financial year 2012/2013 to €196.2 million in the financial year 2013/2014. The decrease was primarily driven by a workforce reduction that was part of the POWER program, which resulted in wages and salaries decreasing from €167.0 million in the financial year 2012/2013 to €164.0 million in the financial year 2013/2014.

Depreciation of property, plant and equipment and amortization of intangible assets

The Group's depreciation of property, plant and equipment and amortization of intangible assets increased by €5.0 million, or 12.6%, from €39.6 million in the financial year 2012/2013 to €44.6 million in the financial year 2013/2014. This was primarily due to increased in-house production of rotor blades and blade molds that require higher investments in property, plant and equipment.

Other operating expenses

The Group's other operating expenses decreased by €91.2 million, or 38.6%, from €236.5 million in the financial year 2012/2013 to € 145.3 million in the financial year 2013/2014. The decrease was primarily due to a change

in warranty expenses from an expense of € 14.6 million in the financial year 2012/2013 to income of €6.7 million in the financial year 2013/2014. This was mainly because of lower warranty rates based on lower historical costs, resulting in the usage of the prior year's provisions exceeding the addition of new provisions. In addition, currency translation losses decreased from €41.9 million in the financial year 2012/2013 to €27.0 million in the financial year 2013/2014 mainly due to lower business activities in the financial year 2013/2014 in countries that do not use the euro, such as the United States. The Group's other operating expenses also decreased by €12.4 million from the financial year 2012/2013 to the financial year 2013/2014 because of one-time effects due to late deliveries to customers in the United States in 2012/2013. Legal and consulting costs decreased by € 13.0 million from the financial year 2012/2013 to the financial year 2013/2014 primarily due to legal costs in the financial year 2013/2014 for which provisions had been created in the financial year 2012/2013 and the reduction of consulting costs as the result of the POWER program.

Result from operating activities before exceptional items from reorganization

The Group's result from operating activities before exceptional items from reorganization (EBIT) increased by €21.0 million, or 26.2%, from €80.2 million in the financial year 2012/2013 to €101.2 million in the financial year 2013/2014. The Group's result from operating activities before exceptional items from reorganization as a percentage of revenues (EBIT margin) increased from 3.6% in the financial year 2012/2013 to 5.6% in the financial year 2013/2014.

Despite revenues decreasing from the financial year 2012/2013 to the financial year 2013/2014, the Group's EBIT and EBIT margin increased mainly because of the reasons stated above, such as the implementation of the POWER program in the financial year 2013/2014, as well as due to the absence of WTG sales in the United States in the financial year 2013/2014, which had the effect of lowering the Group's EBIT margin in the financial year 2012/2013.

Exceptional items from reorganization

The Group incurred an expense resulting from exceptional items from reorganization of €38.0 million in the financial year 2013/2014 related to the POWER program. These expenses related to legal and consulting costs of €21.5 million and to personnel costs of €16.5 million, which resulted from the early redundancies of staff and cancellation of employment contracts.

Interest and similar financial income and expenses

The Group's interest and similar financial income decreased by € 1.7 million from €2.8 million in the financial year 2012/2013 to €1.1 million in the financial year 2013/2014, reflecting the general lower interest rate environment.

The Group's interest and similar financial expenses were € 16.3 million in the financial year 2012/2013 and €16.2 million in the financial year 2013/2014 and related primarily to guarantee commissions and interest on bank loans.

Income tax expense

The Group's income tax expense increased by €1.8 million, or 9.8%, from €18.4 million in the financial year 2012/2013 to € 20.2 million in the financial year 2013/2014. The increase was the result of an increase in total current income taxes of €5.8 million (comprising an increase of €4.1 million in current income taxes and an increase of €1.7 million in current income taxes for previous years) and a decrease in deferred taxes of €4.0 million mainly due to an increase of temporary differences between the IFRS carrying amounts and the tax base in the German tax group in the financial year 2013/2014 as compared to the financial year 2012/2013. The Group's effective tax rate, which represents income tax expense as a percentage of result before income taxes, increased from 27.5% in the financial year 2012/2013 to 42.0% in the financial year 2013/2014.

Profit/loss for the period from discontinued operations

The Group's loss for the period from discontinued operations was €0.4 million in the financial year 2012/2013 and €7.5 million in the financial year 2013/2014. The higher loss was primarily due to an increase in expenses from discontinued operations from €8.1 million in the financial year 2012/2013 to €12.7 million in the financial year 2013/2014 mainly as the result of an impairment of the Company's disposal group classified as held for sale as part of the REpower North China liquidation measurements.

Net income for the period

As a result of the developments discussed above, the Group's net income for the period decreased by €27.8 million, or 57.8%, from €48.1 million in the financial year 2012/2013 to €20.3 million in the financial year 2013/2014.

Comparison of the financial years ended March 31, 2013 and March 31, 2012

The following table shows certain information with respect to the Company's consolidated income statement and period-to-period changes for the periods presented.

	Financial year ended March 31,		Change
	2012	2013	2012/2013
	(audited) (in € million)		(unaudited) (in %)
Revenues	1,674.6	2,221.4	32.7
Changes in work in progress	(58.1)	(23.8)	(59.0)
Work performed by the entity and capitalized	17.9	20.5	14.5
Total performance	**1,634.3**	**2,218.1**	**35.7**
Other operating income	61.0	74.5	22.1
Cost of materials/cost of purchased services	(1,236.2)	(1,738.1)	40.6
Personnel expenses	(154.6)	(198.3)	28.3
Depreciation of property, plant and equipment and amortization of intangible assets	(30.4)	(39.6)	30.3
Other operating expenses	(168.4)	(236.5)	40.4
Result from operating activities	**105.8**	**80.2**	**(24.2)**
Interest and similar financial income	3.0	2.8	(6.7)
Interest and similar financial expenses	(13.4)	(16.3)	21.6
Share of result from joint ventures	0.1	0.2	n/m
Result before income taxes	**95.5**	**66.9**	**(30.0)**
Income tax expense	(33.4)	(18.4)	(44.9)
Profit/loss for the period from continuing operations	**62.1**	**48.5**	**(21.9)**
Profit/loss for the period from discontinued operations	(0.5)	(0.4)	(20.0)
Net income for the period	**61.6**	**48.1**	**(21.9)**

Revenues

The following table shows the Group's revenues by business line and geography for the periods presented.

	Financial year ended March 31,		Change
	2012	2013	2012/2013
	(unaudited, except where indicated) (in € million)		(unaudited) (in %)
Onshore	1,225.2	1,695.5	38.4
Germany	271.4	386.3	42.3
United Kingdom	86.3	238.0	n/m
Canada	208.4	303.3	45.5
France	167.7	108.2	(35.5)
United States	218.3	304.2	39.3
Rest of the world	273.0	355.4	30.2
Offshore	324.9	369.1	13.6
O&M services	92.7	130.4	40.7
Other	31.9	26.4	(17.2)
Revenues (audited)	**1,674.6**	**2,221.4**	**32.7**

The Group's revenues increased by €546.8 million, or 32.7%, from €1,674.6 million in the financial year 2011/2012 to € 2,221.4 million in the financial year 2012/2013. The increase was attributable primarily to an increase in revenues from sales of WTGs from €1,550.0 million in the financial year 2011/2012 to €2,064.6 million in the financial year 2012/2013.

The Group's revenues of WTGs in the onshore business increased from €1,225.2 million in the financial year 2011/2012 to € 1,695.5 million in the financial year 2012/2013. In particular, this was the result of the Group's increased revenues in the United States, which increased from €218.3 million in the financial year 2011/2012 to €304.2 million in the financial year 2012/2013, mainly due to the incentives created by the U.S. Production Tax Credit. In addition, the Group's revenues of WTGs increased in Canada from €208.4 million in the financial year 2011/2012 to €303.3 million in

the financial year 2012/2013 due to further execution of a framework contract with a customer from 2009 and in Germany from €271.4 million in the financial year 2011/2012 to €386.3 million in the financial year 2012/2013 mainly due to a rise in overall market activity as well as an increase in demand for the 3.XM platform.

The Group's revenues from the offshore business line increased by €44.2 million from €324.9 million in the financial year 2011/2012 to €369.1 million in the financial year 2012/2013. This was mainly due to the completion of the offshore wind farm projects in Thornton Bank in the financial year 2012/2013.

The increase in the Group's revenues was also due, in part, to the increase in the number of WTGs sold with an O&M service contract resulting in an increase in revenues of €32.3 million from O&M services and other in the financial year 2012/2013 compared to the financial year 2011/2012. In particular, the Group's revenues from O&M services increased from €92.7 million in the financial year 2011/2012 to €130.4 million in the financial year 2012/2013. This was a result of the Group's first larger offshore wind farms beginning to be serviced, which generate higher O&M services revenues per WTG than onshore WTGs.

Other operating income

The Group's other operating income increased by €13.5 million, or 22.1%, from €61.0 million in the financial year 2011/2012 to €74.5 million in the financial year 2012/2013. The increase was the result primarily of an increase in currency translation gains from € 15.6 million in the financial year 2011/2012 to €22.0 million in the financial year 2012/2013 due to higher business activities in the financial year 2012/2013 as compared to the financial year 2011/2012 in countries that do not use the euro, such as the United States. In addition, income from reversal of provisions increased by €2.9 million from the financial year 2011/2012 to the financial year 2012/2013 and a gain of € 3.4 million was recorded in the financial year 2012/2013 as a result of a decrease of contingent purchase price liabilities resulting from Portuguese operations (CGU Portugal), which was due to reduced payment obligations from the Group's share purchase in 2011 of Senvion Portugal S.A. and Power Blades S.A.

Cost of materials/cost of purchased services

The Group's cost of materials/cost of purchased services increased by €501.9 million, or 40.6%, from €1,236.2 million in the financial year 2011/2012 to €1,738.1 million in the financial year 2012/2013. The increase mainly reflects the corresponding increase in revenues in the financial year 2012/2013. Cost of materials/cost of purchased services as a percentage of the Group's total performance increased by 2.7 percentage points from 75.6% in the financial year 2011/2012 to 78.4% in the financial year 2012/2013, which was primarily due to increasing price pressure on the WTG manufacturing market owing to intense competition.

Personnel expenses

The Group's personnel expenses increased by €43.7 million, or 28.3%, from €154.6 million in the financial year 2011/2012 to € 198.3 million in the financial year 2012/2013. The increase was mainly due to an increase in the average number of employees by 672 in the financial year 2012/2013 as compared to the financial year 2011/2012 to process the larger business volume in the financial year 2012/2013. The Group's wages and salaries showed a corresponding increase from €131.2 million in the financial year 2011/2012 to €167.0 million in the financial year 2012/2013.

Depreciation of property, plant and equipment and amortization of intangible assets

The Group's depreciation of property, plant and equipment and amortization of intangible assets increased by €9.2 million, or 30.3%, from €30.4 million in the financial year 2011/2012 to € 39.6 million in the financial year 2012/2013 primarily due to the growth of the Group's 3.XM platform and the first effects of amortization of that platform.

Other operating expenses

The Group's other operating expenses increased by €68.1 million, or 40.4%, from €168.4 million in the financial year 2011/2012 to €236.5 million in the financial year 2012/2013. The increase was primarily due to an increase of €20.6 million in payment transaction costs/currency translation losses from the financial year 2011/2012 to the financial year 2012/2013 as the result of higher business activities in the financial year 2012/2013 as compared to the financial year 2011/2012 in countries that do not use the euro, such as the United States. In addition, the Group's purchased services increased from € 19.5 million in the financial year 2011/2012 to €31.0 million in the financial year 2012/2013 mainly due to business growth especially in North America and in offshore activities. The Group's legal and consulting fees also increased by €9.9 million from the financial year 2011/2012 to the financial year 2012/2013 due to litigation costs for a legal dispute and higher costs related to tax, accounting and other legal consultations. In addition,

warranty expenses increased by €9.1 million from the financial year 2011/2012 to the financial year 2012/2013 due to an increase in the number of WTG sales contracts completed (721 WTG in financial year 2012/13 and 437 WTG in financial year 2011/12) and higher general warranty provisions being added.

Result from operating activities

The Group's result from operating activities (EBIT) decreased by € 25.6 million, or 24.2%, from €105.8 million in the financial year 2011/2012 to €80.2 million in the financial year 2012/2013. The Group's result from operating activities as a percentage of revenues (EBIT margin) decreased from 6.3% in the financial year 2011/2012 to 3.6% in the financial year 2012/2013 as a result of the developments discussed above. EBIT margin was negatively affected by the Group's WTG sales in the United States in the financial year 2012/2013, which had a lower margin contribution.

Interest and similar financial income and expenses

The Group's interest and similar financial income decreased from €3.0 million in the financial year 2011/2012 to €2.8 million in the financial year 2012/2013.

The Group's interest and similar financial expenses increased by €2.9 million, or 21.6%, from €13.4 million in the financial year 2011/2012 to €16.3 million in the financial year 2012/2013 and related primarily to guarantee commissions and interest on bank loans.

Income tax expense

The Group's income tax expense decreased by €15.0 million, or 44.9%, from €33.4 million in the financial year 2011/2012 to € 18.4 million in the financial year 2012/2013. The decrease was mainly the result of a decrease in current income taxes from €12.2 million in the financial year 2011/2012 to €0.2 million in the financial year 2012/2013. In addition, the Group's deferred tax assets on tax loss carryforwards increased by 10.4 million as of March 31, 2013 compared to as of March 31, 2012, resulting in a corresponding deferred tax income in the financial year 2012/2013. The Group's effective tax rate, which represents income tax expense as a percentage of result before income taxes, decreased from 35.0% in the financial year 2011/2012 to 27.5% in the financial year 2012/2013.

Net income for the period

As a result of the developments discussed above, the Group's net income for the period decreased by €13.5 million, or 21.9%, from €61.6 million in the financial year 2011/2012 to €48.1 million in the financial year 2012/2013.

Liquidity and Capital Resources

Historically, the Group's principal source of funds has been cash generated from its operating activities, primarily through advance payments for projects from customers, as well as a €30.0 million revolving credit facility, which facility will be terminated as part of the Transactions. We expect that, following the completion of the Transactions, our primary sources of cash will be cash flows from operating activities and borrowings under the Revolving Credit Facility. Borrowings under the Revolving Credit Facility will be subject to certain conditions, including compliance with financial maintenance and other covenants and warranties. See "*Description of Certain Financing Arrangements—Revolving Credit and L/G Facilities Agreement*" and "*Description of the Notes*." The Group's principal use of cash is to fund working capital, capital expenditures and, following the completion of the Transactions, to fund our debt service requirements.

Following completion of the Transactions, we will have substantial indebtedness. Our ability to make principal or interest payments when due on our indebtedness, including indebtedness under the Revolving Credit and L/G Facilities Agreement and our obligations under the Notes, and to fund our ongoing operations, will depend on our future performance and our ability to generate cash, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed under "*Risk Factors*," many of which are beyond our control. We also expect to be highly leveraged for the foreseeable future and we may undertake acquisitions and investments in the future which may increase our leverage and level of indebtedness. The level of our indebtedness may have important liquidity consequences. See "*Risk Factors—Risks Related to Our Financial Profile*."

As of December 31, 2014, we had €346.3 million of liquid funds. Our liquid funds expected as of the Issue Date, after giving effect to the issue and sale of the Notes, the application of proceeds thereof as described under "*Use of Proceeds*", the other Transactions and the repayment of amounts drawn under the Cash Liquidity Facility Agreement, as well as movements in cash and cash equivalents due to working capital expansion and cash utilized to fund existing

projects during the fourth quarter of financial year 2014/2015, is estimated to be approximately €150.0 million. See "*Capitalization*." We believe that our cash flow from operating activities together with future borrowings under the Revolving Credit and L/G Facilities Agreement will be sufficient to fund our debt service requirements, working capital requirements and anticipated capital expenditures and as they become due.

Working capital

Net working capital is defined as trade working capital (defined as gross amounts due from customers for contract work as an asset, trade accounts receivable, receivables from related parties and inventories less trade accounts payable and gross amounts due to customers for contract work as a liability) plus receivables from income taxes, other financial assets and other miscellaneous assets, less liabilities to related parties, deferred income, income tax liabilities, other financial liabilities and other miscellaneous liabilities. Below is a calculation of the Group's trade working capital and net working capital for the reporting dates indicated.

	As of March 31,			As of December 31,
	2012	2013	2014	2014
	(audited, except where indicated)			(unaudited)
	(in € million)			
Gross amount due from customers for contract work as an asset[1]	330.7	363.6	362.1	224.1
Trade accounts receivable	104.5	144.1	155.5	144.7
Receivables from related parties	5.2	15.3	23.6	25.0
Inventories	320.2	229.9	236.4	285.6
Trade accounts payables	(370.2)	(312.3)	(331.1)	(362.0)
Advance payments received	(273.2)	(204.0)	(153.4)	(157.5)
Gross amounts due to customers for contract work as a liability	(18.0)	(20.8)	(20.7)	(17.1)
Trade working capital (unaudited)	**99.2**	**215.8**	**272.4**	**142.8**
Receivables from income taxes	14.5	11.1	1.9	1.7
Other financial assets	17.0	2.1	9.4	2.9
Other miscellaneous assets	105.4	113.4	99.3	130.2
Liabilities to related parties	(4.2)	(2.9)	(3.5)	(8.1)
Deferred income	(15.6)	(20.4)	(29.2)	(19.0)
Income tax liabilities	(7.5)	(2.1)	(4.9)	(9.8)
Other financial liabilities	(17.3)	(21.4)	(29.8)	(19.1)
Other miscellaneous liabilities	(14.0)	(13.6)	(16.0)	(26.2)
Net working capital (unaudited)	**177.5**	**282.0**	**299.6**	**195.4**

(1) Gross amount due from customers for contract work as an asset represents work in progress using the percentage-of-completion method in accordance with IAS 11.

The Group's net working capital decreased during the first nine months of financial year 2014/2015, primarily due to a high number of installations and the related payment milestones of customer payments coming due and thereby increasing the cash on hand in the second and third quarters of financial year 2014/2015. This was primarily driven by increased installation activity in Germany, where WTGs connected to the grid before December 31, 2014 are subject to a more favorable incentive scheme than the scheme implemented by EEG 2014. The Group also implemented certain operational measures on a pilot basis aimed at improving net working capital, including optimizing delivery schedules, reducing throughput time (the time between the start and end of a production order) for WTG assembly and reducing cycle times (the time lag between two subsequent production orders) in rotor blade production. However, despite this improvement, we do not forecast similar levels of net working capital to continue in the fourth quarter of financial year 2014/2015 and expect an increase in working capital due to an increase in production activity and comparatively lower installations.

The increase in the Group's net working capital of €17.6 million from March 31, 2013 to March 31, 2014 was primarily due to lower inflow of advance payments for projects as of March 31, 2014 as compared to March 31 2013, as several large projects were still in progress as of March 31, 2013 and recognized as revenue in the financial year 2013/2014 and a greater percentage of the project portfolio was in the assembly and delivery stage as of March 31, 2014, during which stage we incur significant costs. The Group's net working capital ratio, which is net working capital as a percentage of the prior twelve-month revenues, increased from 12.7% to 16.6% as of March 31, 2013 and 2014, respectively. One of the key reasons for the increase in the net working capital ratio was the manufacturing of WTGs for large projects in Australia and Canada and sourcing several major components from Asia, which had the effect of holding goods on our books for longer than normal thereby increasing inventories for those projects.

The increase in the Group's net working capital of €104.5 million from March 31, 2012 to March 31, 2013 was mainly due to the increase in the number of ongoing projects as of March 31, 2013, which increased the value of net working capital due to increasing accounts receivable as well as a decline in advance payments received due to the Company's strategic decision to reduce focus on the U.S. market. The lack of orders and advances from the United States was one of the main drivers in reducing advance payments from customers, thereby reducing current liabilities and, consequently, expanding the net working capital ratio.

The following table sets forth the days outstanding for the Group's sales, inventories and payables for the periods indicated.

	As of March 31,			As of December 31,	
	2012	2013	2014	2013	2014
	(unaudited) (in days)				
DSO[1]	66	90	109	96	73
DIO[2]	80	49	62	85	69
DPO[3]	74	80	87	89	89

(1) DSO is calculated as trade accounts receivables, gross amount due from customers for contract work and other receivables from related parties as an asset divided by revenues multiplied by 365 days.

(2) DIO is calculated as inventories divided by cost of materials/cost of purchased services multiplied by 365 days.

(3) DPO is calculated as accounts payable and liabilities from related parties divided by cost of materials/cost of purchased service multiplied by 365 days.

For more information on the non-IFRS financial measures included in the table, see "*Presentation of Financial and Other Information—Other Financial Measures*."

Cash flow

The following table sets forth selected information from the Company's consolidated statement of cash flows for the periods indicated.

	Financial year ended March 31,			Nine months ended December 31,	
	2012[1]	2013	2014	2013	2014
	(audited)			(unaudited)	
	(in € million)				
Cash and cash equivalents at the beginning of the period	**311.3**	**264.2**	**231.4**	**231.4**	**268.5**
Cash flow from operating activities	55.0	26.9	110.8	75.1	140.3
Cash flow from investing activities	(76.4)	(50.8)	(65.5)	(47.2)	(59.3)
Cash flow from financing activities	(25.7)	(9.0)	(8.2)	(5.7)	(5.6)
Increase/decrease in cash and cash equivalents	**(47.0)**	**(32.9)**	**37.1**	**22.1**	**75.5**
Cash and cash equivalents at the end of the period	**264.2**	**231.4**	**268.5**	**253.5**	**344.0**

(1) Due to changes in the presentation of equity attributable to shareholders of the parent company and non-controlling interests the prior-year comparative financial information as of March 31, 2012 has been adjusted in the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2013. Therefore, to the extent affected by these adjustments, the consolidated statement of financial position data as of March 31, 2012 are taken from the prior- year comparative financial information of the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2013.

Comparison of the nine months ended December 31, 2014 and December 31, 2013

Cash flow from operating activities

The Group's cash flow from operating activities amounted to € 140.3 million in the first nine months of financial year 2014/2015 compared to €75.1 million in the first nine months of financial year 2013/2014. The increase was mainly due to a higher profit before income taxes and positive contributions from the change in working capital, with the main contributors being shorter payment terms with customers resulting in a decrease in trade accounts receivable and receivables from related parties (as reflected in a reduction in the DSO from 96 days to 73 days) and an

improved processing time in the manufacturing process (as reflected in a decrease in DIO from 85 days to 69 days). Furthermore, greater installation activity in Germany during the second and third quarters of financial year 2014/2015 led to higher cash inflows due the related payment milestones.

Cash flow from investing activities

The Group's cash flow used in investing activities amounted to € 59.3 million in the first nine months of financial year 2014/2015 compared to €47.2 million in the first nine months of financial year 2013/2014. The increase was primarily due to an increase in the Group's cash payments for the purchase of intangible assets from € 16.2 million in the first nine months of financial year 2013/2014 to € 29.7 million in the first nine months of financial year 2014/2015 primarily consisting of investments in R&D relating to expanding the capacity of in-house blade production, including the facility capacity in Portugal, ramping up of our blade production facility in Canada and adding new blade molds.

Cash flow from financing activities

The Group's cash flow used in financing activities as the result of cash repayments of amounts borrowed amounted to €5.6 million in the first nine months of financial year 2014/2015 compared to €5.7 million in the first nine months of financial year 2013/2014.

Comparison of the financial years ended March 31, 2014 and March 31, 2013

Cash flow from operating activities

The Group's cash flow from operating activities amounted to € 110.8 million in the financial year 2013/2014 compared to €26.9 million in the financial year 2012/2013. Lower profit before income taxes was more than offset by lower negative contributions to cash flow from the change in working capital (cash outflow of €107.6 million in the financial year 2012/2013 compared to cash outflow of €19.6 million in the financial year 2013/2014). This was primarily due to constraints on working capital from large projects in the United States, the Netherlands and Italy in the first half of financial year 2012/2013. In addition, income tax paid changed from a cash outflow of €1.0 million in the financial year 2012/2013 to a cash inflow of €6.3 million in the financial year 2013/2014 primarily due to tax assessments for financial years 2010/2011 and 2011/2012 in financial year 2013/2014, as well as reduced tax prepayments for 2013.

Cash flow from investing activities

The Group's cash flow used in investing activities amounted to € 65.5 million in the financial year 2013/2014 compared to €50.8 million in the financial year 2012/2013. The increase was primarily due to an increase in the Group's cash payments for the purchase of property, plant and equipment and other long-term assets from €32.3 million in the financial year 2012/2013 to €43.6 million in the financial year 2013/2014 because of investments related to the Group's production of a new blade.

Cash flow from financing activities

The Group's cash flow used in financing activities as the result of cash repayments of amounts borrowed amounted to €8.2 million in the financial year 2013/2014 compared to €9.0 million in the financial year 2012/2013.

Comparison of the financial years ended March 31, 2013 and March 31, 2012

Cash flow from operating activities

The Group's cash flow from operating activities amounted to € 26.9 million in the financial year 2012/2013 compared to €55.0 million in the financial year 2011/2012. The decrease was primarily due to a lower profit before income taxes. In addition, the Group experienced higher working capital requirements (change in working capital from cash outflow of €48.5 million in the financial year 2011/2012 to cash outflow of €107.6 million in financial year 2012/2013), due principally to large projects in the United States, The Netherlands and Italy in the first half of financial year 2012/2013.

These negative effects were in part offset by a decrease in the Group's interest paid from €21.4 million in the financial year 2011/2012 to €10.2 million in the financial year 2012/2013 and a decrease in the Group's income tax paid from €10.5 million in the financial year 2011/2012 to €1.0 million in the financial year 2012/2013.

Cash flow from investing activities

The Group's cash flow used in investing activities amounted to € 50.8 million in the financial year 2012/2013 compared to €76.4 million in the financial year 2011/2012. The decrease was primarily due to a decrease in the Group's cash payments for the purchase of property, plant and equipment and other long-term assets from €56.4 million in the financial year 2011/2012 to €32.3 million in the financial year 2012/2013 mainly because of investments in the financial year 2011/2012 in the construction of the Group's R&D center in Osterrönfeld (Germany).

Cash flow from financing activities

The Group's cash flow used in financing activities amounted to € 9.0 million in the financial year 2012/2013 compared to €25.7 million in the financial year 2011/2012. The decrease was primarily the result of no dividend distribution in the financial year 2012/2013 compared to a dividend distribution of €13.8 million by the Company in the financial year 2011/2012.

Capital expenditures

Capital expenditures are defined as the Group's cash payments for the purchase of property, plant and equipment and other long-term assets and cash payments for intangible assets. The following table sets forth a calculation of the Group's capital expenditures for the periods indicated.

	Financial year ended March 31,			Nine months ended December 31,	
	2012[1]	2013	2014	2013	2014
	(audited, except where indicated)			(unaudited)	
	(in € million)				
Cash payments for the purchase of property, plant and equipment and other long-term assets	56.4	32.3	43.6	32.0	31.1
Cash payments for intangible assets	18.6	23.0	25.6	16.2	29.7
thereof capitalized R&D costs	*17.6*	*20.5*	*23.4*	*15.1*	*26.0*
Total capital expenditures (unaudited)	**75.0**	**55.3**	**69.2**	**48.2**	**60.8**

(1) Due to changes in the presentation of cash flow from discontinued operations the prior-year comparative financial information for the financial year 2011/2012 has been adjusted in the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2013. Therefore, to the extent affected by these adjustments, the consolidated statement of cash flows data for the financial year 2011/2012 are taken from the prior-year comparative financial information of the Company's audited consolidated financial statements as of and for the financial year ended March 31, 2013.

The Group's growth capital expenditures relate to investments in new activities. Growth investments include all investments necessary to expand the Group's current product range or existing production facilities, or to establish new markets or production facilities. In the financial years 2011/2012 to 2013/2014 and the first nine months of financial year 2014/2015, the Group's growth capital expenditures primarily related to the development of a new 6.2M126/152 offshore WTG, further developments of the MM platform and the 3.XM platform and related production and transportation equipment. The Group expects growth capital expenditures to remain in line with historical levels through financial year 2016/2017.

The Group's maintenance capital expenditures include new assets to replace old assets that reach the end of their useful life or can no longer be used. In the financial years 2011/2012 through 2013/2014 and the first nine months of financial year 2014/2015, the Group's maintenance capital expenditures generally related to investments in IT, human resources services, transport frames, tools, factories and office equipment. The Group's maintenance capital expenditures have remained relatively stable in the financial years 2011/2012 through 2013/2014 and the first nine months of financial year 2014/2015.

As estimated by the Group's management, the Group's maintenance capital expenditures represented approximately one-third of its total annual capital expenditures each year over the last three financial years.

In the first nine months of financial year 2014/2015, the Group had capital expenditures of €60.8 million, compared to €48.2 million in the first nine months of financial year 2013/2014. In the financial year 2013/2014, the Group had capital expenditures of €69.2 million, compared to €55.3 million in the financial year 2012/2013 and €75.0 million in the financial year 2011/2012, respectively.

The Group's capital expenditures on intangible assets primarily relate to capitalized R&D costs and amounted to €29.7 million in the first nine months of financial 2014/2015 compared to €16.2 million in the first nine months of

financial year 2013/2014. In the financial year 2013/2014, the Group's capital expenditures on intangible assets amounted to €25.6 million, compared to €23.0 million in the financial year 2012/2013 and €18.6 million in the financial year 2011/2012.

The following table sets forth details relating to the Group's capitalized R&D costs during the periods indicated.

	Financial year ended March 31,			Nine months ended December 31,	
	2012	2013	2014	2013	2014
	(audited, except where indicated)			(unaudited)	
	(*in € million, except as otherwise indicated*)				
Capitalized R&D costs	17.6	20.5	23.4	15.1	26.0
Total R&D costs (capitalized and expensed)	35.2	42.1	44.9	29.9	39.5
R&D capitalization rate (%) (unaudited)	49.9	48.6	52.2	50.4	65.8

In the first nine months of financial year 2014/2015, the Group had made cash payments for property, plant and equipment and other long-term assets of €31.1 million, compared to €32.0 million in the first nine months of financial year 2013/2014. In the financial year 2013/2014, the Group had made cash payments for property, plant and equipment and other long-term assets of €43.6 million, compared to €32.3 million in the financial year 2012/2013 and €56.4 million in the financial year 2011/2012.

We do not currently have any major committed capital expenditure projects or investments apart from those in the ordinary course of business and our existing R&D projects. In addition, we do not currently foresee vertically integrating our business further, which would require capital expenditures for establishing additional production capacity.

Contractual obligations

The following table sets forth our contractual payment obligations as of December 31, 2014, after giving effect to the Offering. For our historical contractual payment obligations, see the notes to our consolidated financial statements included elsewhere in this offering memorandum.

	As of December 31, 2014			
	Payments due within			
	1 year	1 - 5 years	More than 5 years	Total
	(unaudited) (in € million)			
Obligations from leases and rental contracts	14.6	27.5	31.5	73.6
Notes offered hereby[1]	—	—	400.0	400.0
Financial liabilities[2]	398.3	18.1	0.7	417.0
Total financial liabilities	**412.9**	**45.6**	**432.2**	**890.6**

(1) Does not include interest payments.

(2) Financial liabilities comprises short-term loans and current portion of long-term loans, trade accounts payable, liabilities from related parties, financial derivatives held for trading, financial derivatives classified as hedging instruments, long-term loans and other financial liabilities, and excludes any future interest payments.

In addition to the liabilities shown in the table above, on April 14, 2015, we entered into the Cash Liquidity Facility Agreement, which will provide for a Cash Liquidity Facility of up to €180.0 million. On March 30, 2015, we entered into the Revolving Credit and L/G Facilities Agreement, which will provide for a €125.0 million Revolving Credit Facility and a €825.0 million L/G Facility. The Revolving Credit Facility will not be available until after repayment of the Cash Liquidity Facility. The Cash Liquidity Facility and the L/G Facility will be available on the Issue Date. We expect that substantially all of the Cash Liquidity Facility will be drawn, and that a substantial amount of the L/G Facility will be utilized, on the Issue Date. As of December 31, 2014, the Company had utilized €407.3 million under the Company's existing syndicated guarantee facility, which facility will be replaced by the L/G Facility. See "*Description of Certain Financing Arrangements*" and "*Capitalization.*"

Off-balance sheet arrangements

The Group has no off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

The Group has exposure to currency risk, liquidity risk and interest rate risk. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. For more information concerning market risks, see note 7.2 to the Company's consolidated financial statements as of and for the financial year ended March 31, 2014.

Currency risk

The Group is exposed to foreign exchange rate risk primarily from operating activities where contracts involve a currency other than the euro. The primary risks are in connection with the exchange of the euro to the U.S. dollar, the Canadian dollar, the British pound sterling and the Australian dollar. The Group treasury department records and measures the potential risk from transactions and payments in foreign currencies and applies hedging approaches using forward exchange contracts, currency swaps, currency options and derivatives in order to harmonize global cash flows. The Group does not transact in or hold such contracts for trading or speculative purposes.

Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its financial liabilities as they fall due. Financing for the Group is provided mainly through advanced payments for projects by customers. The Group's liquidity management approach is to continuously monitor payments made and received for these projects. The Group has also utilized various short- and long-term loans, including, following the Transactions, borrowings under the Revolving Credit and L/G Facilities Agreement, to maintain sufficient liquidity.

Interest rate risk

Interest rate risk within the Group is the risk that interest rate changes could result in an increase or decrease in the interest expense for variable-interest rate loans and overdrafts which could negatively affect us. We will not have any cash flow exposure due to interest rate changes on the Notes because they will bear interest at a fixed rate. Indebtedness under the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement will bear interest at a floating rate based on LIBOR or EURIBOR, as applicable, plus a margin. See "*Description of Certain Financing Arrangements—Revolving Credit and L/G Facilities Agreement*" and "*Description of Certain Financing Arrangements—Cash Liquidity Facility Agreement*."

Critical Accounting Estimates

The preparation of the Group's consolidated financial statements requires management to make certain estimates and apply judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Group bases its estimates and judgments on historical experience, current trends and other factors that management believes to be important at the time the financial statements are prepared. Due to the need to make estimates about the effect of matters that are inherently uncertain, materially different amounts could be reported under different conditions or using different assumptions. Management might change the Group's accounting policies from time to time, including in order to comply with new requirements or to potentially adopt policies more in line with other industry participants, so as to allow better comparability. Any change in accounting policies could impact reported results for prior and future periods. Changes in current economic conditions and other events may also have a material impact on the actual figures. Therefore, actual results could differ from Group estimates. Key estimates and assumptions relate to the following.

Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and identifiable intangibles are reviewed for impairment whenever facts and circumstances indicate that the carrying value may not be recoverable.

Annual goodwill impairment testing is performed at the level of the reporting units (cash-generating units) to which goodwill is allocated. The recoverable amount is calculated on the basis of the value in use. Value in use is calculated on the basis of the budget for the next three years. In the financial years 2011/2012, 2012/2013 and 2013/2014, the discount rates of 8.0%, 8.2% and 6.5%, respectively, were calculated using the weighted average cost of capital approach. The beta factor applied in the calculation and the ratio of the fair value of equity to debt were determined by reference to a corresponding peer group. The significant assumption underlying the budget is the projected number of WTGs installed and sold in the respective period. This assumption is based both on the existing order book including

work in progress at the end of the period, as well as forecasted sales. The growth rate used to extrapolate cash flow projections beyond the three year period was 1.0%.

Impairment is recognized for other intangible assets and property, plant and equipment if certain events or developments result in the carrying amount of the asset no longer being covered by the expected proceeds of disposal or the discounted net cash flows from continued use.

No impairment losses were recognized on intangible assets in financial years 2011/2012, 2012/2013 or 2013/2014, as the recoverable amount was greater than the carrying amount of the assets of the reporting units plus the carrying amount of the corresponding goodwill. Impairment losses were recognized on software and other licenses in the first nine months of the financial year 2014/2015. Under property, plant and equipment, impairment losses were recognized on rotor blades for the financial year 2011/2012 and on blade molds in financial years 2012/2013 and 2013/2014. No impairment losses were recognized under property, plant and equipment for the first nine months of the financial year 2014/2015.

Warranty provisions

The Group's warranty provisions amounted to €84.0 million, €107.1 million, €144.4 million and €126.4 million as of March 31, 2012, 2013 and 2014 and December 31, 2014, respectively. Warranty provisions are recognized both for known individual risks and for general risks. Specific technical warranty risks can be individually quantified by comprehensive documentation and are taken into consideration in the form of individual provisions. The economic risk and the level of provisioning are evaluated on an ongoing basis in co-ordination with the technical departments, taking existing risks into account.

Provisions are recognized for general risks on the basis of experience. The system for recognizing general warranty provisions is as follows. For WTGs erected, provisions are recognized for the anticipated actual costs per year of the warranty for the entire contractual warranty period. The actual costs are determined on the basis of past experience and reviewed on an ongoing basis. The accounting for warranties requires us to make assumptions and apply judgments when estimating product failure rates and expected repair costs. Adjustments are made to warranty accruals based on claim data and experience. If actual results are not consistent with the assumptions and judgments used to estimate warranty obligations, because either failure rates or repair costs differ from our assumptions, our resulting change in estimate could be material.

Revenue recognition according to percentage of completion method

Revenues include all revenues from the sale of WTGs, license revenues, electricity revenues and revenues from O&M service contracts.

Revenues from the sale of WTGs include the production, delivery and installation of WTGs. For the related construction contracts, the Group apply the percentage of completion method, which is subject to the prerequisite that a legally effective customer order with specific requirements must exist at the balance sheet date and that both the outcome of the order and the expected total costs can be reliably estimated. In the majority of cases, the percentage of completion is calculated using the cost-to-cost method, under which the fixed contract revenues are compared with the contract costs, with only those costs relating directly to the service rendered taken into account.

In certain cases where a reliable estimate of the full construction contract is not possible, the zero profit method is applied, with no profit margin recognized in calculating the percentage of completion until reliable information becomes available. Customer orders for the production, delivery and installation of WTGs are generally considered to be completed with commissioning of the WTGs or the handing over of the wind farm to the customer, as applicable. As long as no installation is agreed upon, the contract is considered to be completed when the risks and benefits are transferred to the buyer and payment is probable.

Contract costs are monitored by the Group's Controlling department. The forecast costs and the results of project controlling, which are used to determine the percentage of completion and the proportionate contribution margins, are significant assumptions in the measurement of contracts. As these assumptions are subject to uncertainty, the actual contract costs and contribution margins may be higher or lower than forecast when the final project invoice is prepared.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. Given the wide range of international business relationships, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate

future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred taxes result from temporary differences between the carrying amounts in the companies' tax base and the amount recognized in the consolidated financial statements, as well as from tax loss carry forwards. They are calculated using the liability method and the tax rate applicable in the respective countries at the date on which the differences are reversed, to the extent that this is known at the balance sheet date, or using the tax rate at the balance sheet date if a change in the tax rate is not likely.

Deferred taxes on tax loss carry forwards are recognized in the amount of the tax effect of the expected utilizable tax losses of the Group companies. The key factor for determining the value of deferred tax assets is the estimated probability of a reversal of the measurement differences and the usability of the tax loss carry forwards which led to deferred tax assets. This depends on the occurrence of future taxable profit during the periods in which tax measurement differences are reversed and tax loss carry forwards can be utilized. As of December 31, 2014, tax loss carry forwards could be carried forward without restriction in subsequent years in almost all countries where tax loss carry forwards occur. Exceptions include the tax loss carry forwards of Ria Blades S.A., Portugal, which amounted to € 4.4 million as of December 31, 2014 and which were eligible to be carried forward for a limited period of time (2015 / 2016), subject to the Company recording positive earnings.

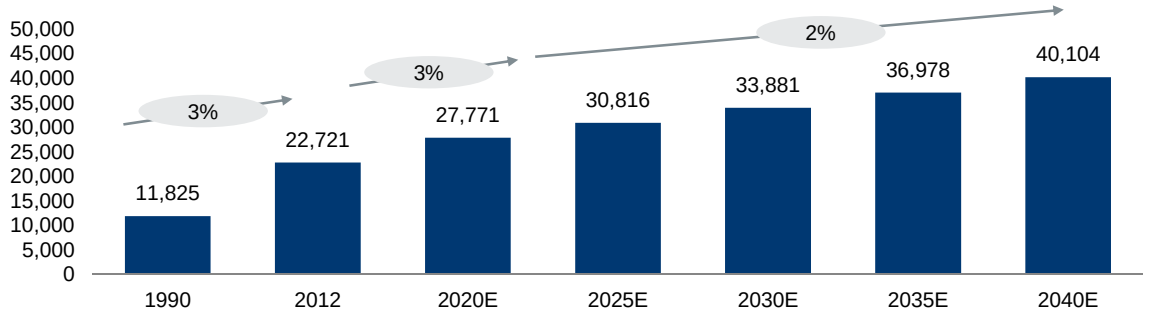
Outlook for Renewable Energy

Historically, electricity demand has consistently increased from 11.8 petawatt ("PW") hours in 1990 to 22.7 PW hours in 2012, representing a 3% CAGR over the period (Source: MAKE Consulting). Electricity demand has been growing even against the background of short term periods of fossil fuel price volatility.

Going forward, overall GDP and industrial growth in developed countries and rapid infrastructure growth in emerging countries are expected to drive overall global energy demand and electricity demand in particular. According to MAKE Consulting, global electricity demand is expected to grow by 3% CAGR from 2012 to 2020 and by 2% CAGR thereafter until 2040, reaching 40.1 PW hours in 2040 compared to 22.7 PW hours in 2012 (Source: MAKE Consulting).

The following graph illustrates, for the periods indicated, the expected growth in global electricity generation:

Global electricity generation (TWh)



Source: MAKE Consulting

Growth in energy generation is expected to be followed by increased CO_2 emissions, which are expected to grow by 20% in 2040 compared to 2012 with energy generation being the largest single source of CO_2 (Source: MAKE Consulting). In response to the CO_2 emissions increase and overall climate change issues, various countries have adopted specific policies to promote "clean energy" (including, among others, solar photovoltaics ("solar PV"), wind, tide/wave and geothermal) and increase the share or renewable energy sources ("RES") in their energy consumption. By 2014, at least 144 countries had renewable energy targets and 138 countries had renewable energy support policies in place, compared to 138 and 127, respectively, in 2013 (Source: Ren21).

The table below shows current RES penetration and RES targets in our core and other selected markets:

Country	Current RES penetration	Target	Change
Germany	25.0% (2013)	35.0% (2020)	+10.0%
United Kingdom	12.0% (2012)	15.0% (2020)	+3.0%
France	16.0% (2012)	23.0% (2020)	+7.0%
Canada	—	No national RES target, 8 provinces have targets totaling 12 GW by 2020	na
Turkey	27.0% (2012)	30.0% (2023)	+3.0%
India[1]	3.0% excluding hydro 14.0% (2012)	15.0% (2020)	+1.0%
Australia	9.6% (2012)	20.0% (2020)	+10.4%

Note:

(1) Large-scale hydro plants above 25 MW are excluded from national shares and targets.

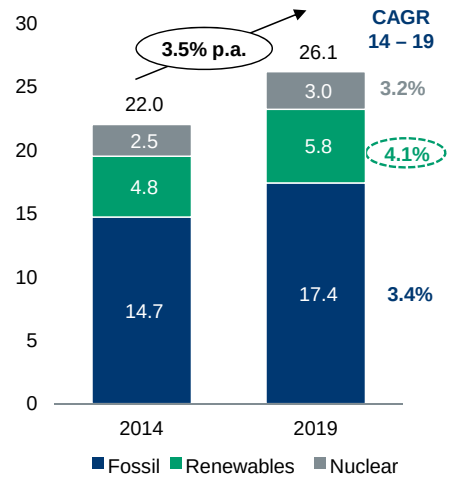
Source: MAKE Consulting, Ren21

Following these initiatives, RES excluding hydro are expected to reach 6.6% of global electricity generation by 2019. Wind energy is expected to continue the trend of outpacing the RES market (expected CAGR 6.9% in 2014-2019), producing over 50% of renewable electricity by 2019 excluding hydro (Source: BMI Research). Growth in wind energy's share of renewable electricity generation is based on a number of advantages it has over other RES such as solar PV, tide/wave, geothermal and bioenergy/biomass. These advantages include its low costs, developed technology, scalability

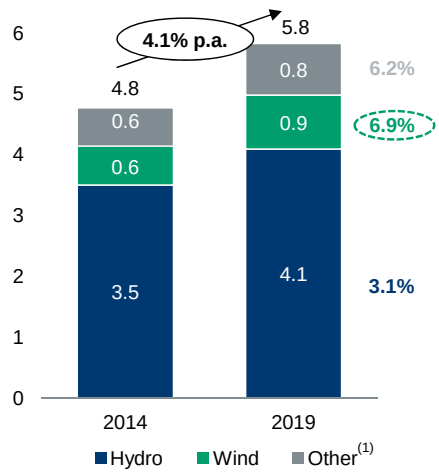
and the broad range of acceptable locations for operation. For example, bioenergy/biomass and tide/wave are often less scalable, while solar PV and geothermal require more selective site locations for operation.

The following graphs depict, for the periods indicated, forecasts of global electricity generation as well as the relative share that various RES may contribute to global electricity generation.

Global electricity generation (PWh) (*)



Global renewable electricity generation (PWh) (*)



(*) Excludes excluding electric power transmission and distribution losses.

(1) Includes geothermal, solar, tide/wave, biomass and waste energy.

Source: BMI Research

General Trends in the Wind Energy Market

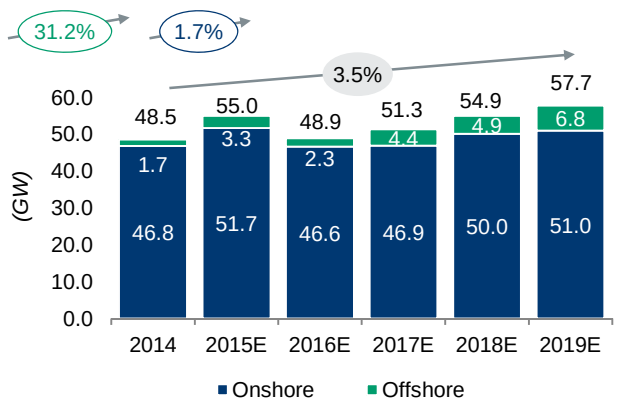
Overview

The wind energy market comprises two key segments: onshore (when a WTG is positioned on land) and offshore (when a WTG is positioned at sea).

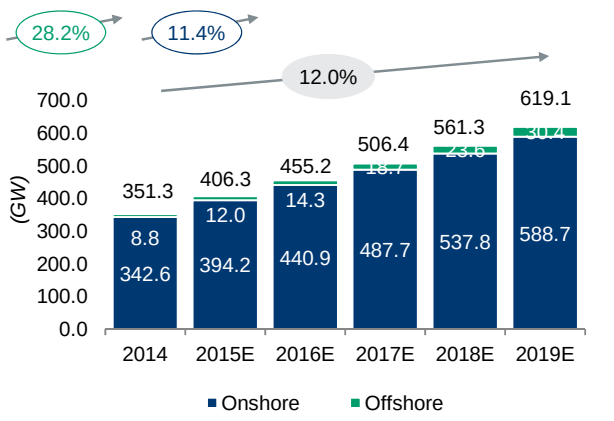
Total installed capacity of wind energy is expected to nearly double from 2014 to 2019, which would lead to wind energy becoming the second largest RES, following hydro energy. The market is expected to grow at 3.5% from 2014 to 2019, with the onshore market growing at 1.7% CAGR and the offshore market growing at 31.2% CAGR (Source: MAKE Consulting).

The following graphs illustrate, for the periods indicated, the expected growth in the global wind energy market.

Total installed capacity



Total cumulative installed capacity



Source: MAKE Consulting

Key growth drivers for the global wind energy market include:

- *Increased electricity demand*: GDP growth is expected to drive global electricity and general energy demand. Global electricity demand is projected to grow at approximately 3% per annum by 2020;

- *Climate change and global warming*: Despite the current low oil price environment, the development of renewables is seen as critical to achieving low carbon emissions. Renewable power and particularly wind energy is more efficient with close to zero CO_2 emissions;

- *Energy security*: National requirements are in place to reduce dependency on conventional and imported energy sources. Wind energy offers a high degree of cost predictability, essential for a stable industrial and consumer market environment as well as to hedge against geopolitical risks on a macro level (local and secured supply). Additionally, wind energy is generally not affected by fuel price volatility; and

- *Cost competitiveness*: Wind energy is both scalable and cost competitive compared to other renewables in many parts of the world. The cost of energy from wind is one of the closest of all renewables to reaching grid parity. Furthermore policy incentives support robust growth in key markets offering stable lifecycle power costs for utilities.

Customer trends

The key customers and wind energy asset owners are independent power producers ("IPP"), utilities and general industrial companies. IPPs accounted for 60% of the global asset base, utilities for 39% and industrials for 1% in 2013. This compares to 67% for IPPs and 31% for utilities in 2012. The increasing share of professional customers within wind farm owners leads to the industrialization of the supply chain and an increased focus on quality and levelized cost of energy ("LCoE") performance through larger WTGs and rotor blades. The wind industry is also becoming increasingly global, shifting its focus to suppliers with a global footprint (Source: MAKE Consulting).

Large utilities and IPPs usually require traditional sources of financing of their suppliers and have stricter qualifying criteria for their wind energy projects (Source: MAKE Consulting). These clients are typically relatively conservative and prefer selected providers with high technological expertise. Customers are interested in WTGs that are able to convert the maximum amounts of wind into power with minimum downtime and at the lowest possible costs. Therefore, the decision making process for key customers is based on the LCoE of a specific project offered by the WTG suppliers. This favors larger market participants with proven track records, leading technologies, a large scale and global footprint, such as our Group. As a result we have strong partnership relations with seven out of the 15 largest wind farm operators (excluding China) such as RWE, EDF, Vattenfall and Enel. However, only nine out of these 15 companies are located outside the United States and/or can be considered to be our target clients, and therefore do not have conflict of interest due to proprietary WTG production.

Technology trends

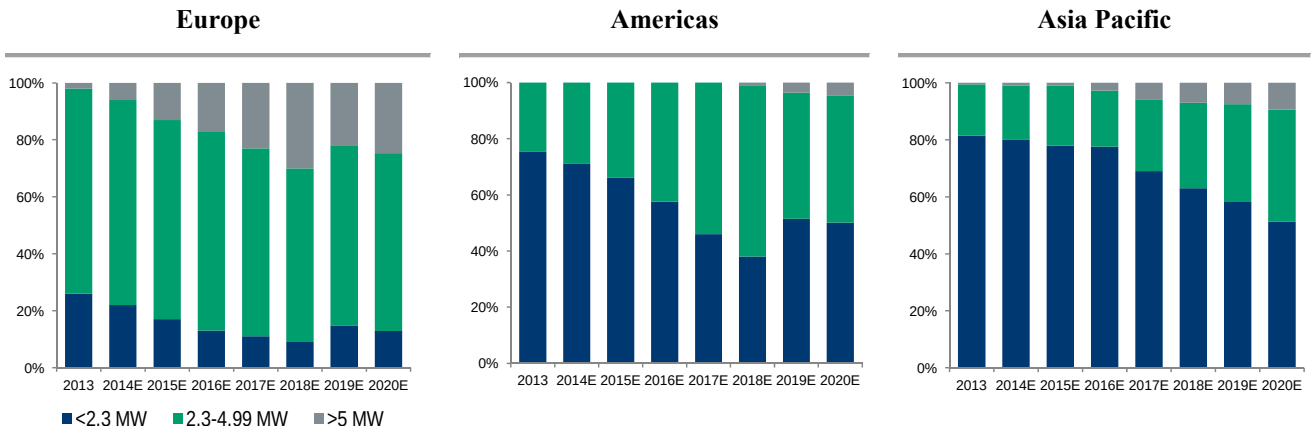
WTG sizes are expected to increase, driven by the customer universe becoming more mature and by the reinforced focus on the performance and development of the offshore market.

In Europe, growth in the offshore market and land scarcity for wind energy development in areas with attractive wind speeds is driving the average WTG MW rating to a higher level than in other global regions. According to MAKE estimates, WTGs with a MW rating of above 2.3 MW are expected to account for 87.1% of total output in Europe by 2020.

The Americas region is expected to heavily utilize the 1-1.79 MW technology. Recently introduced WTGs from leading WTG original equipment manufacturers ("OEMs") are expected to increase the average WTG MW rating to over 2 MW. WTGs above 2.3 MW are expected to account for 49.9% of total output in the Americas by 2020.

In the Asia Pacific region, an increase in the average WTG MW rating is largely driven by growth in the global offshore market. WTGs above 2.3 MW are expected to account for 48.6% of total output in the Asia Pacific region by 2020.

The charts below reflect WTG size development by region.



Source: MAKE Consulting

Given market saturation, especially in the most lucrative medium and high wind speed locations, it is expected that low speed technologies will comprise a higher share of the overall market going forward with key market participants launching new models focused on International Electronic Commission ("IEC") III low wind speed sites.

Repowering

Repowering is the practice of the complete replacement of WTGs with new ones as well as the replacement of specific components in order to improve output and efficiency. Repowering is one of the growth drivers for developed markets with a significant installed base, especially for Germany.

Repowering is driven by the declining rated power of older WTGs as well as the legal eligibility for certain wind farms to repower. A wind farm repowering project needs to meet certain criteria to be eligible for government support. For example, a wind farm installation needs to be of a certain age or there needs to be a planned capacity increase or a planned decrease in the number of WTGs. Qualifying wind farms traditionally receive incentives from regulators, such as tax incentives or additional add-ons to the FITs for the replacement WTGs. Further benefits of repowering include potentially higher annual energy production and lower costs of newer WTG technology, which justifies replacing older WTGs with new models. As repowering often involves the replacement of WTGs with fewer, larger and taller modern WTGs that are quieter, more reliable and better suited for higher wind speeds, repowering benefits our Group's key strength in areas of medium and high wind speed locations.

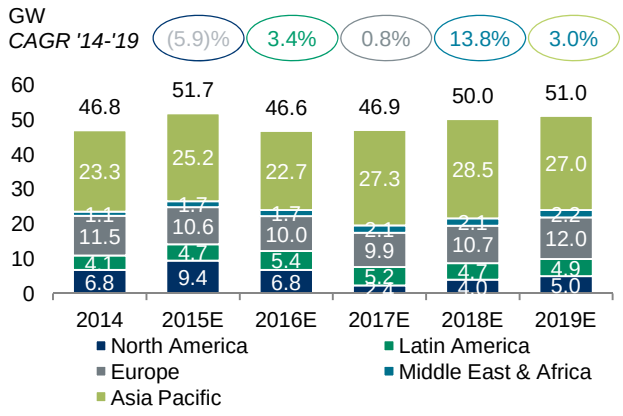
Wind Energy Market Segment Overview

Onshore wind market

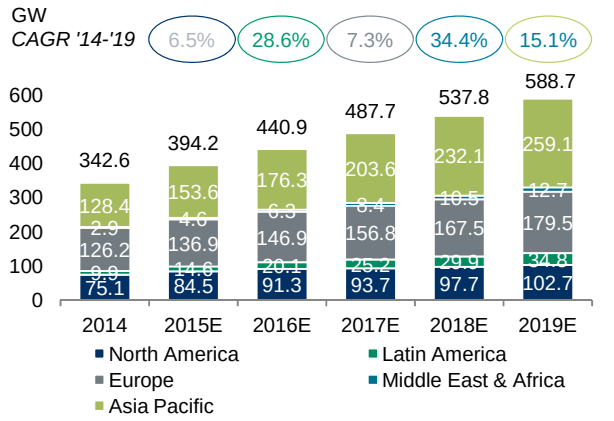
In the coming years, the growth of the global onshore wind market is expected to be driven by countries adopting wind power (e.g., Egypt, Russia and South Africa) and large emerging countries including Brazil and India. Over the same period, the onshore markets in Europe are expected to remain flat compared to levels of installed capacity in 2013/2014 on the back of sustained growth in France, stable development in the UK and a slowing German market (following its strong growth in 2014). In the long term, the global onshore wind market is expected to be dominated by emerging markets. The next five years are expected to represent a period of transformation in the geographical allocation of future global growth in wind energy production.

The following graphs depict, for the periods indicated, the expected growth of the onshore market by geography:

Installed onshore capacity



Cumulative installed onshore capacity



Source: MAKE Consulting

Offshore wind market

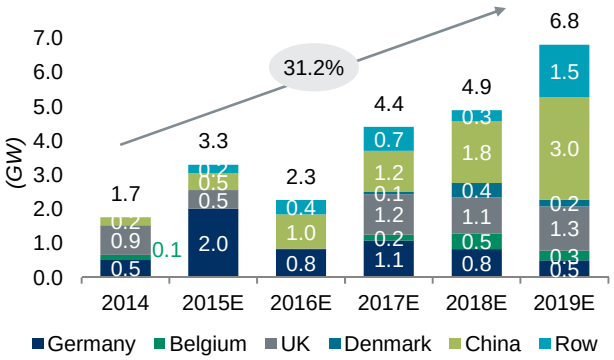
Although MAKE Consulting believes that the growth of the global offshore market will be driven by Asian markets in particular, European markets (especially Germany and the UK) are still expected to contribute significantly to this growth within the next five year period (Source: MAKE Consulting).

Growth of the European offshore market is expected to remain the driver for the global offshore market through 2019. During this period, the European offshore market is expected to grow, in particular, on the back of the new installations in Germany, France, Belgium, the United Kingdom, Denmark and the Netherlands.

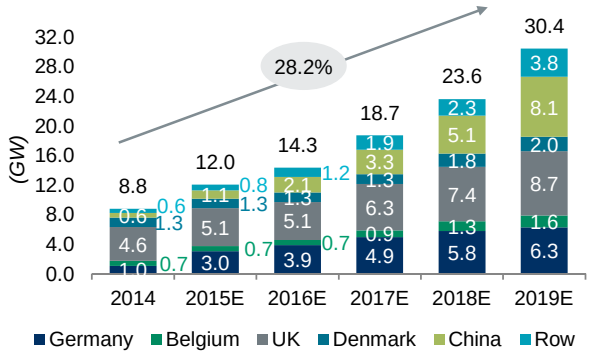
In addition to China, strong offshore growth in Asia is expected to come from South East Asia. Furthermore, the global growth of the offshore market is expected to be fueled by the gradual reduction in production costs associated with offshore wind energy.

The following graph depicts, for the periods indicated, the expected growth of the offshore market by geography and cumulative installed capacity:

Offshore installed capacity



Cumulative installed offshore capacity



Source: MAKE Consulting

Services Overview

The wind service market is dependent on the market for onshore and offshore WTGs. Generally, depending on the WTG life cycle, customers choose between full service contracts and maintenance contracts. While the market entry barriers for full service contracts are high, especially due to financing requirements, markets for maintenance contracts tend to be more competitive. As a result, the full service industry segment differs significantly from the maintenance service industry segment in terms of customer churn rates. Additionally, the maintenance service industry segment is characterized by high competition among small and medium-sized independent service providers and low profitability.

Accordingly, our strategy is to focus on the higher-margin full service industry segment. The following table summarizes the key differences between full service contracts and maintenance contracts:

	Type	
Criteria	**Full service contracts**	**Maintenance contracts**
Duration	2 to 10 years, optional extension	At least 5 years, optional extension
Maintenance	Semi-annual, oil analyses regularly, replacement of operational materials, individual agreements possible and provision of various other services in order to keep the WTGs in operation	Semi-annual, individual agreements possible
Repair work	Scope of delivery, all repairs, including replacement of major components	Optional, depends on scope of delivery
System types	Own WTGs, external systems	Own WTGs, external systems
Online monitoring	24/7 monitoring	Optional, 24/7 monitoring
Technical availability guarantee	95% to 98% technical farm availability (first 2 to 5 years)	No

In addition, the service market for WTGs is characterized by a two phase market structure depending on the lifetime of the respective WTG project. The first phase service market addresses the time after sale until the expiry of any applicable warranties. After the sale of a WTG, the wind farm operator typically signs a service contract with the WTG manufacturer for warranties and availability guarantees for the WTG. This is especially true in situations where the wind farm is project financed, with banks typically expecting manufacturer service contract's to mitigate the risk of technical unavailability. Given these circumstances, there is a strong market entry barrier for any independent service provider. The second phase service market begins once the warranty has expired. Depending on the type of customer, there can be different scenarios: (i) for larger utilities with in-house service capabilities, it may be efficient for them to limit the initial full service contract to the warranty period and use their own maintenance teams thereafter; while (ii) for customers without internal service capabilities, market entry barriers depend on whether the customer requires a full service concept or just a maintenance contract. In situations where the wind farm is project financed by banks, with the financing terms lasting 12-14 years, such banks will expect the wind farm operator to sign a service contract covering both phases of the service market.

Given that in the first phase service market, all types of customers need to enter service contracts, the risk that independent service providers will win customers after the sale of WTGs is relatively limited compared to that in the second phase market. In the second phase market, customers with their own service capabilities may in-source services while customers without full service requirements may award maintenance contracts to independent service providers offering a highly competitive price. Therefore, utilities with their own service capabilities as well as customers who are seeking only maintenance services are expected to have higher churn rates.

Competitive Environment

Competition in the wind energy industry has intensified in recent years as a result of international expansion by existing industry participants and market entry by emerging local competitors, as well as certain large industrial groups through acquisitions. The wind energy industry has undergone extensive globalization and industrialization in recent years. New markets are emerging and WTG manufacturers are taking a global approach to capitalizing on these new opportunities.

Market participants can be broadly divided into three categories:

- *Conglomerates*: Large multinational companies that produce WTGs as one of the parts of their business. Examples include Siemens and GE;

- *Pure-play non-Chinese market participants*: Companies with a single business focus on wind energy. Examples include the Group, Enercon, Gamesa, Nordex, Suzlon and Vestas; and

- *Chinese market participants.* Predominantly local companies often catering to Chinese wind market only. Examples include Goldwind, United Power and Mingyang.

Most of our competitors operate internationally. We do not focus our operations in China and do not consider local Chinese market participants as our direct competitors as their operations are primarily focused in their home country. As one of the truly global market participants in the industry, we have been building a global presence across relevant geographies in order to compete with emerging local and global competitors. We believe this approach will

serve as an important competitive strength in the years to come, as the competitive landscape of the industry matures. We believe that our diversified market presence provides us with certain advantages in terms of hedging market exposure. At the same time we are well established in our core markets where environmental regulation is expected to remain stable in the coming years.

As a result we have been successful in increasing our market share from 4.4% in 2011 to 5.1% in 2014. The significant increase in our global market share in 2013 to 9.6% was largely determined by our geographical focus on the more stable European market against the background of a drop of the U.S. market due to the U.S. Congress' failure to extend tax incentives in time to positively impact the 2013 development of the wind sector. As a result, the U.S. market fell by 92% with less than 1.1 GW installed in 2013 compared to 13.1 GW installed in 2012. Because this situation was, however, expected, companies front-loaded projects in 2012. 2014 was more stable with 4.9 GW installed (Source: GWEC).

The table below shows the evolution of our market share and total market installed capacity by region.

Year	2011	2012	2013	2014
Germany				
Market share (%)	***8.8%***	***10.7%***	***14.8%***	***13.6%***
Market Installed capacity (MW)	***2,046***	***2,410***	***3,242***	***5,263***
United Kingdom				
Market share (%)	***12.4%***	***7.4%***	***13.8%***	***5.2%***
Market Installed capacity (MW)	***1,285***	***2,331***	***2,056***	***1,787***
France				
Market share (%)	***17.3%***	***16.5%***	***18.5%***	***20.4%***
Market Installed capacity (MW)	***928***	***822***	***621***	***963***
Canada				
Market share (%)	***n/a***	***8.4%***	***29.7%***	***11.3%***
Market Installed capacity (MW)	***1,273***	***953***	***1,614***	***1,945***
Australia				
Market share (%)	***n/a***	***n/a***	***n/a***	***19.3%***
Market Installed capacity (MW)	***234***	***358***	***655***	***680***
World[(1)]				
Market share (%)	***4.4%***	***5.5%***	***9.6%***	***5.1%***
Market Installed capacity (MW)	***23,224***	***31,869***	***19,452***	***28,700***

(1) Excluding China

Source: MAKE Consulting

Currently we are a manufacturer of onshore and offshore WTGs with strong positions worldwide with a total installed capacity of approximately 12 GW, which represented approximately 5.1% of the global installed capacity as at December 31, 2014 (excluding China). With a manufacturing capacity of around 3 GW, we produced around 1.6 GW of WTGs during the twelve months ended December 31, 2014. We consistently hold strong positions in our core markets and have a proven track record of increasing our market share. We are a top three player in Germany, holding a 13.6% market share in 2014. In the UK, we held a 5.2% market share in 2014. However our market share in the onshore market of the UK market reached 10.1% in the same year compared to 8.9% in 2011. We also hold a top three position in France and a top five position in Canada with 20.4% and 11.3% of market share respectively. In 2014, we were also ranked third in terms of market share in Australia, with 19.3%.

BUSINESS

Overview

We are a global developer and manufacturer of onshore and offshore WTGs, operating in more than ten countries with approximately 12 GW of cumulative installed capacity worldwide as of December 31, 2014. We are headquartered in Hamburg, Germany and hold a strong competitive position in our core markets of Germany, Canada, France, the UK and Australia. In the twelve months ended December 31, 2014, we generated revenues of €1,981.0 million, Adjusted EBITDA of €172.1 million (8.7% Adjusted EBITDA margin) and our total order book, including O&M service contracts, amounted to €4.6 billion as of December 31, 2014.

We develop, manufacture, assemble, install and market a competitive range of technologically advanced WTGs with rated outputs ranging from 2 to 6.2 MW and rotor diameters ranging from 82 to 152 meters, covering all wind classes in both onshore and offshore markets for a broad base of customers, including seven of the top 15 global wind utility companies (excluding Chinese market participants) such as RWE, EDF, Vattenfall and Enel, large-scale wind farm developers and leading independent producers of renewable power projects. Revenues of our onshore and offshore WTGs comprised 85.6% and 3.9% of our revenues for the twelve months ended December 31, 2014, respectively.

In addition to WTG development, manufacturing, assembly and installation, we have a large service book of O&M service contracts with an average length of approximately 9.6 years as of December 31, 2014, covering WTGs with a total installed capacity of approximately 9 GW. We offer our customers project-specific solutions in the fields of transportation and installation as well as individually tailored service and maintenance options. Our O&M services and other revenues comprised 10.5% of our revenues for the twelve months ended December 31, 2014.

In the wind farm development and operations value chain, we focus primarily on manufacturing and installation as well as the operation and maintenance phase and do not primarily engage in project development or wind farm ownership. Of the components contained in our WTGs, we produce a portion of our blades and nacelles internally and source other components from a broad network of more than 1,150 closely integrated suppliers. Our WTGs and blades are designed in Germany at our R&D center and manufactured and assembled at our production facilities in Germany, Portugal and Canada. During the last twelve months ended December 31, 2014, our production of WTGs amounted to approximately 1.6 GW. As one of the pioneers in the wind industry, we have gained extensive experience from the production and installation of more than 5,850 WTGs as of December 31, 2014. This experience, in combination with our engineering capabilities, has historically enabled us to develop a diverse range of WTG technologies and establish our competitive position in the market. For instance, we were a first mover in developing and successfully installing larger MW rated WTGs, allowing us to significantly expand our market share in our core European markets where demand for 3 MW and larger WTGs has been increasing, partially due to limited land available for wind farms and other environmental constraints.

In addition to our German engineering heritage, we have an established geographical presence and longstanding customer relationships in our other European markets, which together accounted for approximately 76% of our cumulative installed capacity as of December 31, 2014. Over the years we have successfully expanded our operations into North America, Australia and Asia, which accounted for approximately 24% of our cumulative installed capacity as of December 31, 2014.

We have a lean and flexible business model characterized by a high proportion of variable costs, which exceeded 80% our total costs on average for the past three full financial years. Our cost structure allows us to adapt quickly to market dynamics, effectively manage capital commitments and support our cash flow generation in more challenging market environments. We focus our operations on three core activities: WTG assembly, O&M services and WTG R&D. We also have substantial control of mission critical components, such as blades, 32% of which were manufactured in-house during the calendar year ended December 31, 2014, while we externally source other more commodity-like components from a broad range of more than 1,150 suppliers, helping enhance our lean operating business model. We have increased our percentage of in-house blade production over the past several years.

We have a proven track record of solid financial performance, characterized by strong profitability even in years of weaker demand for WTGs when most of the sector experienced substantial operating losses. Over the last five financial years, we have experienced overall positive revenue and Adjusted EBITDA trends. Between the financial year 2011/2012 and the twelve months ended December 31, 2014, our revenues (excluding our U.S. onshore business) grew at a CAGR of 11.6% and, during the same period, our Adjusted EBITDA grew at a CAGR of 6.8%. Our revenue base is diversified due to our geographical diversification in addition to our product split between onshore WTGs, offshore WTGs, and O&M services and other revenues, comprising 85.6%, 3.9% and 10.5%, respectively, of our revenues for the twelve months ended December 31, 2014.

Our Competitive Strengths

We believe that we have a number of core competitive strengths that enable us to compete effectively in our markets, including:

Well-positioned to capitalize on growing demand for energy

The renewable energy market is characterized by favorable long term growth trends. Demand for electricity has increased consistently at a CAGR of approximately 3% over the past two decades, supporting growing electricity prices even in periods of volatile fuel prices (Source: MAKE Consulting). Going forward, electricity demand is expected to continue increasing at a similar rate driven by sustained industrial and household consumption (Source: MAKE Consulting). Despite fossil fuels and nuclear power still representing a large share of global electricity generation today, onshore and offshore wind generated electricity is expected to grow strongly at a CAGR of approximately 6.9% between 2014 and 2019, driven by several factors including: (i) increased awareness of climate change and global warming; (ii) national targets to reduce dependency on conventional or imported energy sources and diversify away from fossil fuels; and (iii) significantly improved relative cost competitiveness.

In order to reduce CO_2 emissions and create a path to sustainable growth, governments in our core markets have set national and international targets for sourcing energy from renewables. These targets are expected to support the sale of our products going forward through a combination of FITs or some form of tax incentives. For instance, the European Union has set targets to increase the share of renewable energy consumption to 20% by 2020. In addition, in 2014, the European Council agreed on new targets for 2030 with the objective of reducing emissions of greenhouse gases by at least 40% from 1990 levels, improving energy efficiency by increasing the share of renewable energy to 27% by 2030. Some countries, such as Germany, have set even more ambitious targets. Other countries outside the European Union, such as Australia, Turkey and India, also have targets, which we believe will strengthen the demand for our products going forward. In these markets we believe the penetration of renewable power generation will increase substantially going forward.

Wind energy has a strong position within renewables due to its proven technology and attractive relative cost compared to alternative forms of energy, with the current average cost of wind energy in certain areas nearing the wholesale price of purchasing power from the grid in a relevant country ("grid parity"). Wind energy (onshore and offshore) is also characterized by low water consumption and is expected to outpace the renewable energy market to become the second largest renewable source globally by 2020, following hydro power (Source: BMI Research). We believe demand for wind energy will be driven by continued new installations as well as, in more developed wind markets, the replacement of older WTGs with more efficient WTGs, a process known as repowering. In addition, we expect declining LCoE to further push WTGs towards grid parity and thereby contribute to sustainable future growth of the industry.

We believe our business model is well-positioned to capture future growth in the wind energy sector, targeting both the onshore and offshore markets. We operate in countries such as Germany, the UK and France, where the regulatory environment and incentive schemes are expected to remain supportive. In addition, because increased demand for WTGs triggers increased demand for WTG-related services, the growth of the WTG product market drives the growth of the WTG service market. As a provider of WTGs and WTG-related services, we therefore benefit from the growth of both WTG market segments. Our business model has already proven that it is capable of capturing growth opportunities. Over the last three financial years, our installed capacity has increased by approximately 5 GW (or 87.7%) to reach approximately 12 GW.

Global market participant with strong market positions in core markets of Europe, Canada and Australia

We are a global developer and manufacturer of onshore and offshore WTGs, operating in more than ten countries with approximately 12 GW of cumulative installed capacity worldwide. Our core markets are Germany, Canada, France, the UK and Australia. In 2014, our market share in our core markets, as measured by annual installations, recorded a significant increase compared to 2011. As of December 31, 2014, our market share as measured by grid- connections in Germany, France, Canada and Australia reached 13.6% (from 8.8% in 2011), 20.4% (from 17.3% in 2011), 11.3% (from 0% in 2011) and 19.3% (from 0% in 2011), respectively. In the UK we held a 5.2% market share (compared to 12.4% in 2011) and we reached 10.1% in the onshore market (compared to 8.9% in 2011) (Source: MAKE Consulting).

In the offshore market, we command a leading position, having installed nearly as many 5 and 6 MW WTGs as all of our competitors combined. Overall, we have been consistently expanding our installed base to reach approximately 12 GW as of December 31, 2014. Our large and growing installed base, the bulk of which is located in developed markets, allows us to establish a profitable and growing services franchise providing a resilient income stream. Our large

installed base and strong customer relationships provide a basis for future WTG sales and services products upselling. Our cumulative installed capacity as of December 31, 2014 by region was 8,774 MW for Europe, 2,088 MW for North America and 755 MW for Australia and Asia combined.

Market position protected by high barriers to entry

We believe our industry is characterized by high barriers to entry, such as (i) the need for substantial R&D investment, (ii) the importance of a proven track record and long standing relationships with customers and (iii) extensive industry know-how and experience, which protects the market position of more established market participants, such as us. Moreover, the nature of the industry has historically led to consolidation of existing market participants. Over the last five years, the top seven market participants, including us, have consistently represented more than 80% of the total market, with respect to installed capacity (excluding Chinese market participants) (Source: MAKE Consulting).

The global manufacturing base and advanced technological capabilities necessary to compete in the WTG industry require significant upfront investment, particularly in R&D, in order to achieve a competitive LCoE reduction and maximum energy production efficiency. We have built up engineering know-how over several decades and continuously develop new products to meet the technical requirements of our customers and geographical markets where we operate. We thus benefit from a significant head start in technological expertise that is difficult for new entrants to catch up with. For instance, over the last six financial years we spent approximately €240 million in R&D, have been granted approximately 260 patent families amounting to over 700 patents and disclosed over 800 inventions.

We have established strong market positions in the core markets in which we operate through continued delivery of reliable, technologically advanced and cost-efficient products. We believe we are one of the best known names in the WTG industry especially for our 3 MW onshore technology, which we first introduced in the market in 2008. In the twelve months ended December 31, 2014, we won more than 235 contracts due in large part to our advanced technology, owned patents and track record of successful delivery over multiple orders. Additionally, technological advancements in the production of wind energy are expected to be gradual due to the maturity of the industry. Generally, product cycles last two to three years and we have an established and well-structured pipeline, including our NES uplift system for our existing WTGs and our new 3.XM platform, which we believe will help us to maintain a solid competitive platform.

Moreover, most of our customers require bank financing to purchase our WTGs. The ability of customers to obtain such financing depends, in part, on the willingness of banks and other financing institutions to provide loans, which in turn depends on the track record of the WTG supplier. We believe that our well-known name and good reputation in the WTG industry provides us with a significant advantage in winning business over new entrants into the market.

In addition to our R&D focus, which protects our technology leadership, we have also implemented various operations that continue to strengthen and prolong our diverse array of customer relationships including measures designed to help ensure on-time delivery of WTG projects and our O&M service offering. These operations, together with our customer-oriented product portfolio, cost-efficiency, innovation, marketing efforts and long-term experience and track record of more than 20 years in onshore and ten years in offshore WTGs, contribute significantly to the increasing loyalty of our customers. These are key reasons why we believe seven out of the top 15 global wind utility companies (excluding Chinese market participants) are our customers. Moreover, our diverse customer base, which includes major international utility customers, such as RWE, EDF, Vattenfall and Enel, also gives us the benefit of having reliable transaction counterparties.

Technology pioneer with strong portfolio of onshore and offshore products

We believe we have a competitive multi-MW product portfolio, which ranges from 2 to 6.15 MW WTGs optimized for different wind speeds and locations. Our onshore product portfolio includes a wide range of WTGs, with nominal power output ranging from 2 to 3.4 MW, rotor diameters ranging from 82 to 122 meters and hub heights of 58.5 to 143 meters. We believe our wide range of products enables us to offer WTGs that are suitable for a particular location's specific wind speeds and climatic conditions, thereby providing our customers with higher energy yields per unit of investment.

We believe we are a front-runner in the development of new WTG technologies, having particular expertise in WTGs for high wind speeds, although our experience extends across all wind classes. Our R&D helps to provide a strong product release pipeline. For example, we built our first 2 MW WTG in 2002, our first 5 MW WTG for offshore in 2006 and our first 3 MW WTG in 2008. In 2013, as a result of our long-term development and operational experience with 2 MW WTGs, we were awarded a contract for 175 WTGs of this series (350 MW combined) in Canada, the largest project in our history thus far. In 2014, we were awarded a contract to install 46 3 MW WTGs in Canada, which included our

new de-icing technology. In addition to our WTGs for high wind speeds, we have developed other models in the 2 and 3 MW range that are optimized for low wind-speed locations. We have already taken significant steps towards the development of a new series of 3 MW WTGs aimed at improving annual energy production, which we believe will strengthen our competitiveness in the market. We also continuously work on upgrading our existing WTGs, such as our new 3.4M114, which generates higher yields compared to the previous version.

In the case of onshore WTGs, we have differentiated ourselves through the development and successful commercialization of WTGs of the 3.XM series, which were first introduced in 2008 in response to demand for higher WTG power output and have since become the flagship of our onshore portfolio. We believe that our experience in developing and successfully installing larger MW-rated WTGs has strengthened our relationships with our customers and improved our competitive position, especially in our core European markets where demand for 3 MW and larger WTGs has been increasing over the past few years due, in part, to limited land available for wind farms and other environmental constraints.

In the case of offshore WTGs, we have set ourselves apart from competitors by developing our 6.XM series. When we launched our 6.2M126 in 2008, it was the most powerful WTG in the industry as measured by nominal output. In 2014, we successfully installed and commissioned the prototype of the 6.2M152, which makes use of a larger rotor diameter, resulting in a 20% rise in energy yields. We command a leading position in the offshore market, having installed nearly as many 5 and 6 MW WTGs as all of our competitors combined. As of December 31, 2014, we had installed approximately 160 WTGs of the 6.XM series.

High revenue and margin visibility from a significant order book and long-term service contracts

As of December 31, 2014, we had an order book of approximately € 4.6 billion, of which approximately €3.1 billion was attributable to WTG sales (in total representing 3.8 GW and equating to approximately two times the revenues achieved by our WTG sales business in the previous twelve months) and approximately €1.5 billion was attributable to our O&M services activities. Our order book for our O&M services activities is composed of contracts with an average life of approximately 8.8 years (for international contracts) to 11 years (for contracts in Germany). According to our reporting policy, we include in our order book only (i) our signed contracts, which are orders received from customers by means of a formal binding agreement that is subject to conditions precedent or is otherwise not fully effective (accounting for approximately €1.9 billion as of December 31, 2014) and (ii) our net firm orders, which are firm orders received from customers by means of a formal binding agreement after all conditions precedent have been fulfilled, less revenues already recognized under the percentage of completion method (approximately €1.2 billion as of December 31, 2014, net of revenues already accounted). We have a proven track record of turning signed contracts into net firm orders. For example, of the signed contracts executed in the financial years 2011/2012, 2012/2013 and 2013/2014 and the nine months ended December 31, 2014, we lost only 5% of such signed contracts during the period (with approximately three percentage points of the losses attributable to two major projects that we consider exceptional). We expect to convert the remaining 95% into net firm orders, having already converted approximately 85% into net firm orders during the period. We believe that our order book provides useful information and visibility of our revenues and results of operations.

Furthermore, the multi-year nature of the O&M service contracts we enter into as part of our growing service business contributes to more stable and predictable cash flows. We usually enter into these contracts at the point of sale of our WTGs. Once their term expires, these O&M service contracts tend to be renewed for an additional period. Over the past three full financial years, around 75% of the contracts set to expire during that period were renewed. Moreover, the after-sale servicing of our WTGs provides us with an opportunity to offer our customers various high-margin up-grade solutions. Our O&M service contracts had an average life of 9.6 years, as of December 31, 2014, and ranged generally from two to 20 years, providing attractive and visible earnings while adding to the barriers to entry facing our potential competition. As of December 31, 2014, we held O&M service contracts for 78% of all of the WTGs that we sold, compared to an average O&M coverage of 60% of WTGs serviced by their original manufacturers in Europe (Source: Make Consulting).

Track record of resilient financial performance

Our business has a successful track record of delivering strong financial results with revenues growth and resilient profitability even in challenging years for the wind energy sector. Over the last five financial years, we have increased our revenue base by approximately €1 billion, entered new markets and further stabilized our business model and operating margins. Our revenue base is well diversified due to our broad geographical presence in more than ten countries globally and our product split between revenues of onshore WTGs, offshore WTGs, and O&M services and other revenues, which comprised 85.6%, 3.9%, and 10.5%, respectively, of the Group's revenues for the last twelve months ended December 31, 2014. Moreover, from the financial year 2011/2012 to the twelve months ended December 31, 2014, our O&M service revenues grew at a CAGR of 28.7%.

We also benefit from a flexible business model with limited vertical integration and a high proportion of variable costs, which helps us protect profitability and preserve cash flow generation in more challenging market dynamics. Our operational efficiency is particularly driven by our lean operating model, which is characterized by a scalable annual production capacity and an effective supply chain based on a well-balanced internal and external sourcing of product components. In the event of increased demand for our products we can swiftly scale up our 3 GW production capacity, for instance, through the introduction of additional work shifts. Our operational efficiency is further supported by a flexible cost structure based on, among other things, a high rate of part-time and outsourced work. Our production is primarily based on assembling externally sourced WTG components, while our production facilities are used for value added and design critical production of blades. Our own blade production capacity amounts to approximately 1.9 GW per annum. Basing our production on the assembly of sourced WTG components provides us with a higher degree of pricing flexibility with respect to our products, enabling us to pass negative effects from a declining market on to our suppliers, which we see as a competitive advantage.

Our business is able to operate with limited maintenance capital expenditures. As estimated by the Group's management, our maintenance capital expenditures represented approximately one third of our total annual capital expenditures each year over the last three full financial years. Our total capital expenditures as a percentage of revenues were 4.5%, 2.5%, 3.8% and 4.4% for the financial years 2011/2012, 2012/2013 and 2013/2014 and for the nine months ended December 31, 2014, respectively. Our R&D and growth capital expenditure programs allow us to react to market requirements and changing market conditions. We are generally able to shift parts of planned expenditures from one year to another without having any material direct impact on our competitive position. Stable margins combined with modest maintenance capital expenditure requirements support our cash flow generation. EBITDA less capital expenditures (including capitalized R&D), was positive over each of the past five full financial years. In addition, over the last three fiscal years, depreciation of property, plant and equipment and amortization of intangible assets (excluding impairment charges and reversals) for the Group averaged 2.0% of revenues, compared to 4.0% for our selected peers. Our ratio of total assets to revenues over the same period was approximately 0.80x, compared to 1.19x for our selected peers.

Strong, experienced and international management team with long-term track record in the wind industry

We benefit from the contribution of a dedicated senior management team with diverse international backgrounds and combined energy and technology industry expertise, with our Executive Board members having an average of more than 20 years of experience. Our management team has a strong track record of executing large scale and technologically complex wind energy projects in multiple jurisdictions. We believe that our management team has accumulated significant experience in adapting internationally recognized wind energy concepts and practices to local conditions in the markets where we operate. Our senior management team seeks to both ensure operational excellence and maintain close relationships with our key customers to ensure the performance of our business. To this end they have led a continuous improvement of our business by capitalizing on organic growth opportunities, pursuing operational efficiencies, continuously managing fixed costs, developing new products and technology with a particular focus on customer service. In addition, in connection with the Transactions, we anticipate that the senior members of our management team will be investing in our business and we anticipate the implementation of a long- term management equity plan that is intended to align management's interests for the sustainable growth and performance of our business.

Our Business Strategy

Based on our key strengths, our strategy focuses on growth in our profitability and is based on the following pillars:

Focus on onshore market leadership and further development of 3 MW platform

To increase our competitiveness, we aim to improve the efficiency, reliability and the usage life of our WTGs. In this regard, we intend to develop and sell WTGs characterized by superior price/performance ratios, as measured by electricity production costs per KWh of produced electricity. We aim to achieve this superiority by (i) increasing rated capacity disproportionately vis- à-vis production costs and/or (ii) decreasing production costs while keeping rated capacity unchanged. In the short term, higher efficiency should be secured by adding performance-increasing features to existing WTGs, such as larger blades, Vortex generators (which are aerodynamic devices attached to rotor blades in order to modify wind flow around the blade and enhance efficiency), higher hub heights on towers, heating units or de-icing systems. In the medium to long term, we plan to develop a new generation of 3.XM WTGs characterized by superior price/performance ratios and expect to commercialize such WTGs over the next two to three years. We have already begun the initial design stage and are finalizing the specifications of such WTGs. We have historically been able to successfully convert our leading R&D capabilities into new successful products sold on the market, as witnessed by our recent launch of the last of three variants of the 3.XM series during financial year 2013/2014 and the 6.2M152 WTG in 2013 with a prototype installed in 2014, and plan to continue to pursue such innovation in the future.

We expect that a further improvement of the existing product platform and release of the new 3.XM platform will lead to further market share gains in our core markets of Germany, Canada, France, the UK and Australia. We also plan to carefully consider expanding or entering certain "satellite" markets, which are characterized by geographical proximity to, or having a regulatory environment or market structure that is similar to, our core markets, in order to capitalize on our existing technology and at the same time minimize regulatory, operational and financial risks. We have already successfully entered certain satellite markets in the past, such as Austria, Belgium, Ireland, the Netherlands and Romania, through successful bidding for significant WTG projects. In addition to satellite markets, we are cautiously considering entering or expanding our market presence in other attractive markets where we believe our 3.XM platform to be particularly suited, such as Turkey, Chile, South Africa and Japan, among others.

Capitalize on strong product and track record in offshore

We believe that the offshore market represents a substantial growth opportunity for us and other WTG developers going forward. In order to capture further growth in the offshore market and capitalize on our experience in this field, we started commercializing the 6.2M152 model, an evolution of our current 6.2M126 offshore model, which we believe was the largest offshore WTG installed as of December 2014. Our offshore technology, which we believe is on par with other leading offshore market participants, has been successful and allowed us to win important offshore projects such as Nordsee One (a 332 MW project consisting of 54 6.2M126 WTGs) and Nordergruende (a 111 MW project consisting of 18 6.2M126 WTGs to be installed over 2016 and 2017 in the North Sea), which were signed during the fourth quarter of the financial year 2014/2015 and are expected to start contributing to our revenues and profitability in the financial year 2015/2016. We believe our 6.2M152 model will be successfully commercialized after the current testing phase and will generate future offshore business. As part of our strategy in offshore, we may explore potentially entering into one or more joint ventures.

Continued expansion of our O&M services business

We intend to continue expanding our O&M services business, which has grown in terms of revenues at an average of 22.7% per annum since the financial year 2009/2010. Our service offering currently includes project-specific solutions in the fields of transportation, installation, condition monitoring implementation and data analysis and WTG tower foundation expansion as well as individually tailored service and maintenance options. Our service offering also implements predictive maintenance measures in order to anticipate problems before they arise and thereby decrease costs. In the coming years, we intend to broaden our service offering and further penetrate our existing customer base, which we believe will positively contribute to our margins and cash flows. We aim to offer services that will further increase the availability and usage life of our installed WTGs and intend to provide our customers with various high-margin upgrade solutions. Primarily, we aim to offer our customers high-margin full and premium service products. In order to capture market share in the secondary WTG services market supported in part by developers and owners conducting their own WTG maintenance, we intend to differentiate ourselves from our competitors by offering more flexible service packages.

Continued focus on operational excellence

We are continuously identifying and implementing a number of measures for efficiency gains. Most recently, in 2014, we launched an operational improvement program called "FOCUS 2015," which is based on the knowledge we gained from prior cost savings programs. FOCUS 2015 optimizes our core functions, including R&D and procurement and sales, as well as support functions such as organizational development. The program is intended to improve our performance in services, reduce direct material costs and operating expenses, sustainably improve product quality and enhance our business' stability by, among other benefits, applying predictive maintenance measures. We keep track of various cost saving milestones and believe FOCUS 2015 has and will improve our gross margins while contributing to our profitability and competitiveness. In the financial year 2013/2014 we generated cost savings of approximately €160 million with program POWER, the predecessor of FOCUS 2015, and we expect to, by taking a similar approach with FOCUS 2015, reach cost savings of approximately €115 million over the course of the full financial year 2014/2015.

Focus on cash flow growth and reduction of leverage

With a new governance framework and an anticipated change in our financial policy, driven by our new shareholder post Acquisition, we aspire to drive the business with a new and more determined focus on free cash flow generation, and stay consistent with our track record of sound and sustainable growth and profitability. We aim to improve our cash conversion going forward in order to reduce our overall leverage. To achieve our goal, we intend to place significant management emphasis on continued cash generation, efficient capital spending and working capital management. We believe that our current production capabilities have the potential to generate additional free cash flows and reduce our net working capital to levels more in line with our peers (whose net working capital levels have averaged approximately (4.5)% of revenue in the last financial year). We intend to achieve this through, among other measures,

supply chain optimization, improved production planning with a built to order and installation focus, more favorable supplier terms and an increase in cash-focused operations. We aim to improve free cash flow driven by a disciplined, return-focused capital expenditure policy and flexible R&D programs to thereby reduce our leverage.

Our History

Senvion SE was founded under the name REpower Systems AG in 2001 as a result of a merger of the companies Jacobs Energie GmbH, BWU-Brandenburgische Wind und Umwelttechnologien GmbH, BWU Anlagenfertigung und service GmbH, Pro+Pro Energiesysteme GmbH & Co. KG, Denker & Wulf AG and Husumer Schiffswerft Windenergie GmbH, all of which were founded in the 1990s. REpower Systems AG was listed on the new market (*Neuer Market*) of the Frankfurt Stock Exchange in 2002. In 2007, the Suzlon Group acquired 33.85% of REpower Systems AG's shares. In 2010, the legal form of REpower Systems AG was changed to a European Company (*Societas Europea*). In 2011, the Suzlon Group acquired 100% of REpower Systems SE's shares and as a consequence the shares of REpower Systems SE were delisted from the Frankfurt Stock Exchange. On January 20, 2014, REpower Systems SE was renamed to Senvion SE.

Our Products

We develop, manufacture, assemble, install and market a competitive range of technologically advanced WTGs, which are devices that transform wind's kinetic energy into mechanical or electrical energy. A WTG is comprised of a set of three rotor blades, a hub, a nacelle and a tower, each of which is described below.

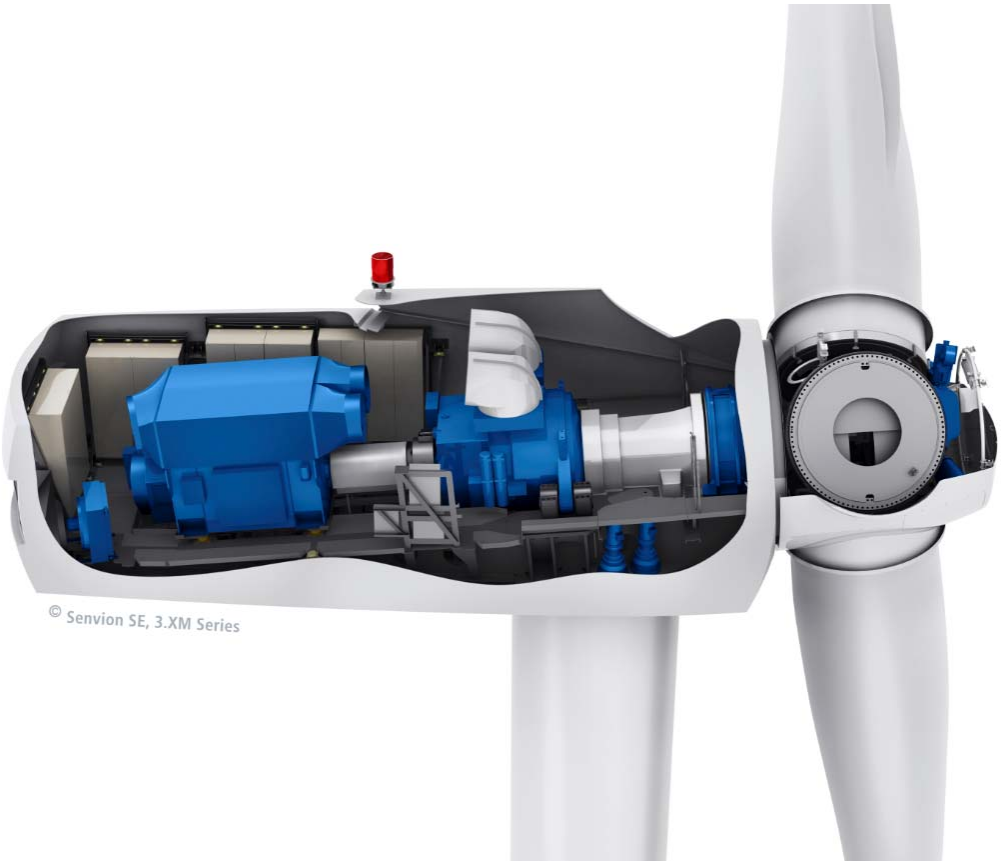
- *Rotor blades.* The rotor blades form the motor of the WTG. The rotor blades collect the wind's kinetic energy and convert it into mechanical energy. The area swept by the rotor blades, their *aerodynamic* profile and the rotational speed are the key factors that determine the power generation capacity of the WTG.

- *Hub.* The hub consists of a hub housing and a pitch system. The blade mount of the hub housing is reinforced to enhance structural strength. The pitch system enables the regulation of the power output/capacity of the WTG, which is achieved by mounting the rotor blades on the hub so that they can be rotated around their longitudinal axis, controlling aerodynamic properties and hence the capacity to capture energy according to the wind conditions. The electronic controls measure the generator's power output and, through pitch regulation, adjust the angle of incidence of the rotor blades accordingly, allowing the WTG to deliver the maximum possible energy output in all wind conditions.

- *Nacelle.* A nacelle is the housing that contains the essential mechanical and electrical parts of the WTG, such as the drive train. The drive train is the unit comprising the rotor shaft, gearbox and generator. The generator placed at the end of the drive train converts the mechanical energy of the rotor blades into electrical power. The WTG's gearbox serves to increase the rotational speed of the rotor to match the optimum speed of the generator.

- *Tower.* A tower is the component upon which the nacelle sits made of steel, concrete or a mix of both. We have developed expertise in designing WTG towers. High loads resulting from wind speed and turbulence intensity, passing through the rotor blades at heights from 59 to 143 meters, are transferred from the drive train and the tower to the foundation. Foundations are designed to transfer the vertical load (dead weight) from towers to the ground. The tower must be constructed to withstand these loads and provide a safe structure for the nacelle and the rotor blades. We offer pure steel towers as well as hybrid towers for higher hub heights of above 100 meters, the latter of which come with a lower section composed of concrete and an upper section composed of steel. Our towers are designed to meet WTG hub height and tip height restrictions in specific markets and, for logistical reasons, come in sections.

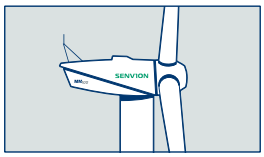
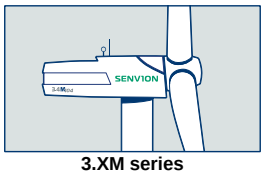
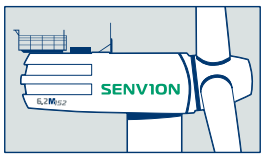
The graphic below shows the components of a WTG.



Our product portfolio

Our product portfolio covers a wide range of onshore and offshore WTGs, with nominal power output from 2 to 6.15 MW and rotor diameters ranging from 82 to 152 meters. We have a long track record of innovation with 15 and ten years of operating experience in the onshore and offshore wind business, respectively.

The table below sets out the types of WTGs that we currently produce. The wind speed class shown in the chart indicates that the WTG is designed to operate in high, medium and/or low wind speeds, which correspond to Classes I, II and III, respectively.

	Type	Variants	Wind class	In portfolio
Onshore	 MM series	MM82	Class I	Since 2003
		MM92	Class I,II	Since 2005
		MM100	Class II,III	Since 2009
	 3.XM series	3.4M104	Class I	Since 2008 – NES[2] uplift in 2015/2016
		3.4M114	Class II	Since 2014 – NES[2] uplift in 2015/2016
		3.2M114VG[(1)]	Class II,III	Since 2014
		3.0M122	Class III	Since 2013 – NES[2] uplift in 2015/2016
		Next 3.XM platform	Class I, II, III	Currently under development
Offshore	 6.XM series	6.2M126	Class I,II	Since 2008
		6.2M152	Class I	Since 2013 (in testing phase, expected 2015/2016)

Technology pioneer with coverage of turbines with an output from 2.0 MW up to 6.2 MW across different wind speeds and locations

Notes:
1 Vortex Generators
2 NES = Next electrical system – Development of NES is necessary to comply with grid requirements

Notes

(1) Vortex Generators

(2) NES = Next electrical system—Development of NES is necessary to comply with grid requirements

Onshore WTGs

Our onshore WTGs are used in a wide range of projects, and are selected for use on a case by case basis depending on a number of factors, including the environment and wind speed characteristics where the WTGs are to be installed and the desired energy output. Most of our onshore WTGs in Europe have tended to be used in smaller projects, ranging from single WTG projects to 30 WTG projects and averaging about five WTGs per project, primarily due to more limited space for wind farms, as compared to larger projects in our other markets, such as Canada and Australia. For example, in 2013, we began construction of 175 MM82 and MM92 WTGs (350 MW combined) for EDF EN Canada in Quebec, which is the largest onshore project in our history. The typical project size for us outside of Europe is around 30-50 WTGs, but we have also completed projects of other sizes, including the project in Quebec mentioned above and two wind farms in Australia.

Our onshore WTGs consist of the MM series and the 3.XM series. We launched our first MM series, the MM70, in 2002, which was followed by the MM82 in 2003, the MM92 in 2005 and the MM100 in 2009. Since 2008, the 3.XM series has been the flagship of our onshore portfolio. In addition to higher energy output, the 3.XM series is designed with higher hub heights. High towers generally provide for better yields from WTGs as the wind is stronger at higher altitudes, especially in forested areas such as Northern Germany and Scandinavia. For hub heights of over 100 meters, we typically use a modular design, which combines a standardized steel tower and prefabricated reinforced concrete segments. We are also considering increasing hub heights to above the current maximum height of 143 meters. We have also used our knowledge and experience to introduce the concept of Vortex generators, which are aerodynamic devices attached to rotor blades used to modify wind flow around the blade and enhance efficiency, in our 3.XM series in order to increase the efficiency of our rotor blades. The 3.XM series WTGs are assembled using optimized logistic practices. For example, the drive train is transported separately.

In addition to our standard MM and 3.XM portfolio described below, we also offer our customers project-specific towers, provide more cost-efficient solutions for specific sites and address administrative requirements such as hub height restrictions.

MM series

Our current MM series consists of the MM82, MM92 and MM100.

- *MM82.* The MM82 model has a nominal power output of 2.05 MW and is specifically designed for high wind speed locations. With hub heights between 59 and 80 meters and a rotor diameter of 82 meters, the MM82 is particularly suitable for locations with height restrictions.

- *MM92.* The MM92 model has a nominal power output of 2.05 MW and is our top-selling WTG model to date. Its hub height of 68 to 100 meters and large rotor diameter of 92.5 meters make it better suited for locations with high to medium wind speeds.

- *MM100.* The MM100 model has a nominal power output of 2.0 MW. With hub heights of 75 to 100 meters and a rotor diameter of 100 meters, it is specifically designed for deployment in medium and low wind speed locations.

As of December 31, 2014, we had installed approximately 3,912 WTGs of the MM series.

3.XM series

Our 3.XM series includes models 3.4M104, 3.4M114, 3.2M114VG and 3.0M122.

- *3.4M104.* The 3.4M104 model has a nominal power output of 3.4 MW, hub heights ranging from 78 meters to 128 meters, a rotor diameter of 104 meters and is designed to operate in high wind speed locations.

- *3.4M114.* The 3.4M114 model has a nominal power output of 3.4 MW, hub heights up to 143 meters, a rotor diameter of 114 meters and is designated to operate in medium wind speed locations.

- *3.2M114(VG).* The 3.2M114 model can be produced with or without Vortex generators, has a nominal power output of 3.17 MW to 3.2 MW, hub heights ranging from 93 to 143 meters, a rotor diameter of 114 meters and is designed to operate in medium and low wind speed locations.

- *3.0M122.* The 3.0M122 model has a nominal power output of 3 MW, has a hub height of 139 meters, a rotor diameter of 122 meters and is designed to operate in low wind speed locations.

As of December 31, 2014, we had installed approximately 512 WTGs of the 3.XM series.

Offshore WTGs

Our offshore WTG portfolio consists of the 6.XM series. We began developing a 5 MW WTG in 2001 in response to the low average rated power output of offshore WTGs at the time. As a result we were the first company to successfully install and connect a 5 MW WTG to the grid. We installed our first offshore 5 MW WTG off the Scottish coast in the wind farm Beatrice in 2006. Building on our experience in 5 MW WTGs, we developed our 6.XM WTGs. We launched the 6.2M126 in 2008, which was the most powerful WTG in the industry by nominal output. In 2014, we successfully installed and commissioned the prototype of the 6.2M152, which makes use of a larger rotor diameter, resulting in a 20% rise in energy yields.

All of our offshore WTGs are installed in Europe. Offshore projects tend to have much longer development cycles than onshore projects, primarily due to more difficult planning and permitting processes and the complications of installing WTGs in water, such as connecting to the grid, long lead times for the installation of substations, underwater cables and the time required to finance projects. The following table sets forth information regarding our installed 6.XM series offshore projects as of December 31, 2014.

Projects[1]	Installed Capacity	Distance from Shores	Depth Range	Period of Construction	Customers
Beatrice (UK)	2x5M (10 MW)	23 km	45 m	2006 - 2007	SSE
Thornton Bank I (Belgium)	6x5M (30 MW)	26 km	18 m - 28 m	2008 - 2009	C-Power
Alpha Ventus (Germany)	6x5M (30 MW)	56 km	33 m - 45 m	2009 - 2010	DOTI
Ormonde (UK)	30x5M (150 MW)	9 km	33 m - 45 m	2011	Vattenfall
Thornton Bank II/III (Belgium)	48x6.2M126 (298 MW)	26 km	12 m - 28 m	2012 - 2013	C-Power
Nordsee Ost (Germany)	48x6.2M126 (298 MW)	57 km	22 m - 25 m	2014	RWE

(1) Does not include Nordsee One, a 332 MW project consisting of 54 6.2M126 WTGs, which forms part of our order intake but has not been installed.

The 6.XM series includes two models, which can be used both on and offshore, the 6.2M126 and 6.2M152.

- *6.2M126.* The 6.2M126 model has a nominal power output of 6.15 MW, a hub height of 85 to 95 meters (offshore) and 100 to 117 meters (onshore) and a rotor diameter of 126 meters. The 6.2M126 model is designed to operate in high and medium wind speed locations.

- *6.2M52.* The recently developed 6.2M152 model has a nominal power output of 6.15 MW, a hub height of 95 to 110 meters (offshore) and 121 to 124 meters (onshore) and a rotor diameter of 152 meters. This new model is designed to operate in high wind speed locations.

As of December 31, 2014, we had installed approximately 160 WTGs of the 6.XM series.

Installed capacity

Taking into account both onshore and offshore WTGs, our total installed capacity was approximately 12 GW worldwide as of December 31, 2014. As of December 31, 2014, the installed capacity of our WTGs was as follows.

Europe		North America		Asia		Australia	
			(in MW)				
Germany	3,620.7	Canada	824.1	China	217.0	Australia	421.2
France	1,706.2	U.S.	1,263.6	Japan	116.8		
UK	1,233.2						
Italy	774,1						
Others	1,440.2						
Total:	8,774.4	**Total:**	2,087.7	**Total:**	333.7	**Total:**	421.2

Performance in extreme climate conditions

Performance of WTGs is highest at temperatures between −20 and 35 degrees Celsius. To achieve the optimal performance of WTGs in any location, we have developed innovative solutions, such as hot and cold climate variants and options, which are designed to allow our WTGs to deliver high performance in extreme climate conditions. For locations in hot climates, such as Australia, we equip certain of our WTGs with a special cooling technology (marketed as "hot climate options" or "HCOs") to secure strong performance up to 40 degrees Celsius. For locations in cold climates, such as Canada, we are able to equip our WTGs with additional heating units and have specifically developed components for these regions, which we market as "cold climate versions" or "CCVs."

Product certification

Our WTGs are designed to meet the standards set by independent international agencies such as Det Norske Veritas and Germanischer Lloyd (which merged into one organization in 2013, "DNV GL"), one of the leading certification bodies in our industry. In connection with the Offering, DNV GL AS is expected to issue a second-party opinion regarding the suitability of the Notes as an investment in connection with certain environmental and sustainability criteria. See "*Use of Proceeds*." Once we complete a WTG design, it is usually presented for type approval and certification in accordance with DNV GL's Certification of Wind Energy Conversion Systems. The rotor blades also undergo extensive static and fatigue tests conducted by blade testing centers. Based on our experience, the type approval and certification process typically takes between nine to 15 months. During the type approval and certification process, WTG design, prototype performance and systems are independently assessed and verified, which assists in providing assurance to customers regarding the design, performance and safety of our WTGs. In addition, our manufacturing processes and individual production facilities are subject to certification by DNV GL. Banks and other financial institutions often require site-specific certification for the WTGs that our customers propose to acquire to provide financing for their purchases.

Product warranties

We provide our customers with various types of warranties based on legal and customer requirements in different markets. For example, our warranties ensure that the product is free from defects in materials and workmanship and will perform as designed. The length of warranties we sell is normally limited to two years after delivery to the customer. Our warranties are usually backed by O&M service contracts under which we service the WTGs for a longer period than the length of the warranty.

Services

Overview

In addition to the development, production and sale of WTGs, we offer the following services: (i) installation and commissioning of WTGs, (ii) integrated services, (iii) logistics services and (iv) O&M services. The installation and commissioning of WTGs, integrated services and logistics services are accounted for in the sales of our WTGs, as these services are provided pursuant to our WTG supply agreements.

Installation and commissioning of WTGs

We provide services for the installation and commissioning of WTGs. For installation services, which include coordinating the logistics of creating foundations for WTGs installations, we work with our own teams or outsource the installation projects to selected suppliers who are specially trained by us for this work. Moreover, some customers also buy WTGs from us and perform their own installations. During the nine months ended December 31, 2014, we installed 560 WTGs, of which 536 were installed by our own installation teams or were subcontracted and 24 were installed by our customers. We use our own employees for commissioning of WTGs, which consists of activating the WTGs after their successful installation.

Integrated services

Our integrated services involve the evaluation of potential locations and configurations of wind farms and WTGs, the construction of the necessary infrastructure to support such wind farms and the planning and connection of such wind farms and WTGs to local electricity grids. Integrated services can also include electrical and civil services, including building of substations, transmission lines and additional wind farm infrastructure. These services are outlined and agreed upon in either WTG supply and commission contracts or dealt with separately in engineering, procurement and construction contracts. During the planning phase of wind farms, we offer the necessary support to help our customers analyze both the potential benefits and risks of any given location. For instance, we identify location-specific hazards, analyze wind conditions and address local restrictions regarding sound emissions and shadow casting. These tests serve as a basis to help optimize the layout of wind farms, choose the appropriate WTGs, achieve the highest possible energy yields and maximize the lifespan of WTGs. By using an advanced airflow simulation of the wind data, we are able to forecast the wind conditions and calculate the loads that will affect the WTGs over a span of 20 years.

Our services also include micrositing, which involves the identification (through the use of sophisticated computer models) of the exact locations where a WTG will be installed, taking into consideration, among others, the distance requirements between two WTGs. Micrositing helps maximize land utilization at each suitable site and assists in optimizing power generation.

As to grid connection planning, we believe we have expertise in specific rules and requirements of the key energy markets and power grids worldwide. In addition, we conduct the infrastructure and approval process necessary for connecting WTGs to the power grid internally. We also maintain a grid- connection management system, which helps keep the WTGs stable by automatically adjusting the effective power of the WTGs in light of voltage fluctuations.

Operation and maintenance services

Our O&M services include around-the-clock remote monitoring and maintenance and repair of WTGs. As of December 31, 2014, we held O&M service contracts on 78% (approximately 9 GW) of all WTGs we have sold over time. As O&M services can help to increase electricity production availability and reliability of installed WTGs (in the case of onshore WTGs, we are able to maintain consistent availability approximately 97% of the time), customers are usually willing to enter into O&M service contracts at the point of sale of our WTGs. Once their term expires, these initial O&M service contracts tend to be renewed for an additional period. As of December 31, 2014, our contract renewal rate was more than 75%. As a result, our service revenues have been growing each year over the past five years on the back of growing annual installations averaging more than 1.4 GW per year over that period, helping to generate stable cash flows. During the twelve months ended December 31, 2014, we generated revenues of €185.4 million from our O&M services, which represented 9.4% of our total revenues over this period. From the financial year 2009/2010 through the financial year 2013/2014, our service revenues grew at a CAGR of 25.7% to €174.0 million. In addition, our O&M service business generated higher profit margins over the past three full financial years compared to the profit margins we achieved from the sale of WTGs.

In addition to standardized maintenance contracts, which represented approximately 5.1% of our total service revenues as of December 31, 2014, we offer customized services reflecting specific needs and preferred operating models of our individual customers. Our premium “Integrated Service Package” or “ISP,” which accounted for approximately

89.2% of total service revenues as of December 31, 2014, provides a complete O&M service, including the provision of all spare parts and labor necessary for maintaining the operational performance of a wind farm. We offer our ISP in two to 20-year contracts (with an average length of 9.6 years as of December 31, 2014) and an additional renewable option, which typically covers the entire usage life of a wind farm. Under ISP contracts, we guarantee either a certain degree of availability or an energy yield of our installed WTGs. More sophisticated customers, who may wish to carry out some activities themselves, can select individual functions and, if necessary, sub-contract more difficult tasks to us, rather than choosing a full ISP. Revenues from these customized ISP contracts represented approximately 2.5% of our total service revenues as of December 31, 2014, with sales of spare parts, training and other activities accounting for the remainder.

All WTGs are remotely monitored by our Supervisory Control and Data Acquisition ("SCADA") system, which operates 24 hours a day, 365 days a year. In up to approximately 70% of cases, faults identified by the system can be diagnosed and rectified remotely within hours of the failure without the need for technicians to visit the site. Where remote remedial action is not possible, we mobilize our local service team.

The majority of our onshore wind farms are located within a two hours' drive from the nearest service center. Local technicians work closely with the wind farm owner, and are familiar with local health and safety procedures. A stock of key commonly used components is maintained in local service centers. In addition, the majority of components that are not stored locally can typically be made available on site within 24 hours from our central warehouse in Husum in Northern Germany. North America and Australia have their own warehouse facilities. We have implemented a hierarchical operating-performance reporting procedure, according to which any WTG identified by the SCADA system as being non-operational for a period exceeding 72 hours is notified to our chief technology officer. Offshore O&M requires special knowledge and experience, as the WTGs that can be accessed depends on weather and sea conditions. We put our offshore technicians through special training, including, for example, rappelling from helicopters. In addition, offshore O&M requires detailed forward planning and condition monitoring to anticipate external factors that affect accessibility for maintenance and repair.

In addition, following the installation and through the usage life of our WTGs, we offer our customers various service upgrade options.

Logistics

Delivery of WTGs represents a considerable logistical challenge due to the dimensions and weight of WTG assemblies, particularly in the case of our 3.XM and 6.XM series WTGs, each of which require assembly on site. We offer customers transportation of our WTGs from our production facilities to the place of their installation. We are able to deliver our WTGs to virtually any location, including to offshore locations which are at distances of more than 50 km from shores and in water depths of more than 40 meters. The logistics services for our customers are sub-contracted to third parties.

Research and Development

R&D of market-competitive WTGs forms a core part of our business. Our R&D focuses on improvements in the efficiency and power of our WTGs, by lowering the LCoE of our WTG models, and the reliability of our current and future WTG portfolio. Our research facilities, with a headcount of approximately 320 employees (including external consultants as necessary), are all located in Germany.

Specifically, we have undertaken investments in the following areas of research: (i) aerodynamic performance enhancements (for low wind speed areas and high wind speed areas); (ii) development of WTG variants for local markets (including technologies for optimal performance in extreme climate conditions); (iii) increasing reliability of rotor blades and other parts and automated operations; (iv) development of advanced tower structures; (v) technological solutions related to grid connectivity; and (vi) continued initiatives on innovation projects.

Our R&D efforts result in a strong product release pipeline. In 2014, we completed the installation of the prototype of the 6.2M152 WTG, the most efficient WTG of the 6.XM series, in an onshore location in Germany. As a result of an increase in the rotor size (from 126 meters to 152 meters), the power capacity/output of this WTG model should be approximately 21% higher compared to the WTG model 6.2M126 (we are currently testing this prototype to verify this estimate, but from our experience with other WTGs the difference between our estimates and the actual test results is usually less than 1%). We are also developing new WTG models based on the platform of our 3.XM series, and we expect to start commercialization of these new products in two to three years. Our current product release plan also anticipates the release of our NES uplift system during the course of the next financial year along with other additions to our 3.XM and 2.XM platforms.

Considering our early pioneering work and field experience in WTG technologies, we are well positioned to respond promptly to future trends in the WTG industry and capture future business opportunities in our core as well as new markets, which could include the development of larger WTGs.

Intellectual Property Rights and Technical Know-How

We believe that securing patent and other intellectual property protection in respect to our technology is important to our business and that our future performance will depend in part on our ability to obtain and maintain patents and other intellectual property rights, to maintain confidential information and trade secrets and to avoid infringing third party intellectual property rights. We protect our technology through a combination of intellectual property rights, such as patents and trademarks, and putting in place procedures to guard the security of confidential information.

As of December 31, 2014, our intellectual property portfolio included over 1,300 invention disclosure rights, including more than 700 patents from 260 patent families. We also have a number of protected trademarks. Our patent portfolio covers all components of the WTGs, including rotor blade designs and materials, tower design and foundation, power converters and grid connection capabilities, gearbox, drive train and generator apparatuses and nacelle-based control and feedback mechanisms.

To protect our intellectual property rights and technical know-how, our employment contracts, particularly those with employees who have special technical knowledge about our WTGs or our business, contain a general confidentiality undertaking. In addition, for employees involved in R&D, the confidentiality undertaking extends for a specified period following the termination of employment. We also require suppliers of key components to enter into non-disclosure arrangements to limit access to and distribution of our proprietary and confidential information. We also have a number of patent license agreements and non-assertion agreements providing for non- exclusive, royalty-free and perpetual licenses or non-assertion covenants relating to patents owned by us or third parties.

As of the date of this offering memorandum, we are not involved in any disputes, nor are we aware of any other pending or threatened action against us, relating to intellectual property.

In 2014, the Company introduced its new name Senvion SE, as it did not own trademark rights to its former name REpower Systems.

Supply Chain Management

Overview

Our supply chain is based on a strategic mixture of in-house production and sourcing from third parties. The in-house production mainly comprises the assembly of nacelles and hubs, as well as our rotor blade production. Our nacelle and hub factories are located in Germany and Portugal. To serve our core markets in Europe we produce our own rotor blades in factories located in Germany and Portugal and to comply with local content expectations we have set up a rotor blade factory in Ontario, Canada. However, we also source rotor blades from third parties, following our lean business model strategy based on a reasonable balance between internal and external sourcing of production components. We believe that this reasonable balancing approach provides us with a competitive advantage, as the wind energy supply chain continues to be affected by overcapacities in most strategic WTG components, while also protecting us from component shortages when the market grows.

We source additional key components, including towers, generators and gearboxes, from third parties, and we believe that we have established a strong supplier base. Our suppliers are capable of complying with our technical requirements and quality standards. To help ensure favorable commercial terms and required supply capacity, we and our strategic suppliers have entered into framework supply agreements. As part of our supply chain risk management, we and our quality agents regularly conduct audits of our suppliers and maintain research and design control over third party production of key WTG components.

To reduce dependency and protect ourselves from delivery interruptions, a dual or multiple sourcing strategy has been adopted as one of the guiding principles of our supply chain management. The supplier selection criteria particularly focuses on the quality, price and technological advancement of the supplied components. Timing and size of our supply orders are, to a great extent, driven by requirements of specific projects. To avoid long-term purchase commitments to specific volumes, we only proportionally allocate the end-specifications, such as the total installed capacity, under our main project contract among our suppliers. Most of our supply agreements do not exceed one-year terms.

A key objective of our supply chain is to reduce the production costs of our WTGs. To support a competitive positioning of our products in the market, we have successfully executed various cost reduction initiatives over the past two years. See "*—Cost savings programs.*"

Some suppliers include price escalation clauses in their supply contracts. Where possible, price increases are passed on through price escalation clauses in purchase agreements with customers. However, we are not fully protected from price increases in key inputs. See "*Risk Factors—Risks Related to Our Business—We are subject to the risk of additional costs because of an increase in the prices of components and materials.*"

In-house production facilities

We have established in-house production of rotor blades and nacelles and are therefore less dependent on third party suppliers for these vital WTG components. To utilize free capacity at our blade production facilities in Germany and Portugal, we have increased our share of in-house production for our European projects. We continue to source some of our blades from third parties because logistic costs are an important factor influencing the price of blades. Based on the location of a project, specific suppliers may be able to provide lower costs and it may, therefore, be more cost efficient for us to source the blades from such third parties instead of from our in-house production facilities. Furthermore, we also use one blade type in certain of our WTGs that we do not produce and only source externally.

The following tables set out information regarding our existing production facilities and the installed capacity of each of these facilities as of December 31, 2014.

Nacelles / Hubs Production

Location	Established	Type of WTG	Capacity (MW per annum)	Ownership
Husum (Germany) (14 ksqm)	1988	MM-Series	1,000	100%
Trampe (Germany) (12 ksqm)	1998	3.XM or MM	800	100%
Bremerhaven (Germany) (15 ksqm)	2008	3.XM & 6.XM	900	100%
Oliveira de Frades (Portugal) (11 ksqm)	2008	MM-Series	300	100%
Total nacelles / hubs (in MW):			**3,000**	

Blade Production

Location	Established	Type of Blades	Capacity (MW per annum)	Ownership
Bremerhaven (Germany) (22 ksqm)	2008	RE 61	150	100%
Vagos (Portugal) (50 ksqm)	2011	RE 40/45/51/55/59	1,600	100%
Welland, Ontario (Canada) (30 kswm)	2013	RE 45	120	100%
Total blades (in MW):			**1,870**	

Third party key component procurement

We source nacelles/hub components, blades and towers from third party suppliers in Europe, Asia, Australia and North America as follows.

- *Rotor Blades:* The largest third party supplier for rotor blades is LM Wind Power. LM Wind Power supplies rotor blades from various locations in Europe, Asia and North America.

- *Gearboxes:* Gearboxes are supplied by, among others, Eickoff GmbH and ZF Wind Power Antwerpen NV.

- *Converters/Generators:* Our electrical system is built up on partial converters that are sourced exclusively from GE Woodward, and our generators are exclusively supplied by VEM. As from early 2015, we plan to introduce the Next Electrical System ("NES") for our 3.XM series WTGs and implement a dual sourcing strategy as well.

- *Blade and Yaw Bearings:* Blade and yaw bearings are purchased from IMO Momentenlager GmbH, Liebherr and Thyssen Krupp Rothe Erde.

- *Towers:* Given their physical dimensions, the costs of towers are highly dependent on logistical costs. Thus, we have established a global supplier base that is in many cases located close to our core markets. For Central European projects, tower suppliers include Ambau and Reuther. Our projects in France, UK and Canada are supplied by, among others, Franceole, Mabey Bridge and Marmen, respectively. Concrete sections for our hybrid towers are sourced from Max Bögl Wind AG in Germany.

We benefit from a diversified base of more than 1,150 suppliers with our top ten suppliers accounting for only approximately 33% of our total costs for the twelve months ended December 31, 2014.

Cost savings programs

In 2013, we implemented an efficiency enhancement program called "POWER" in order to reduce inefficiencies and standardize duplicative functions. POWER implemented a new operating model leading to more centralized and streamlined decision-making processes, defined 17 areas of focus as income statement drivers and cost reduction sources, with procurement, human resources and operating expenditures being the largest in terms of their impacts on profitability, and optimized our human resources resulting in approximately 500 employees mutually agreeing to leave us. Although we initially budgeted cost savings of approximately €100 million from POWER, we finally achieved total cost savings of approximately €160 million in the financial year 2013/2014. Due to POWER, we believe we have become a more agile and competitive organization.

In 2014, we launched an operational improvement program called "FOCUS 2015" in order to prepare for potential price declines, fixed cost increases and uncertainty of the offshore market. FOCUS 2015 is intended to improve revenues in sales and service, reduce direct material costs, sustainably improve product quality and optimize processes. In order to achieve this, we identified 13 areas of focus with individual monetary and non-monetary targets. The areas comprise the entire value chain, from core functions, such as R&D, procurement, and sales to supporting functions, such as organizational development and operating expenditures.

Quality management certification

Pursuant to internal policies, all our design and production facilities, and each of our O&M services, have either been certified as ISO 9001:2008 by DNV GL or are in the process of being certified according to this standard.

Sales and Marketing

Our sales effort is project-specific and principally driven by our ability to offer WTGs achieving a superior price/performance ratio, as measured by electricity production costs per KWh produced in a particular wind farm location. We rely on our wide range product portfolio, which enables us to be competitive in both low and high wind speed locations, as well as offshore areas and regions with extreme climates. Although we do not develop site-specific WTGs, we are able to develop and produce site-specific WTG towers. For example, high towers tend to be used more often in markets with a higher density of forested areas such as Northern Germany and Scandinavia. To meet the specific needs of a Scandinavian market, we are in the process of developing a new steel tower with a hub height of 119 meters, which is our first steel construction of a WTG tower above 100 meters. Other aspects supporting the successful marketing of our products include product quality (including components), the usage life of our products, timely on-site delivery, terms of warranty and national grid compatibility/connectivity of our WTGs as well as quality and availability of our post-sales services. To increase our chances in project bids, we also aim to satisfy other market-specific conditions. Our wide range product portfolio has helped us to retain our strong market presence in Europe and build up our market presence in Australia and Canada.

Our volume-driven marketing strategy focuses on our core markets of Germany, Canada, France, the UK and Australia. Building on our strong presence in our core markets, we have entered certain "satellite" markets, such as Austria, Belgium, Ireland, the Netherlands and Romania. We rely on our existing production, storage and service facilities located in our core markets to expand in our satellite markets, which are characterized by geographical proximity to or market- structure similarity with our core markets. Our activities in the satellite markets also benefit from the centralized procurement of WTG components and third party logistics services, as well as other economies of scale related to the production and installation of our WTGs.

We conduct sales and marketing through our local teams operating in our target markets. Our onshore sales organization is divided into seven hubs and each hub covers a number of countries. The sales team for offshore and service businesses is managed globally from the head office in Hamburg (Germany). Our local sales teams inform us on a regular basis about market opportunities, market trends and local market regulation and conditions in markets they cover. Subsequently, we evaluate our possible participation in projects brought to our attention. Such evaluation process is standardized and subject to the board approval if the project requires a financing commitment above a certain threshold.

The following table shows the overview of our distribution network as of December 31, 2014.

	Onshore							Offshore
Hub	Americas	EU North	EU Central	EU South West	EU South East	Asia & Australia	New Markets	Offshore

Regional Headquarters	Canada	UK	Germany	France	Italy	Australia	Germany	Germany
Local Sales Office	U.S.	The Netherlands	Poland	Portugal	Turkey		Sweden	UK
Limited/No Local Sales Presence		Ireland	Austria	Belgium	Romania	Japan	India South Africa Finland Norway Brazil Mexico Chile	France

Our Customers

In the financial year 2013/2014, with respect to contracts signed during that period, our top ten customers for WTG products and services included Denker&Wulf AG, EDF, Mitsui, Bürgerwindpark Simonsfeld AG, Zero Emission Energy Developments Inc (Vancover), SSE, RWE, Valorem, ImWind Elements GmbH and Abo Wind. In the same period, the revenues generated from our top ten customers accounted approximately for 37% of our total revenues. We have long-standing relationships with the following customers: (i) utilities: EDF, Meridian, C-Power, Mitsui&Co., RWE, E.ON, Enel, GDF, EnBw, EVN, Essent and Vattenfall; (ii) large-scale wind farm developers: RES, Simonsfeld AG, EnergieKontor, juwi, ABO Wind, WSB, WES energy, Denkers & Wulf AG and InfraRed Capital Partners; and (iii) independent producers of renewable energy: Infinis, Valorem, Eurowatt, RAG, naturstrom, BayWa, MVV Energie and Enertrag.

Our agreements with customers generally operate in phases with additional payment advances for each stage. Additionally, the agreements provide for liquidated damages to be paid to customers if the project is not completed within schedule.

In the past, we demonstrated strong capabilities to successfully enter new markets. For example, we started operating in Canada in 2007, opening a representation/sales office in Quebec. To satisfy local content expectations and support our growing local activities, we opened our first North American blade production facility in Ontario in 2014. In an effort to develop a product suitable for Canadian climate conditions, we began testing a special cold climate version of our MM92 WTGs in 2009, which has been successfully commercialized in Canada since 2011. As of December 31, 2014, we had installed WTGs with a total capacity of more than 820 MW across Canada. In 2014, we completed the first phase of our largest onshore project in our history, Riviere-du Moulin wind farm (with a total capacity of 350 MW) commissioned by EDF EN, and signed a contract for a new 150 MW project in Quebec. In addition, we successfully launched WTGs of our 3.XM series in North America as well as continued in R&D activities specific for the Canadian market (testing of our first de-icing system). In Canada, our customers receive support for all project stages from our local engineers and project managers, and also from our local service team after project completion. We expect that successful completion of projects for top customers, such as Pacific Hydro, Origin, Meridian and Mitsui, will help us to enter markets in Asia in which these top-tier companies operate.

Human Resources

The following table shows the geographic breakdown of our employees as of the dates indicated.

	As of March 31,			As of December 31,	
	2012	**2013**	**2014**	**2013**	**2014**
Europe	2,625	3,061	2,812	2,695	2,979
America	114	191	301	183	316
Asia/Australia and New Zealand	153	190	181	179	199
Restructuring[1]	66	65	81	153	49
Total number of employees	**2,958**	**3,507**	**3,375**	**3,210**	**3,543**

(1) Restructuring comprises (i) employees of RePower North (China) Ltd. ("REpower North China"), which is not consolidated and planned to be discontinued (classified under IFRS 5) and (ii) employees who have agreed to leave the Group under POWER and have not completed their leave.

In line with our human resource strategy, we have implemented various initiatives such as training programs in order to build better organizational capability that we believe will enable us to sustain competitiveness in the global market.

A significant percentage of our employees, especially in Germany, are covered by collective bargaining agreements determining working hours and other significant conditions of employment, and are represented by works councils. Since May 1, 2013, approximately 1,900 employees of our German entities have been covered by collective bargaining agreements (a so-called tariff agreement) applicable to the metalworkers' and electrical workers' industry.

The remuneration regulations pursuant to such tariff agreement have been implemented for Senvion GmbH as of April 1, 2014 and for PowerBlades GmbH as of April 1, 2015, and will be implemented within the Company no later than by October 1, 2017. Our current collective bargaining agreements with employees are in place until December 31, 2019. Works councils have numerous rights to notification and codetermination in personnel, social and economic matters. Under the German Works Constitution Act (*Betriebsverfassungsgesetz*), works councils are required to be notified in advance of any proposed employee termination and to confirm hiring and relocations and similar matters. They also have a right to codetermine social matters such as work schedules and rules of conduct. Executive employees are excluded from the works councils' codetermination rights. Management considers its relations with the works councils to be good. Due to the headcount the Company has a co-determined supervisory board (*mitbestimmter Aufsichtsrat*) where one-third of the board members consist of employee representatives, the remaining two-thirds of shareholder representatives.

During the last three years, we have not experienced any labor disputes that significantly affected our operations.

Insurance Coverage

We maintain industry-standard transport, construction and property insurance (including machinery breakdown and business interruption), as well as third party legal liability and product liability insurance. Additionally, we maintain serial defect insurance for our onshore projects and for our offshore projects installed since 2012. The insured amount for business interruption is equal to 18 months of profit loss. If we suffer losses in excess of our insurance coverage, we will be required to cover such losses and third party claims out of our own funds. See "*Risk Factors—Risks Related to Our Business—We may not be able to obtain or maintain adequate insurance cover.*" We also maintain directors' and officers' insurance. All of our policies are underwritten with reputable insurance providers, and we conduct periodic reviews of our insurance coverage, both in terms of coverage limits and deductibles. We also actively monitor all key conditions under our policies and have systems in place to ensure that we remain in compliance with those conditions. We believe that our insurance coverage is sufficient for the risks associated with our operations.

Environmental Matters

Our operations are subject to environmental regulation and periodic inspections and monitoring by local environmental protection authorities. These laws and regulations require us to obtain and maintain permits and approvals, undergo environmental impact assessments, review processes and implement environmental programs, impose controls on our air and water discharges, storage, handling, discharge and disposal of chemicals and other aspects of our operations and products. Furthermore, some of our manufacturing and O&M processes are hazardous and require compliance with stringent safety standards in regards to potential employee exposure to hazardous substances. We are not aware of any pending or threatened material environmental investigation, proceeding or action by any governmental agency or other third-party. See "*Risk Factors—Risks Related to Our Business—Compliance with and changes in safety, health and environmental laws and regulations could adversely affect our operations.*"

Legal and Arbitration Proceedings

We are involved in various legal proceedings in relation to our business from time to time. The majority of these proceedings involve disputes with suppliers and customers. Other than the preliminary court proceeding for the preservation of evidence in connection with the technical irregularities in the blade bearings of our MM92 and MM82 onshore WTGs and the notices of a dispute issued by one customer of the Company under the respective contractual agreements with respect to these technical irregularities, we are not party to any governmental, arbitration or legal proceedings (including any such proceedings that are pending or threatened of which we are aware) during the past twelve months that have had, or that we expect in the future may have, a significant effect on our financial position, profitability, business or results of operations.

REGULATORY ENVIRONMENT

Overview

Feed-in tariff

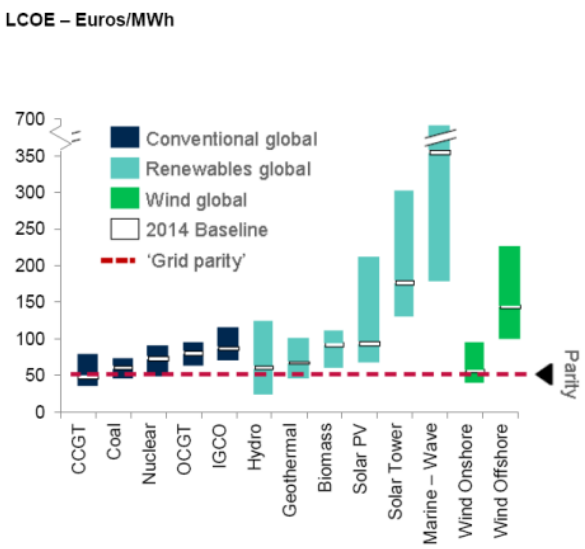
A feed-in tariff ("FIT") is a policy mechanism designed to accelerate investment in renewable energy technologies which currently, without such support, would only be capable of generating electricity at a cost above the price of energy purchased from the grid in the relevant area ("grid parity"). FITs provide renewable energy producers with cost-based compensation and price certainty, allowing for long-term contracts and long-term support schemes. There are three main types of FITs: (i) a premium FIT offers certain payments in addition to the revenue a renewable energy producer generates by selling electricity on the market; (ii) a fixed FIT provides static payments designed to replace revenues gained from selling electricity on the market; and (iii) a FIT with a contract for difference ("CfD") provides variable payments to ensure that the renewable energy producer receives the agreed tariff (assuming the producer sells its electricity at market price). The FITs are typically designed to decline over time to track and encourage technological change. FITs also typically offer guaranteed purchase agreement/grid access for long periods (15 to 25 years). Moreover, performance-based rates may also be implemented to incentivize producers to maximize the output and efficiency of their projects.

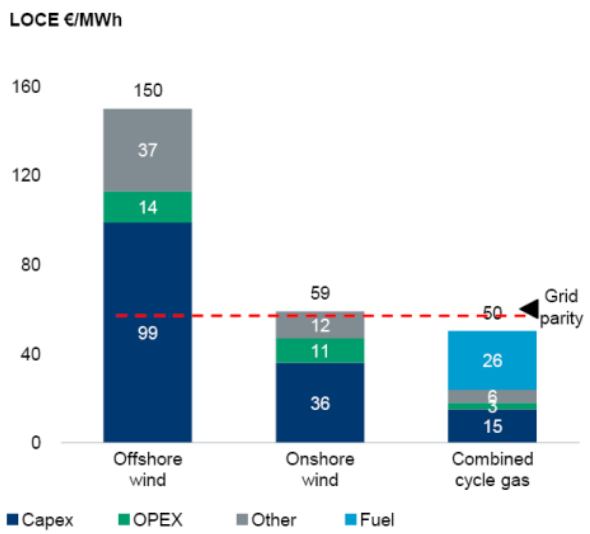
As of 2010, clean energy-supportive policies and other clean energy supportive policies had been enacted in over 55 countries, including Australia, Austria, Belgium, Brazil, Canada, China, the Czech Republic, Denmark, France, Germany, the Republic of Ireland, Israel, Italy, the Republic of Korea, the Netherlands, Portugal, South Africa, Spain, Switzerland, Turkey and the United Kingdom. In early 2012, Spain suspended FITs for new projects.

Grid parity

Grid parity occurs for a given form of energy, when the cost of purchasing that form of energy from the grid matches the existing average cost of purchasing alternative forms of energy from the grid in that area. Grid parity can vary both in time (i.e. during the course of the day and over the course of years) and in space (i.e. geographically). The price of electricity from the grid varies widely from high cost areas to lower cost areas. In areas with time- of-day pricing, rates vary over the course of the day, rising during high demand hours and declining during low demand hours. In some areas wind energy has already achieved lower cost than grid electricity. In remote areas, installing decentralized electricity from wind energy can be cheaper than building new distribution lines to connect to the transmission grid.

The following graphs set forth the development of grid parity in respect to levelized costs of energy ("LCoE") associated with various sources of renewable energy and the overview of costs related to onshore and offshore electricity production based on wind energy:





Notes:

(1) CCGT: Combined Cycle Gas Turbine

(2) OCGT: Open Cycle Gas Turbine

(3) IGCC: Integrated Gasification Combined Cycle Source: MAKE Consulting

Core Markets

Germany

The incentive scheme for renewable energies in Germany is based on the German Renewable Energy Act, as amended ("EEG"). Prior to August 1, 2014, every KWh generated from renewable energy facilities received a fixed FIT and renewable energy facilities could benefit from 20 year, technology-specific, guaranteed and gradually decreasing payments for electricity generation. The latest revision to the EEG became effective on August 1, 2014 ("EEG 2014") and introduced significant changes to Germany's renewable energy landscape, including increased targets for electricity generated from renewable energy sources and replacement of FITs with a market premium remuneration system linked to direct marketing.

In Germany, grid operators are, in general, required to preferentially purchase, transmit and distribute electricity generated from renewable sources over electricity generated from conventional sources, such as nuclear energy, coal and gas. The EEG 2014 provides further distinctions between the varying energy sources, providing different promotions to different renewable energy sources based on their generation cost and capacity.

Targets: The EEG 2014 aims to have renewable energy sources generating 40% to 45% of Germany's electricity by 2025, 55% to 60% by 2035, and 80% by 2050. In addition, the EEG 2014 introduces specific growth targets for different technologies. For example, with respect to onshore wind energy, it is targeting net annual growth of 2,500 MW. With respect to offshore wind energy, the EEG 2014 aims to establish an installed capacity of 6.5 GW by 2020 and 15 GW by 2030. To ensure compliance with onshore growth targets, "breathing caps" have been introduced. The "breathing caps" concept adjusts remuneration provided under the EEG 2014 depending on the extent to which newly installed onshore capacity is in line with the growth target. This means that financial support for onshore wind energy will be reduced quarterly as of 2016 and can increase or decrease if growth exceeds or falls below the growth targets.

Direct marketing and auctioning: Pursuant to the EEG 2014, producers of renewable electricity will be obliged to market their electricity directly. Such direct marketing, where producers are required to sell a certain portion of electricity generated directly to a utility or power distributer is supported by a "market premium," which equates to the monthly difference between a hypothetical FIT and the average price of wind energy per KWh for the German/Austria area, as determined by the European Power Exchange in Paris. However, under the EEG 2014, beginning in 2017 (at the latest), financial support for renewable energy projects will no longer be determined by reference to the statutory FIT amounts, but will be determined on the basis of a bidding process.

Transitional rules for existing investments: The EEG 2014 has applied to all onshore and offshore WTGs since August 1, 2014. However, it is not generally applicable to WTGs that were connected to the grid before August 1, 2014. In addition, for a limited time, WTGs installed after August 1, 2014 may be able to benefit from the grandfathering of certain provisions from the prior version of the EEG.

United Kingdom

In the United Kingdom, the key financial incentive schemes for the generation of electricity using renewable and low carbon generation technologies are renewables obligations, contracts for difference and FITs (each explained below). Any such generation of electricity may only benefit from one these three financial incentive schemes.

Renewables obligation ("RO"). The RO was introduced in 2002 to encourage the development of large scale renewable electricity generation. It requires electricity suppliers to source an increasing portion of their supplied electricity from renewable sources. Those who generate qualifying renewable electricity (i.e. generating stations that have been accredited by the Office of Gas and Electricity Markets ("Ofgem") are awarded tradable certificates known as Renewables Obligation certificates ("ROCs") by Ofgem for each MWh of electricity generated for a period of 20 years from accreditation, and electricity suppliers meet their obligation under the RO by presenting sufficient ROCs to Ofgem or paying money into a buy-out fund or a combination of both. To be accredited by Ofgem, generating stations must meet certain statutory criteria, including that the generating station has been commissioned. Further criteria must be satisfied on a monthly basis in order for ROCs to be issued.

The buy-out price is a fixed price per MWh adjusted in line with the retail price index each year. The proceeds of the buy-out fund are paid back to electricity suppliers in proportion to the number of ROCs (if any) they have presented in satisfaction of their obligations.

The number of ROCs issued per MWh is determined according to the technology or fuel used by the generating station, its size, location and the date of its accreditation. The government has a policy of grandfathering, meaning that once a generating system is accredited, the level of ROC support is fixed. However, the government periodically reviews the levels of ROC support for newly accredited generating stations and other aspects of the RO.

The RO will close to new accreditations for most technologies on March 31, 2017, subject to transitional arrangements including grace periods, the introduction of fixed price certificates from 2027 and particular rules for certain technologies.

Contract for difference ("CfD"). The RO is being replaced by CfDs, for which the first allocation round commenced in October 2014. Until March 31, 2017, generators have a choice between accreditation under the RO and applying to be allocated a CfD.

The CfD is a contract with a government owned counterparty for a term of 15 years (other than for individually negotiated CfDs). Under the CfD arrangements, generating stations are required to sell their electricity into the market without any supplemental regulatory incentives. The CfD is structured such that a payment is made reflecting the difference between an estimate of the market price for electricity (the market reference price) and the strike price (being the long term price calculated as needed to encourage investment in a particular technology). If the market price is lower than the strike price, which is set by the government the CfD counterparty will pay the difference between the market reference price and the strike price to the generating station and vice versa.

A generating station will need to meet certain eligibility criteria in order to enter the CfD allocation process.

CfDs will initially be allocated on a first come, first served ("FCFS") basis while there is sufficient room in the CfD budget. When 50% of the CfD budget has been allocated on a FCFS basis, if there is insufficient budget available to continue on a FCFS basis, allocation of CfDs will then be undertaken via allocation rounds. Once the allocation rounds mechanism has been triggered for one year, the allocation rounds process will then apply for all delivery years. Allocation rounds will be a competitive bid process with the intention ultimately of running two allocation rounds per year.

FIT. FITs came into effect in April 2010. FITs apply to small scale renewable and low carbon generation technologies (typically with a total installed capacity of 5 MW or less). They provide for the payment of tariffs per KWh of electricity generated (known as the generation tariff), tariffs per KWh of electricity not used (up to a maximum of half of the units of electricity generated) and tariffs per KWh of electricity exported to the grid (known as the export tariff). These tariffs are index linked and their amount depends on total electricity generated, technology type and when the generating station was installed.

In order to receive FIT payments, the generating station must have been installed by a certified installer who certified that the generating station met certain certification standards with respect to the small scale generation of power by individuals, small businesses and communities in order to meet their own needs. Furthermore, the entity running the generating station must enter into a contract with an electricity supplier (which makes the FIT payments), and the generating station must be accredited with Ofgem (the energy regulator). The FIT payments are made for periods of 20 or 25 years, depending on the technology and date of accreditation.

The government has a policy of grandfathering, meaning that once a generating station is accredited, the FIT tariffs are fixed, but are adjusted in line with the retail price index each year. However, the government periodically reviews the levels of FIT tariffs for newly accredited generating stations and has introduced measures to manage the costs of the FIT including degression (meaning that the tariffs for newly accredited generating stations are progressively reduced) and the multi-installation tariff which provides for reduced FIT tariffs for certain portfolios of generating stations.

Generating stations, which are smaller than 50 KW are only eligible for FITs. For generating stations between 50 KW and 5 MW, they may choose between FITs and the renewable obligation.

France

In France, the incentive scheme for FITs is based on the Act on the Modernization and Development of Public Electricity (2000). Electricity suppliers (EDF and private suppliers) and distribution grid operators are obligated to conclude agreements with the operators of electricity plants that generate electricity from renewable energy sources. These agreements regard the purchase and payment for electricity at a price fixed by a ministerial order. The ministerial orders for the specific technologies (arrêtés) each determine the FIT for a certain source of energy.

With respect to onshore wind farm tariffs, the Conseil d'Etat (the highest French administrative court), in its decision on May 28, 2014, annulled with retroactive effect, the two ministerial orders of November 17, 2008 and December 23, 2008 that set out purchase conditions for wind energy electricity (the "2008 Ministerial Orders"). Following the judgment of the European Court of Justice on December 19, 2013, the Conseil d'Etat found that the Renewable Power Compensation System (RPS) provided by Law 2000-108 on February 10, 2000, as amended by Law 2006-1537 of December 7, 2006, did qualify as state aid. The Conseil d'Etat also concluded that the 2008 Ministerial Orders implementing the RPS were taken in breach of Article 108(3) (so called "standstill clause") of the Treaty on the Functioning of the European Union ("TFEU"), since the scheme had been implemented without prior notification and approval of the EU Commission. As a result, the Conseil d'Etat annulled the 2008 Ministerial Orders with full retroactive effect. The 2008 Ministerial Orders are thus considered to be deprived of any legal existence since the date of their enactment at the end of 2008.

On July 1, 2014, the French Ministry of Ecology, Sustainable Development and Energy published a new ministerial order dated June 17, 2014 which sets out purchase conditions for onshore wind energy electricity (the "2014 Ministerial Order").

The new FIT established by the 2014 Ministerial Order is the same as the FIT set out in the 2008 Ministerial Orders. The 2014 Ministerial Order provides for the same basic tariff and the same indexation formula for evaluating the FIT applicable to the complete requests for power purchase agreements ("PPAs") filed after December 31, 2007.

In addition, Article 3 of the 2014 Ministerial Order provides for retroactive application of the new FIT to any completed applications for PPAs filed since 2007. According to the 2014 Ministerial Order, the FIT set out for onshore wind farms is €0.82 per KWh for the first 10 years. The tariff then varies for the remaining 5 years, depending on the annual functioning duration of the facility between €0.28 per KWh and €0.82 per KWh for onshore wind farms.

On September 1, 2014, third parties challenged the legality of the 2014 Ministerial Order before the Conseil d'Etat, arguing that the FIT grants an excessive return on capital to wind energy producers and that the FIT should be considered a state subsidy that should have previously been voted on in conjunction with the annual finance bill.

The Conseil d'Etat only had jurisdiction to rule on the legality of the 2014 Ministerial Orders. Thus, the lawfulness of the PPAs should not necessarily be directly affected by the decision of the Conseil d'Etat. In order to challenge individual PPAs, a specific action would need to be filed by a contractual party, a third party who filed the action before the Conseil d'Etat or other interested third parties. Subject to such proceedings, performance and commissioning under the PPAs currently in force should continue. However, it is difficult to anticipate with certainty the consequences of a potential annulment of the 2014 Ministerial Order insofar as there is uncertainty regarding (i) the grounds of the potential annulment of the 2014 Ministerial Order and (ii) the final decision of the French government on the issuance of a new order and on the potential reimbursement of the FITs.

With respect to the offshore wind farms, the incentive scheme is based on the power purchase obligation introduced in the calls for tenders launched by the French government at a fixed price determined by the bidders in their submission.

Canada

Canadian energy policy reflects the constitutional division of powers between the federal government and the provincial governments. The Constitution of Canada largely places natural resources, including renewable energy production, under the jurisdiction of provinces.

In Ontario, the FIT program was introduced following the introduction of the Ontario Green Energy Act 2009 ("GEA"). The FIT Program includes two streams (i) the FIT Program, which is open for projects greater than 10 KW, and (ii) a simplified program, known as the microFIT program, for projects of 10 KW or less. The FIT Program originally contained "made in Ontario" requirements, known as the domestic content requirements, which required program participants to use or employ a certain amount of Ontario labor and manufacturing in eligible projects. Following a World Trade Organization ruling that such content requirements were inconsistent with Canada's WTO obligations, the FIT Program was revised to reduce the domestic content requirements for contracts awarded on or after August 16, 2013, and was subsequently further amended to remove domestic content requirements from any contracts entered into on or after July 25, 2014.

In June 2013, the Ontario's Minister of Energy announced that the Province's future FIT program would be limited to smaller projects (less than 500 KW) and that a cap of 900 MW of additional capacity would be set for deployment by 2018. For larger projects, a competitive bidding system known as the Large Renewable Procurement has

been established for procuring large renewable energy projects (greater than 500 KW). This bidding system does not apply to projects which have already been contracted.

The FIT program is administered by the Ontario Power Authority ("OPA") and offers different levels of tariffs for electricity depending on the renewable source. The contract for payment of tariffs is 20 years for renewable energy derived from renewable fuels other than hydropower and 40 years for hydropower.

The OPA is required to review the prices offered to generators under the FIT and microFIT programs on an annual basis to ensure both ratepayer value and a fair return on investment. The most recent price schedule was released on September 30, 2014, and applies to any FIT contracts offered after September 30, 2014, and January 1, 2015, for microFIT.

In addition, initiatives to foster renewable energies on the federal level include the Accelerated Capital Cost Allowance, which grants an accelerated write-off for renewable energy equipment acquired before 2012; the Canadian Renewable Conservation Expenses ("CRCE"), which states that certain expenditures relating to renewable energies are fully tax deductible; the Sustainable Technology Development Canada fund, which aims at stimulating air quality via, *inter alia*, renewable energies; the Green Municipal Fund, which supports municipal projects relating to renewable energies; and the Program of Energy Research and Development (PERD), which funds technology initiatives for renewables. The provinces of Nova Scotia and Prince Edward Island have set up requirements ("Renewable Portfolio Standard") for electricity providers to obtain a minimum percentage of their electricity supply from renewable energy sources. Although there is no specific indication that these measures, which are favorable to the wind energy business, will be ceased by the Canadian federal government or the state governments, this risk cannot be excluded. The province of British Columbia has also set up the Standing Offer Program (SOP), which was developed for projects up to 15 MW and involves a streamlined process, a simplified contract and decreased transaction costs, while remaining cost-effective for rate payers.

Australia

The Renewable Energy Target ("RET") scheme (2009) is designed to ensure that 20% of Australia's electricity comes from renewable sources by 2020. Since January 2011, the RET scheme has operated in two parts—the Small-scale Renewable Energy Scheme (SRES) and the Large-scale Renewable Energy Target ("LRET"). The RET scheme is administered by the Clean Energy Regulator ("CER"), a Federal government agency, and is separate to the FIT scheme administered by State governments.

Large-scale renewable energy target ("LRET"). Renewable power stations generate large-scale generation certificates ("LGC") based on the amount of renewable energy they produce above their pre-determined baseline. An LGC is equivalent to 1 MWh of renewable electricity generated above the baseline. Liable entities (typically electricity retailers) are required to purchase and surrender LGCs to the CER to discharge their liability under the "renewable power percentage" ("RPP"), which is set annually under regulation. LGCs are purchased through the LGC market. The LRET creates a financial incentive for large-scale wind energy stations by providing a mechanism for the creation of LGCs by these power stations according to how much renewable energy electricity they produce and placing a legal liability on liable entities to purchase an amount of LGCs from these power stations to meet the annual target.

Small-scale renewable energy scheme ("SRES"). The SRES provides a financial benefit for individual homeowners and other entities who wish to install eligible solar water heaters, air source heat pumps and small-scale (i.e. less than 100 KW) solar photovoltaic panels, wind and hydro systems. Installation of these units permits the creation of small-scale technology certificates ("STC"), which can be exchanged for financial benefit to the unit owners. A STC is generally equivalent to 1 MWh of renewable electricity. The SRES places a legal liability on liable entities (typically electricity retailers) to purchase and surrender to the CER an amount of STCs on a quarterly basis. The amount of STCs to be surrendered is based on the small-scale technology percentage which is set annually under regulation.

Potential revision of RET. The RET scheme has been the subject of a comprehensive review by an independent panel appointed by the Australian government. The panel's report, which was released on August 28, 2014, made a number of findings in relation to the usefulness and ongoing operation of both the LRET and SRES. The panel recommended that the LRET either be closed to new entrants or substantially amended to reflect the RET scheme's intention of ensuring 20% of Australian electricity is produced from renewable sources. The panel also recommended that the SRES either be abolished or its planned 2030 phase out be brought forward. The Australian government has not yet finalized its response to the panel's report. However, any changes to the LRET or SRES will require new legislation to be negotiated and passed by the Australian parliament.

Australia has additionally set up various funds to promote the growth of renewable energies. These initiatives include, the Regional Australia's Renewables ("RAR") aimed at supporting renewable energies in remote areas, the

Supporting High Value Australian Renewable Energy ("SHARE") initiative seeking to enhance the understanding of renewable energy grid integration, the Accelerated Step Change Initiative ("ASCI") designed to foster exceptional breakthrough projects, the Clean Energy Finance Corporation ("CEFC"), which provides loans on preferential terms and the Energy Renewables Program ("ERP") funds supporting the development of renewable energies. In addition to these initiatives, the Australian states have implemented various programs to complement the federal effort. The State of Victoria has devised a FIT scheme for microgeneration of renewable energies, which will be closed to new applicants when certain goals are met or certain cost thresholds are exceeded, the Residential Net Feed-in Tariff for Western Australia and the New South Wales Solar Bonus Scheme have been closed to new applicants, but remain in effect for admitted beneficiaries. Although there is no impending indication that these favorable measures will be ceased by the Australian federal government or the state governments, this risk cannot be excluded.

MANAGEMENT

The Issuer

The Issuer is a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under the laws of Germany and was formed on December 8, 2014 to facilitate the Transactions. The Issuer is a wholly-owned subsidiary of Rapid Midco GmbH and is not controlled by the Company or any of the Company's subsidiaries. The managing directors of the Issuer are Stefan Kowski and Deepak Mishra. We are not aware of any conflicts of interest between any duties or private interests of our managing directors and those duties they owe to us.

Name	Age
Stefan Kowski	36
Deepak Mishra	43

Stefan Kowski, Managing Director—Mr. Kowski joined Centerbridge as a Managing Director in 2014 and leads the firm's corporate private equity investment business in Europe. Prior to joining Centerbridge, Mr. Kowski was at TPG Capital for approximately eight years, where he completed investments in the consumer goods, retail, infrastructure, and financial services sectors in Europe, China, India, Russia and the Commonwealth of Independent States. Prior to working at TPG Capital, Mr. Kowski worked in the Mergers, Acquisitions and Restructurings Department of Morgan Stanley in London and at The Proctor & Gamble Company in Frankfurt and Cincinnati. Mr. Kowski received an M.B.A. with high distinction from Harvard Business School, where he was a George F. Baker Scholar. He graduated *summa cum laude* from the Leopold-Franzens University of Innsbruck, where he holds Masters degrees in Economics and Finance. Mr. Kowski serves or has served on the boards of Apcoa Parking Holding, ATU, China International Capital Corporation, Far Eastern Shipping Corporation, Strauss Coffee, UniTrust Finance and Leasing Corporation and UniFortune International Leasing.

Deepak Mishra, Managing Director—Mr. Mishra joined Centerbridge in 2014 and focuses on the firm's portfolio operating effort. Mr. Mishra is based in the London office. Prior to joining Centerbridge, Mr. Mishra was a Partner at McKinsey & Company ("McKinsey") in their London office, where he worked with private equity and corporate clients in the Consumer and Industrials sectors and led McKinsey's Supply Chain practice and Consumer Operations practice in Europe, the Middle East and Africa. Prior to McKinsey, Mr. Mishra was in operational roles at Accenture and i2 Technologies, Inc. Mr. Mishra started his career in Marketing at Procter & Gamble. Mr. Mishra holds a Bachelor's degree in Computer Engineering from BITS Pilani, India and an M.B.A. from the Indian Institute of Management. Mr. Mishra serves on the Board of Apcoa Parking Holding.

The Company

Senior Management

The Company is currently managed by a three person executive board (the "Executive Board") and other senior managers. The senior management of the Company currently consists of the following persons:

Name	Age	Position
Andreas Nauen	50	Chief Executive Officer and Executive Board Member
Lars Rytter	48	Chief Operations Officer and Executive Board Member
Russell Stoddart	49	Chief Technology Officer and Executive Board Member
Manav Sharma	34	Executive VP, Finance

Andreas Nauen, Chief Executive Officer—Mr. Nauen has been Chief Executive Officer and Chairman of the Executive Board of the Company since July 1, 2010. His areas of responsibility include sales, project management, human resources, the Quality, Health & Safety, Public relations department as well as strategy, business development and marketing. Prior to joining the Company, he worked at Siemens for 19 years holding multiple positions and eventually holding the position of Chief Executive Officer of Siemens Wind Power, before joining the Company. Mr. Nauen graduated with a degree in Mechanical Engineering from the University of Duisburg (Germany) and a MBA (*Wirtschaftsingenieur*) from the Fernuniversität Hagen (Germany).

Lars Rytter, Chief Operations Officer—Mr. Rytter re-joined the Company in August 2013 as Chief Operating Officer and a member of the Executive Board, having previously been Chief Supply Chain Officer from April 2008 to September 2010. From March 2011 to May 2013, he was Chief Procurement Officer at Nordex, an onshore wind company listed on the Frankfurt Stock Exchange. Prior to joining the Company, from 2006 to 2008, Mr. Rytter was Chief Supply Chain Officer at Suzlon. From 1995 to 2005, Mr Rytter worked at Vestas Wind Systems, a Danish wind turbine manufacturer, including as Vice President (Strategic Purchasing and Logistics). Mr. Rytter graduated with a MBA in International Management from Business Institute Alborg.

Russell Stoddart, Chief Technology Officer—Mr. Stoddart joined the Company as Chief Technology Officer and a member of the Executive Board in August 2013. Prior to joining the Company, he was a Vice President (Engineering and Sales) at BorgWarner in the Commercial Diesel Turbo Systems division from 2012 to 2013. From 2009 to 2012 he was a Senior Vice President (Engineering) at Vestas Wind Systems, an international renewable energy company specializing in wind energy plants. From 2006 to 2009, Mr. Stoddart was a Vice President (Engineering and Technology) at Wood Group, an international energy services company. From 1993 to 2006, he worked for Honeywell Turbo Technologies, an international technology company, in various capacities, including Vice President (Engineering & Technology) in the United States, France and the UK. From 1986 to 1993, he was a product engineer at Cummins Engines. Mr. Stoddart graduated with an MBA from Huddersfield University in 1993 and a mechanical engineering degree from Sheffield University in 1986.

Manav Sharma, Executive Vice President—Finance—Mr. Sharma joined the Company in June 2011, and currently serves as the Company's Executive Vice President of Finance, a position he has held since October 2013, overseeing the Company's controlling finance & accounting, tax and business transformation teams, as well as the Company's global finance operations. Prior to this, Mr. Sharma held numerous positions at the Company, including as the area sales manager for its operations in North America, as a supply chain manager and as head of the Company's controlling and investments team. Prior to joining the Company, Mr. Sharma served under the chairman of the Suzlon Group as its assistant general manager and senior manager of strategy from 2008 to 2011 where he was responsible for managing the portfolio investments of the Suzlon Group, as well as evaluating new business and investments and managing M&A transactions, business incubations and transformations. Prior to his roles with the Suzlon Group, Mr. Sharma worked in profit center management, area management, and supply chain management in the consumer goods industry. He graduated with a degree in Computer Technology from the Nagpur University (India) and holds a post graduate diploma (*MBA equivalent*) from the Symbiosis International University (Pune).

Remuneration of the Executive Board

The total remuneration of the current Executive Board of the Company for financial year 2013/2014 amount to €1.6 million (financial year 2012/2013: €1.4 million; financial year 2011/2012: €2.3 million). The remuneration of the current Executive Board of the Company for financial year 2013/2014 includes current salaries in the amount of € 1.4 million, retirement benefits of €62,179, non-recurring payments of €85,000 and other benefits of €56,665. The total remuneration for departed Executive Board members in financial year 2013/2014 amount to €396,667 (financial year 2012/2013: €2.1 million; financial year 2011/2012: zero)

Supervisory Board

The members of the Executive Board of the Company are determined by a co-determined supervisory board (*mitbestimmter Aufsichtsrat*) (the "Supervisory Board") where one-third of the board members consist of employee representatives, the remaining two-thirds of shareholder representatives. The Supervisory Board of the Company currently consists of six members, including two employee representatives.

After giving effect to the Transactions, the following persons will be on the Company's Supervisory Board:

Name	Age
Steven M. Silver	46
Stefan Kowski	36
Todd Morgan	49
Martin Skiba	50
Bernhard Band	53
Thomas Rex	50

Steven M. Silver, Senior Managing Director and Management Committee Member—Mr. Silver joined Centerbridge in 2006 and currently focuses on investments in the Healthcare and Industrial sectors. Prior to joining Centerbridge, Mr. Silver was a Managing Director and Partner at Vestar Capital Partners, a private equity investment firm. At Vestar, Mr. Silver was responsible for originating, negotiating and financing private equity investments in multiple industries including healthcare services and the industrial and manufacturing sectors as well as providing ongoing strategic direction to various portfolio companies. Mr. Silver began his career as a Member of the Mergers & Acquisitions department of Wasserstein Perella & Co. ("Wasserstein Perella") in New York and London. While at Wasserstein Perella, Mr. Silver focused on managing the firm's merchant banking portfolio as well as advising corporate clients on all aspects of mergers and acquisitions and corporate finance. Mr. Silver received a B.A. from Yale College and an M.B.A. with high distinction from Harvard Business School in 1995, where he was a George F. Baker Scholar. Mr. Silver serves on the Boards of Directors of American Renal Holdings, Inc., Remedi SeniorCare Holding Corporation, Culligan Newco Ltd., Frans Bonhomme SA and Reddy Ice Holdings, Inc.

Stefan Kowski—See "—*The Issuer*" above.

Todd Morgan—Mr. Morgan joined Centerbridge in London as a Senior Managing Director in 2014 and focuses on the firm's portfolio operating effort. Prior to joining Centerbridge, Mr. Morgan was CEO of Strauss Coffee B.V., a TPG Capital portfolio company. Prior to that, Mr. Morgan was a Director with TPG Capital's Operating Group in London. While at TPG, Mr. Morgan focused on portfolio companies, including Gate Gourmet, TDF, Strauss Coffee, Caesars/Harrah's and Vita Group as well, as due diligence efforts across multiple geographies and sectors. Prior to joining TPG, Mr. Morgan was a Director of Strategic Initiatives for Brakes Group, a Clayton Dubilier & Rice portfolio company. Earlier in his career, he worked as a strategy consultant in London and Brussels with McKinsey & Co. Mr. Morgan received a B.A. in Economics from Northwestern University, and an M.B.A. from Northwestern University's Kellogg Graduate School of Management.

Martin Skiba—Dr. Skiba has been an independent consultant and board member of the Foundation for Offshore Wind since 2014. From 2008 to 2013 he served as Head of Offshore Windenergy at RWE Innogy GmbH, Hamburg, where from 2009 he also served as an additional managing director of certain subsidiaries and affiliated companies. Prior to 2008, he served as Head of offshore at the Company Repower Systems AG and as managing director for its Belgian subsidiary. From 1986 to 1992, he studied mechanical engineering at the Ruhr-University Bochum, specializing in energy technology—plant and environmental technology. After this he worked as a researcher at the Institute for Energy Technologies at Ruhr-University Bochum, where he also received his PhD in 1997.

Following completion of the Acquisition, we intend to convert the Company into a German limited liability company (*Gesellschaft mit beschränkter Haftung*).

Remuneration of the Supervisory Board

The total remuneration of the Supervisory Board of the Company for financial year 2013/2014 amount to €360,000 (financial year 2013/2012: € 358,587; financial year 2012/2011: €174,375).

Management Incentive Plan

In connection with the Acquisition, we intend to implement a management incentive program under which the management of the Company is anticipated to be offered the opportunity to invest in the Parent Guarantor and its Luxembourg shareholder in an amount of up to 8% of the share capital of the Parent Guarantor. Management will invest through a special purpose vehicle that is controlled by Centerbridge.

Furthermore, an amount of up to €875,000 will be paid as bonus for the senior management in connection with the Acquisition.

PRINCIPAL SHAREHOLDER

Upon consummation of the Acquisition, the Company will be wholly owned by the Issuer, which will be (through one or more holding companies) indirectly controlled by Centerbridge.

Centerbridge Partners, L.P. is an investment management firm focused on private equity and credit investment opportunities. The firm was founded in 2005 by Jeffrey H. Aronson and Mark T. Gallogly and has approximately $25 billion under management, as of March 1, 2015, with principal offices in New York and London. Prior to founding Centerbridge, Mr. Aronson was most recently a partner at Angelo, Gordon & Co., L.P., where he led all of that firm's credit securities and leveraged loan efforts, and Mr. Gallogly was the Head of the Private Equity Group at The Blackstone Group.

The principal thesis behind the Firm's development has been to build a unified investment team focused on two counter-cyclical investment strategies—distressed investing and private equity. The Centerbridge team consists of 212 professionals as of March 1, 2015, including 72 investment professionals of which 25 are based in London. The investment team includes professionals with private equity, credit securities, corporate finance, legal and industry specific backgrounds. The Centerbridge funds provide a platform through which Centerbridge can deploy its deep expertise investing throughout the capital structure in industries and geographies in which the firm has substantial knowledge and a discernible competitive advantage. The firm seeks to partner with world-class management teams across targeted industry sectors to help companies achieve their operating and financial objectives.

RELATED PARTY TRANSACTIONS

Sponsor Agreements

We may enter into customary monitoring fee arrangements or other fee arrangements with Centerbridge or its affiliates after the consummation of the Acquisition, in each case as otherwise permitted by the Indenture.

Transactions with Affiliates of the Sellers

We have entered into transactions in the past with affiliates of the Sellers in the ordinary course of our business. We believe that all such transactions were negotiated and conducted on a basis equivalent to those that would have been achievable on an arm's-length basis, and that the terms of these transactions are comparable to those currently contracted with unrelated third party suppliers, manufacturers and service providers. See the notes to the Company's unaudited interim consolidated financial statements as of and for the nine months ended December 31, 2014 and note 10 to the Company's audited financial information as of and for the financial year ended March 31, 2014 for further information related to past related party transactions, contained elsewhere in this offering memorandum. All amounts owed by the Company to the Sellers will be repaid in connection with Acquisition. See "*The Transactions—The Acquisition*."

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of the material terms of certain financing arrangements to which we and certain of our subsidiaries are party, and the expected material terms of certain financing arrangements to which we and certain of our subsidiaries intend to become a party, does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. The terms of the Intercreditor Agreement may differ from the terms described below. Copies of the Intercreditor Agreement are available upon request. For further information regarding our existing indebtedness and these financing arrangements, see "Use of Proceeds," "Capitalization," and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Revolving Credit and L/G Facilities Agreement

On March 30, 2015, the Parent Guarantor as parent (the "Parent") and guarantor, the Issuer ("BidCo") as borrower and guarantor and MidCo as guarantor entered into the Revolving Credit and L/G Facilities Agreement providing for (i) the Revolving Credit Facility in an aggregate amount of €125.0 million (with an increase option subject to a maximum aggregate amount of €125.0 million exercisable by the Parent subject to certain requirements being met) and (ii) the L/G Facility in an aggregate amount of €825.0 million (with an increase option subject to a maximum aggregate amount for the L/G Facility of € 1,000.0 million exercisable by the Parent subject to certain requirements being met). The Company will accede to the Revolving Credit and L/G Facilities Agreement as borrower and guarantor on the Issue Date.

The Revolving Credit Facility, subject to the satisfaction of certain conditions, will be available to be drawn by BidCo and the Company from the date on which the Cash Liquidity Facility is repaid in full (which will be three months after the date of completion of the Acquisition, at the latest) and matures on the date falling five years after the date of the Revolving Credit and L/G Facilities Agreement and may be used for the general corporate purposes of the Group. The Revolving Credit Facility may be used for the drawing of loans (in euro, sterling and U.S. dollar or any other currency or currencies agreed by the Facility Agent (as defined in the Revolving Credit and L/G Facilities Agreement) acting on the instructions of all Revolving Credit Facility lenders). Any loan made available under the Revolving Credit Facility shall be repaid on the last day of its interest period and all amounts outstanding under the Revolving Credit Facility must be repaid on the final maturity date.

The L/G Facility, subject to the satisfaction of certain conditions, will be available to be drawn by the Company (or any subsidiary of the Company that accedes as a borrower) from the date of completion of the Acquisition, and matures on the date falling five years after the date of the Revolving Credit and L/G Facilities Agreement and may be used for the issuance of, among other things, warranty guarantees, payment guarantees, advance payment guarantees, performance guarantees, customs guarantees and other types of letters of credit, sureties and guarantees (each an "L/G"). Each borrower shall, no later than the final maturity date, provide the relevant issuing bank with cash cover (or such other security which is satisfactory to the relevant issuing bank in its sole discretion) in respect of each L/G issued by that issuing bank, unless that issuing bank agrees to continue to provide an L/G under other arrangements agreed between that issuing bank and the relevant borrower (or the Parent on its behalf).

We expect that a substantial amount of the L/G Facility will be utilized on the Issue Date.

Ancillary Facilities

Under the Revolving Credit Facility, a lender (or an affiliate of a lender) may make available an ancillary facility by way of an overdraft credit facility, a guarantee, bonding, documentary letter of credit or similar instrument, a short term facility, a derivatives facility, a foreign exchange facility or any other facility or accommodation which is agreed by the Parent and the relevant ancillary lender, to a borrower in place of all or part of its unutilized Revolving Credit Facility commitment (provided the maximum total amount of all ancillary facility commitments may not exceed € 30.0 million).

Interest and Fees

The Revolving Credit Facility will bear interest at a rate of LIBOR or, in relation to loans in euro, EURIBOR (or for loans in a non-LIBOR currency, at the relevant benchmark rate), plus the applicable margin. The initial applicable margin in relation to the Revolving Credit Facility will be 3.50% per annum and will be adjusted, subject to certain conditions (including, but not limited to, if no event of default has occurred and is continuing), starting after delivery of the financial statements and corresponding compliance certificate in respect of the testing period ending on March 31, 2016, to a percentage rate per annum determined in accordance with a gross leverage ratio related margin grid with a range from 3.50% per annum to 3.00% per annum.

The L/G Facility will bear a commission (the "L/G Commission") for each day with respect to each outstanding L/G at a rate of the applicable margin. The initial applicable margin in relation to the L/G Facility will be 2.25% per annum and will be adjusted, subject to certain conditions (including, but not limited to, if no event of default has occurred and is continuing), starting after delivery of the financial statements and corresponding compliance certificate in respect of the testing period ending on March 31, 2016, to a percentage rate per annum determined in accordance with a gross leverage ratio related margin grid with a range from 2.25% per annum to 1.75% per annum. Only 50% of the then applicable L/G Commission is payable in respect of any L/G in respect of which, and to the extent that, a borrower has provided cash cover (or a counter guarantee issued by a bank or any other security which, in each case, is satisfactory to the relevant issuing bank in its sole discretion).

We are required to pay, quarterly in arrear from the date on which the Cash Liquidity Facility is repaid in full (or, if earlier, its final maturity date), a commitment fee on the available but undrawn commitments under the Revolving Credit Facility at a rate of 35% of the then applicable margin for the period commencing on the date on which the Cash Liquidity Facility is repaid in full (or, if earlier, its final maturity date) and ending on the final maturity date for the Revolving Credit Facility (or, if earlier, the date on which the Revolving Credit Facility is cancelled in full).

We are required to pay, quarterly in arrear from the date of completion of the Acquisition and within five Business Days of the L/G Agent (as defined in the Revolving Credit and L/G Facilities Agreement) notifying us of the accrued amount, a commitment fee on the available but undrawn commitments under the L/G Facility at a rate of 35% of the then applicable margin for the period commencing on the date of completion of the Acquisition and ending on the final maturity date for the L/G Facility (or, if earlier, the date on which the L/G Facility is cancelled in full).

We are not required to pay any commitment fees to a lender for so long as it is a defaulting lender.

We are also required to pay customary fees in relation to the issuance of L/Gs and ancillary facilities and certain fees to the Facility Agent, the L/G Agent and the Security Agent under the Revolving Credit and L/G Facilities Agreement.

Guarantees and Security

The Revolving Credit and L/G Facilities Agreement will be guaranteed, subject to certain limitations due to applicable corporate law provisions and contractual provisions, by the Parent, MidCo, BidCo, (following its accession on the Issue Date) the Company and, within 90 days following the Issue Date, by certain other significant Group companies and will be secured by the same Collateral that secures the Notes and the Notes Guarantees.

The Revolving Credit and L/G Facilities Agreement further provides that, as at the end of each testing period, the Parent shall ensure that the aggregate of earnings before interest, tax, depreciation and amortization of all Guarantors and gross assets of all Guarantors (calculated on an unconsolidated basis and excluding all intra-group items) represent not less than 80% of Consolidated EBITDA (as defined in and calculated in accordance with the Revolving Credit and L/G Facilities Agreement) and the consolidated gross assets of the Restricted Group (as defined in the Revolving Credit and L/G Facilities Agreement), respectively, provided that no breach of the Guarantor coverage shall occur if within 30 days of the delivery of the relevant financial statements for that testing period the Parent procures that additional Restricted Subsidiaries become guarantors such that if they had been Guarantors on the relevant testing date, the 80% test would have been satisfied.

Voluntary Cancellation and Prepayment and Mandatory Prepayment

The Parent may, if it gives the Facility Agent at least five business days prior written notice, cancel the whole or, subject to the cancellation amount being a minimum amount of €5.0 million, part of an available Facility. Any such cancellation will reduce the commitments of the lenders under the affected Facility rateably.

Subject to certain conditions, each borrower may voluntarily prepay all or, subject to the prepayment amount being an amount that reduces the relevant loan by a minimum amount of €5.0 million, part of a loan made available to it under the Revolving Credit Facility by giving at least five business days prior written notice to the Facility Agent. Amounts prepaid in respect of the Revolving Credit Facility may be reborrowed.

Subject to certain conditions, each borrower may voluntarily prepay all or, subject to the prepayment amount being a minimum amount of €5.0 million, part of any L/Gs made available to it under the L/G Facility by giving at least five business days' prior written notice to the L/G Agent. Amounts prepaid shall be canceled and the canceled commitment(s) under the L/G Facility shall be applied pro rata across all L/G Facility lenders. Prepayments with respect to any L/Gs will be shared pro rata across the L/G Facility lenders (and any cash cover in respect of any prepayment shall be paid to the Facility Agent for sharing among the L/G Facility lenders pro rata).

The borrowers also have certain other voluntary prepayment and cancellation rights that are available to them upon the occurrence of certain events in accordance with the terms of the Revolving Credit and L/G Facilities Agreement.

In addition to voluntary prepayments, the Revolving Credit and L/G Facilities Agreement requires mandatory prepayment and cancellation of the Revolving Credit Facility or the L/G Facility, as the case may be:

- with respect to any lender, if it becomes unlawful in any applicable jurisdiction for such lender to perform any of its obligations under the Revolving Credit and L/G Facilities Agreement or to fund, issue or maintain its participation in any utilization under the Revolving Credit and L/G Facilities Agreement; and

- with respect to any lender that requires prepayment after the expiry of a 30-business day negotiation period following a Change of Control Event (as defined in the Revolving Credit and L/G Facilities Agreement). The relevant lenders that do not agree to continue their commitments shall cancel their commitment in full by giving notice of such cancellation to the Facility Agent not earlier than 30 business days and not later than 40 business days after the delivery of the notification of the Change of Control Event by the Parent to the Facility Agent. Any such cancellation shall become effective within 30 business days from delivery of a cancellation notice, unless the relevant commitments have been transferred to another person in accordance with the terms of Revolving Credit and L/G Facilities Agreement.

Note Purchase Condition

The Revolving Credit and L/G Facilities Agreement contains a "note purchase condition" undertaking pursuant to which the Parent shall not (and shall procure that no member of the Restricted Group shall) prepay, purchase, defease or redeem (or otherwise retire for value) any Notes (or offer to do so) prior to its scheduled repayment date by way of cash payment to a person which is not a member of the Restricted Group (each a "Notes Purchase"). The undertaking is subject to certain exceptions and shall not prohibit a Notes Purchase if (i) such Notes Purchase is funded, directly or indirectly, with (A) the proceeds of any Permitted Refinancing Indebtedness (as defined in the Revolving Credit and L/G Facilities Agreement) or (B) any new equity or subordinated shareholder debt made in accordance with the terms of the finance documents; (ii) at the same time as the relevant Notes Purchase, the Parent cancels and/or prepays the Revolving Credit Facility in the same proportion as the amount of the Notes Purchase bears to the original face value of the Notes; (iii) as at the testing date immediately prior to the date on which such Notes Purchase is contractually committed, the Consolidated Leverage Ratio (as defined in the Revolving Credit and L/G Facilities Agreement) is equal to or less than 2.00:1 *pro forma* for the relevant Notes Purchase; or (iv) the aggregate principal amount of all Notes Purchases does not exceed 50% of the original aggregate face value of all Notes in existence at the Issue Date, unless, in each case, an Event of Default (as defined in the Revolving Credit and L/G Facilities Agreement) is continuing.

Financial Covenants

The Revolving Credit and L/G Facilities Agreement requires the Parent to comply with (i) a consolidated net leverage covenant not exceeding 2.65x (or, from and including the testing date falling on or about June 30, 2018, not exceeding 2.45x) (the "Leverage Covenant") and (ii) a consolidated interest cover covenant exceeding 2.25x (or, from and including the testing date falling on or about June 30, 2018, exceeding 2.45x) (the "Interest Cover Covenant" and, together with the Leverage Covenant the "Financial Covenants"). The Financial Covenants will be tested quarterly.

The Parent is permitted to prevent or cure breaches of the Financial Covenants by electing to apply cash proceeds received by the Restricted Group pursuant to any new equity or subordinated shareholder debt as a cure amount (the "Cure Amount"). The Parent may not make such election (i) more than four times prior to the final maturity date under the Revolving Credit and L/G Facilities Agreement, or (ii) in consecutive testing periods.

General Undertakings

We are subject to certain restrictive and, as the case may be, affirmative covenants under the Revolving Credit and L/G Facilities Agreement customary for these types of financing, which, in turn, are subject to certain specified exceptions and qualifications (customized to our business and adjusted to our current credit standing). These restrictive and affirmative covenants largely replicate those covenants that apply under the Notes, subject to certain agreed amendments and exceptions, but also provide for further customary restrictive and affirmative covenants. Additionally, under the Revolving Credit and L/G Facilities Agreement, we have the obligation to provide certain financial information and other information regarding our financial condition, business, assets and operations to the lenders.

Events of Default

The Revolving Credit and L/G Facilities Agreement contains certain events of default that are customary for such types of financing (including, subject to a materiality threshold of €30.0 million in aggregate, a cross default in relation to the Notes and other financial indebtedness of the Restricted Group). The occurrence of any such event of default would, subject to any applicable grace periods or cure rights and agreed exceptions, entitle the lenders to cancel their commitments, declare that all or part of the loans (together with accrued interest and all other amounts accrued or outstanding under the finance documents in respect of the Revolving Credit Facility (including any ancillary facility) or the L/G Facility, as the case may be) be immediately due and payable or payable on demand and declare that cash cover in respect of each letter of credit or bank guarantee which is outstanding is immediately due and payable or payable on demand.

Cash Liquidity Facility Agreement

On April 14, 2015, the Parent as parent and guarantor, BidCo as borrower and guarantor, and MidCo as guarantor entered into the Cash Liquidity Facility Agreement providing for a super senior term loan facility in the aggregate amount of up to €180.0 million. The Company will accede to the Cash Liquidity Facility Agreement as guarantor within five business days after the Upstream Effective Date.

The Cash Liquidity Facility will be available to be drawn from the date of completion of the Acquisition and matures on the earliest of (i) the date of first utilization of the Revolving Credit Facility, (ii) the date falling three months following the date of completion of the Acquisition and (iii) the date falling five business days from the date on which the conversion of the Company into a limited liability company (*GmbH*) is registered in accordance with German law requirements. The Cash Liquidity Facility must be repaid in full together with all accrued interest on or before its final maturity date.

We expect that substantially all of the Cash Liquidity Facility will be drawn on the Issue Date.

Interest and Fees

The Cash Liquidity Facility will bear interest at a rate of EURIBOR plus the applicable margin. The initial applicable margin in relation to the Cash Liquidity Facility will be 3.50% per annum. The applicable margin will be increased to 4.50% per annum on the date falling nine weeks after the date of completion of the Acquisition and at any time an Event of Default (under and as defined in the Cash Liquidity Facility Agreement) has occurred and is continuing.

We are required to pay a commitment fee on the available but undrawn commitments under the Cash Liquidity Facility at a rate of 35% of the then applicable margin for the period commencing on the date all closing conditions under the Acquisition Agreement are satisfied and ending on the earlier of the date falling three business days after the date of completion of the Acquisition and June 30, 2015 (when the facility will be cancelled to the extent undrawn) and will be paid on such date.

We are required to pay certain fees to the agent under the Cash Liquidity Facility (the "CLF Agent") and the Security Agent in connection with the Cash Liquidity Facility.

Guarantees and Security

The Cash Liquidity Facility Agreement will be guaranteed by the Parent, MidCo, BidCo and, upon accession (within five business days after the Upstream Effective Date), the Company and, within 90 days after the Issue Date, certain of its material subsidiaries, and will be secured by the same Collateral that secures the Notes and the Notes Guarantees.

The Cash Liquidity Facility Agreement further provides that, as at the end of each testing period, the Parent shall ensure that the aggregate of earnings before interest, tax, depreciation and amortization of all Guarantors and gross assets of all Guarantors (calculated on an unconsolidated basis and excluding all intra-group items) represent not less than 80% of Consolidated EBITDA (as defined in and calculated in accordance with the Cash Liquidity Facility Agreement) and the consolidated gross assets of the Restricted Group (calculated quarterly on the basis of the latest audited annual consolidated financial statements or latest unaudited quarterly consolidated financial statements of the Parent).

Voluntary Cancellation and Prepayment and Mandatory Prepayment

The Parent may, if it gives the CLF Agent at least five business days' prior written notice, cancel the whole or, subject to the cancellation amount being a minimum amount of €5.0 million, part of the available Cash Liquidity Facility. Any such cancellation will reduce the commitments of the lenders under the Cash Liquidity Facility rateably.

Subject to certain conditions, the borrowers may voluntarily prepay a loan in whole or, subject to the prepayment amount being an amount that reduces the relevant loan by a minimum amount of €5.0 million, part of a loan made available to it under the Cash Liquidity Facility by giving at least five business days' prior written notice to the CLF Agent. No amount prepaid may be reborrowed and commitments will be automatically cancelled in the amount of the prepayment. Prepayments of any loan under the Cash Liquidity Facility will be shared pro rata across the Cash Liquidity Facility lenders and the commitments of the Cash Liquidity Facility lenders will be cancelled pro rata.

The borrowers also have certain other voluntary prepayment and cancellation rights which are available to them upon the occurrence of certain events in accordance with the terms of the Cash Liquidity Facility Agreement.

In addition to voluntary prepayments, the Cash Liquidity Facility Agreement requires mandatory prepayment and cancellation of the Cash Liquidity Facility:

- with respect to any lender, if it becomes unlawful in any applicable jurisdiction for such lender to perform any of its obligations under the Cash Liquidity Facility Agreement or to fund, issue or maintain its participation in any loan under the Cash Liquidity Facility Agreement;

- with respect to any lender that requires prepayment after the expiry of a 30-business days negotiation period following a Change of Control Event (as defined in the Cash Liquidity Facility Agreement). The relevant lenders who do not agree to continue their commitments shall cancel their commitment in full by giving notice of such cancellation to the CLF Agent not earlier than 30 business days and not later than 40 business days after the delivery of the notification of the Change of Control Event by the Parent to the CLF Agent the Change of Control Event. Any such cancellation shall become effective within 30 business days from delivery of a cancellation notice, unless the relevant commitments have been transferred to another person in accordance with the terms of Cash Liquidity Facility Agreement; and

- with respect to all lenders pro rata, in an aggregate amount equal to the amount of any proceeds released to BidCo from the Escrow Account (as defined in the Cash Liquidity Facility Agreement), promptly upon receipt by BidCo of such proceeds.

General Undertakings

Our Group is subject to certain financial, restrictive and, as the case may be, affirmative covenants under the Cash Liquidity Facility Agreement, which are consistent with the covenants in the Revolving Credit and L/G Facilities Agreement and as described in "*—Revolving Credit and L/G Facilities Agreement—General Undertakings*" above.

Events of Default

The Cash Liquidity Facility Agreement sets out certain events of default that are consistent with the events of default in the Revolving Credit and L/G Facilities Agreement and as described in "*—Revolving Credit and L/G Facilities Agreement—Events of Default*" above.

Intercreditor Agreement

You can find definitions of certain terms used in this description under the subheading "*—Definitions*."

In connection with entering into the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement (together, the "Credit Facilities Agreements") and the Indenture, on or prior to the Issue Date, BPA Acquisition Luxco S.à r.l. ("Lux HoldCo"), MidCo, the Issuer ("BidCo"), the Parent Guarantor (the "Parent"), the creditors under the Revolving Credit Facility (the "RCF Lenders"), the creditors under the L/G Facility (the "L/G Lenders"), the creditors under the Cash Liquidity Facility (the "CLF Lenders" and together with the RCF Lenders and the L/G Lenders, the "Credit Facility Lenders"), the Security Agent, the hedge counterparties under certain (present or future) hedging agreements (the "Hedge Counterparties"), the Trustee on behalf of itself and the holders of the Notes (the "Noteholders"), certain intra-group creditors and debtors, certain future creditors of the Group and various creditor representatives, will enter into an intercreditor agreement (the "Intercreditor Agreement"). The Company will accede to the Intercreditor Agreement on the Issue Date.

General

Any member of the Group that incurs, *inter alia*, any liability or provides any guarantee under the Revolving Credit Facility, the L/G Facility, the Cash Liquidity Facility (together with the Revolving Credit Facility and the L/G Facility, the "Credit Facilities"), the Indenture, the agreements governing any other Pari Passu Debt Liabilities (as defined below), the Subordinated Liabilities and the Intra-Group Liabilities, is referred to in this description as a "Debtor."

The Intercreditor Agreement will set out, among other things:

- the relative ranking of certain indebtedness of the Debtors or in respect of the Subordinated Liabilities;
- the relative ranking of certain security granted by the Debtors;
- when payments can be made in respect of certain indebtedness of the Debtors or in respect of the Subordinated Liabilities;
- when enforcement actions can be taken in respect of that indebtedness;
- the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when security and guarantees will be released to permit a sale of the Collateral.

The Intercreditor Agreement will contain provisions relating to future indebtedness that may be incurred by the Debtors provided that it is permitted by the terms of the Debt Documents. Such indebtedness may rank *pari passu* with the Notes and be secured by the Collateral, subject to the terms of the Intercreditor Agreement (together with all liabilities under the Pari Passu Debt Documents, the "Pari Passu Debt Liabilities"). The Trustee, each other Creditor Representative in relation to any Pari Passu Debt Liabilities, each Pari Passu Arranger, each Pari Passu Noteholder and each Pari Passu Lender (the "Pari Passu Debt Creditors") will have rights under the Intercreditor Agreement, which are summarized below. In addition, the Intercreditor Agreement will contain provisions relating to future indebtedness that may be incurred in respect of the Subordinated Liabilities, provided it is permitted by the terms of the Intercreditor Agreement.

The Intercreditor Agreement will also allow for a refinancing and/or increase of the Credit Facility Liabilities (as defined below) or any Pari Passu Debt Liabilities in full or in part. For the purposes of this description, any references to the Credit Facilities, the RCF Lenders, the L/G Lenders, the CLF Lenders, the Credit Facility Liabilities (as defined below), the Notes, the Noteholders and the Pari Passu Liabilities, should be read as including any such refinancing debt.

By accepting any Notes, the relevant holder thereof shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement.

The following description is a summary of certain provisions, among others, that will be contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety, nor does it describe provisions relating to the rights and obligations of holders of other classes of our debt. As such, we urge you to read the Intercreditor Agreement because it, and not the discussion that follows, defines the rights of the Noteholders and the Credit Facility Lenders.

Ranking and Priority

The Intercreditor Agreement will provide, subject to the provisions regarding permitted payments (as described below), that all present and future liabilities and obligations of any Debtor under (i) the Credit Facilities (the "Credit Facility Liabilities"), (ii) the Hedging Liabilities and (iii) the Pari Passu Debt Liabilities will rank in right and priority of payment *pari passu* without any preference among them.

All these liabilities will rank ahead of (i) any liabilities of any Debtor to any of the Intra-Group Lenders (the "Intra-Group Liabilities") and (ii) any liabilities owed to the Subordinated Creditors by the Parent under the Lux Holdco Shareholder Loan or by a member of the Group under any other loan or financial instrument (the "Subordinated Liabilities"). The Intercreditor Agreement does not purport to rank the Intra-Group Liabilities and the Subordinated Liabilities as between themselves.

Collateral

The RCF Lenders, the L/G Lenders, the Hedge Counterparties, the Pari Passu Debt Creditors and the Security Agent will benefit from a common security package (which will be subject to customary limitations on guarantees and security) and (subject to customary exceptions) no Debtor may grant any security unless such security is also, to the extent legally possible, at the same time granted for the benefit of the other senior secured creditors of the Parent and its Restricted Subsidiaries.

The proceeds from any recoveries from enforcement of Collateral will be paid out as described below under "*—Application of proceeds*."

The Collateral shall rank and secure the Credit Facility Liabilities, the Hedging Liabilities and the Pari Passu Debt Liabilities (subject to the terms of the Intercreditor Agreement) *pari passu* and without any preference among them (but only to the extent that such security is expressed to secure those liabilities).

Such ranking among Collateral is expressed by the provisions of the Intercreditor Agreement irrespective of the order of execution, creation, registration, notice, enforcement, date on which the liability arose or any fluctuation in the amount.

In addition, the Intercreditor Agreement provides that the guarantees and Collateral will be released in certain circumstances described further below in "*—Release of security and guarantees—non-distressed disposals*" and "*—Release of security and guarantees—Distressed Disposals*."

Permitted Payments

Prior to the occurrence of an Acceleration Event (as defined in the Intercreditor Agreement), the Intercreditor Agreement will permit payments to be made by the Debtors with respect to the Credit Facility Liabilities and the Pari Passu Debt Liabilities (without prejudice to any restriction contained in the Credit Facility Documents) (such payment, a "Permitted Pari Passu Debt Liability Payment"). The Intercreditor Agreement will, subject to certain customary prerequisites, also permit payments with respect to the Hedging Liabilities.

The Debtors may make payments to lenders of Intra-Group Liabilities until the occurrence of an Acceleration Event and the delivery by the Security Agent (acting on the instructions of the members of the Instructing Group who have issued Enforcement Instructions or, if no Enforcement Instructions have been issued, acting on the instructions of the Majority Super Senior Creditors (as defined below)) of a notice confirming the cessation of payments. However, payments may continue if the consent of the Majority Super Senior Creditors and the Required Pari Passu Creditors (each as defined below) is obtained. No payments may be made in respect of Subordinated Liabilities except as expressly permitted by the Credit Facilities Agreements and any Pari Passu Debt Documents or if the consent of the Majority Super Senior Creditors and the Required Pari Passu Creditors is also obtained.

An Acceleration Event includes the relevant creditor representative exercising any or all of its rights under the acceleration provisions of the Credit Facilities Agreements, or any other acceleration provisions under any replacement facility agreement and any Pari Passu Debt Document (including the Indenture).

Limitations on Enforcement

The Security Agent may refrain from enforcing the Collateral unless otherwise instructed by the Instructing Group.

For the purposes of enforcement, "Instructing Group" means either (i) more than $66^2/_3$% by value of a combined class of Credit Facility Lenders and Super Senior Hedge Counterparties (the "Majority Super Senior Creditors"); or (ii) a simple majority by value of a combined class of Pari Passu Debt Creditors and Hedge Counterparties to the extent they are owed any Pari Passu Hedging Liabilities (the "Majority Pari Passu Creditors"), determined in accordance with "*—Conflicting Enforcement Instructions*" below. Hedge Counterparties will vote in accordance with the mark-to-market value of their exposure (in respect of hedging which has not been closed out) or the close-out amount owing to them (in respect of hedging which has been closed out).

The Security Agent is not obliged to enforce the Collateral until it has received any indemnification and/or security that it may in its discretion require.

If either the Majority Super Senior Creditors or the Majority Pari Passu Creditors wish to instruct the Security Agent to commence enforcement of any of the Collateral, they must give at least 10 business days' notice of the proposed

enforcement instructions to the Security Agent and the Security Agent shall promptly forward such instructions to the creditor representatives for the other creditor classes. In the event that the Security Agent does not receive enforcement instructions from all creditor classes which match each other, on the earlier of the date of the latest such conflicting enforcement instructions or lapse of the 10 business days' notice period will commence a 30-day consultation period during which time the creditor representatives for each of the creditor classes must consult with each other in good faith with a view to coordinating the proposed instructions.

A creditor representative is not obliged to consult as described above (or is only obliged to consult for a shorter period) if:

- the Collateral has become enforceable due to an insolvency event which occurred with respect to a Debtor;
- the Majority Super Senior Creditors or the Majority Pari Passu Creditors determine in good faith that to do so and thereby delay the commencement of enforcement could reasonably be expected to have a material adverse effect on (A) the Security Agent's ability to enforce any of the Collateral or (B) the realization proceeds of any enforcement of the Collateral in any material respect; or
- the creditor representatives (and, if applicable, the Hedge Counterparties) representing the Majority Super Senior Creditors and the Majority Pari Passu Creditors so agree.

Conflicting Enforcement Instructions

At the end of the consultation period, the Security Agent must act on the instructions of the Instructing Group as to the enforcement of the Collateral provided that those instructions are consistent with the security enforcement principles (see further below).

If there are conflicting enforcement instructions given to the Security Agent by the different classes of creditors who can constitute the Instructing Group, then, provided that the Majority Pari Passu Creditors have complied with the consultation process set out above and those instructions are consistent with the security enforcement principles, the enforcement instructions from the Majority Pari Passu Creditors will prevail over those of the Majority Super Senior Creditors and the Majority Pari Passu Creditors will constitute the Instructing Group.

If (a) the Security Agent has not taken any enforcement action within three months of the date of the first enforcement instructions or (b) the Super Senior Liabilities have not been repaid in full within six months of the date of the first enforcement instructions, any enforcement instructions given by the Majority Super Senior Creditors will then prevail, provided that they are consistent with the security enforcement principles.

Any enforcement instructions given must comply with certain security enforcement principles and the enforcement objective, including:

- to achieve the enforcement objective, namely to maximize the recovery of all of the secured parties, so far as is consistent with a prompt and expeditious enforcement and the rights and obligations of the Security Agent under the terms of the Intercreditor Agreement and applicable laws;
- all enforcement proceeds will be received by the Security Agent in cash for distribution in accordance with the Intercreditor Agreement, or, if the Instructing Group is the Majority Pari Passu Creditors, sufficient enforcement proceeds will be received by the Security Agent in cash to ensure that, after distribution in accordance with the Intercreditor Agreement, the Credit Facility Liabilities and Super Senior Hedging Liabilities will be repaid in full;
- to the extent that the enforcement is over Collateral other than capital stock with an aggregate book value exceeding €5,000,000 or is over capital stock, the Security Agent shall, if requested by the Majority Super Senior Creditors or the Majority Pari Passu Creditors, obtain an opinion from a Financial Advisor that the proceeds received from such enforcement are fair from a financial point of view after taking into account all relevant circumstances, provided that no Financial Adviser opinion is required if such enforcement action (i) is conducted by way of Public Auction or (ii) would result in receipt of sufficient proceeds by the Security Agent in cash to ensure that, after distribution in accordance with the Intercreditor Agreement, (A) in the case of an enforcement requested by the Majority Super Senior Creditors, the Final Discharge Date (as defined in the Intercreditor Agreement) has occurred or (B) in the case of an enforcement requested by the Majority Pari Passu Creditors, the Super Senior Hedging Liabilities and the Credit Facility Liabilities have been fully and finally discharged in full. The Financial Adviser's opinion will be conclusive evidence that the security enforcement objective has been met.

Turnover Provisions

Turnover by the Creditors. Subject to certain exclusions, if any Creditor receives or recovers any payments or distributions of amounts (including by way of set-off) or proceeds from the enforcement of Collateral in relation to any of the Liabilities which is neither a Permitted Payment nor made in accordance with the waterfall described in "—*Application of Proceeds*" below it must:

- in relation to amounts not received or recovered by way of set-off, promptly pay an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Turnover of enforcement proceeds. If the Security Agent or a Creditor Representative is not entitled, for reasons of applicable law, to pay or distribute amounts received pursuant to the making of a demand under any guarantee, indemnity or other assurance against loss or the enforcement of the Collateral to the relevant Super Senior Creditors or, as the case may be, to the relevant Pari Passu Creditors, but is entitled to pay or distribute those amounts to Creditors (such Creditors, the "Receiving Creditors") who, in accordance with the terms of the Intercreditor Agreement, are subordinated in right and priority of payment to the relevant Super Senior Creditors or, as the case may be, the Pari Passu Creditors; and the secured debt of such Super Senior Creditors or, as the case may be, the Pari Passu Creditors under the Intercreditor Agreement has not been discharged (nor would occur after taking into account such payments), then the Receiving Creditors shall make such payments or distributions to the relevant Secured Creditors as the Security Agent shall require to place the relevant Secured Creditors in the position they would have been in had such amounts been available for application against the Secured Creditor Liabilities.

Turnover by trustees. A Pari Passu Note Trustee shall only have an obligation to turn over or repay amounts received or recovered under the Intercreditor Agreement by it (i) if it had actual knowledge that the receipt or recovery is an amount received in breach of the Intercreditor Agreement (a "Turnover Receipt") and (ii) to the extent that, prior to receiving that knowledge, it has not distributed the amount of the Turnover Receipt to the Pari Passu Noteholders for which it is the creditor representative in accordance with the provisions of the relevant Pari Passu Note Indenture. For the purpose of the Intercreditor Agreement, (i) "actual knowledge" of the relevant Pari Passu Note Trustee shall be construed to mean the Pari Passu Note Trustee shall not be charged with knowledge (actual or otherwise) of the existence of facts that would impose an obligation on it to make any payment or prohibit it from making any payment unless a responsible officer of such Pari Passu Note Trustee has received, not less than two business days' prior to the date of such payment, a written notice that such payments are required or prohibited by the Intercreditor Agreement; and (ii) "responsible officer" when used in relation to a Pari Passu Note Trustee means any person who is an officer within the corporate trust and agency department of the relevant Pari Passu Note Trustee, including any director, associate director, vice president, assistance vice president, senior associate, assistant treasurer, trust officer, or any other officer of the relevant Pari Passu Note Trustee who customarily performs functions similar to those performed by such officers, or to whom any corporate trust matter is referred because of such individual's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of the Intercreditor Agreement.

Application of Proceeds

Save as referred to below, all amounts from time to time received or recovered by the Security Agent pursuant to the terms of a Debt Document in connection with the realization or enforcement of all or any part of the Collateral, a Distressed Disposal or otherwise paid to the Security Agent in accordance with, among others, the Intercreditor Agreement, the Credit Facility Documents and the Pari Passu Debt Documents for application as set forth below shall be held by, and any amounts received by a Creditor Representative (on behalf of a Secured Creditor) or a Hedge Counterparty in respect of guarantee obligations shall be paid to and held by, the Security Agent on trust or as agent and applied in the following order:

- first, in payment of certain amounts owing to the Security Agent or any receiver and delegate of it (other than pursuant to any parallel debt) and any fees, costs and expenses incurred by each other creditor representative;

- second, in or towards payment of all costs and expenses incurred by any Secured Creditor in connection with any realization or enforcement of the Collateral taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent in accordance with the Intercreditor Agreement;

- third, in payment or distribution to the relevant creditor representatives in respect of the Credit Facility Creditors and the Super Senior Hedge Counterparties (the Super Senior Hedge Counterparties represent, in aggregate, not more than €60 million of ordinary course of business Hedging Liabilities (calculated on the basis of a non-credit related close-out) plus any Hedging Liabilities related to interest rate or exchange rate hedging in connection with a Credit Facility (other than the Revolving Credit Facility, L/G Facility and the Cash Liquidity Facility) (such Hedging Liabilities the "Super Senior Hedging Liabilities")), in each case for application towards the discharge of the liabilities under (A) the Credit Facility Documents (in accordance with their terms) on a pro rata basis between such liabilities incurred under separate Credit Facility Documents; and (B) the Super Senior Hedging Liabilities up to the Super Senior Hedging Amount (as defined in the Intercreditor Agreement) on a pro rata basis between the Super Senior Hedging Liabilities of each Super Senior Hedge Counterparty, on a pro rata basis between item (A) and item (B) above;

- fourth, in payment or distribution to each representative in respect of Pari Passu Debt Liabilities on its own behalf and on behalf of the relevant Pari Passu Debt Creditors and the Pari Passu Hedge Counterparties, in each case for application towards the discharge of the liabilities under (A) the Pari Passu Debt Documents (in accordance with their terms) on a pro rata basis between such liabilities under separate Pari Passu Facility Agreement; (B) the Pari Passu Debt Documents (in accordance with their terms) on a pro rata basis between such under separate indentures; and (C) the Pari Passu Hedging Liabilities on a pro rata basis between the such liabilities of each Pari Passu Hedge Counterparty, on a pro rata basis between item (A), item (B) and item (C) above;

- fifth, if none of the Debtors is under any further actual or contingent liability under any Credit Facility Document, Hedging Agreement or Pari Passu Debt Document, in payment or distribution to any person to whom the Security Agent is obliged to pay or distribute in priority to any such Debtor; and

- sixth, the balance, if any, in payment or distribution to the relevant Debtor.

Prior to the occurrence of the Upstream Effective Date, a separate waterfall shall apply in relation to recoveries from the Company and its subsidiaries, which shall conform to the order set out above save that no such recoveries shall be available to the creditors under the Notes, the Cash Liquidity Facility or any hedging arrangements entered into by the Parent, MidCo or BidCo.

A separate waterfall shall apply in relation to recoveries from any Portuguese subsidiaries of the Company, which shall conform to the order set out above save that no such recoveries shall be available to the creditors under the Notes or the Cash Liquidity Facility or to the Hedge Counterparties which are not Target Hedge Counterparties in respect of Hedging Liabilities that are not Target Hedging Liabilities.

Option to purchase

The Pari Passu Noteholders and the Pari Passu Lenders, may, following the occurrence of a distress event, and in each case subject to various conditions set out in the Intercreditor Agreement (including the grant of an acceptable indemnity against claw back to the Credit Facilities Creditors and the Super Senior Hedge Counterparties), exercise an option to purchase the liabilities under the Credit Facility Documents and the Super Senior Hedging Liabilities in full (but not in part only) and at par (in the case of Credit Facility Liabilities) or the close-out amount owing to them (in the case of Super Senior Hedging Liabilities).

Release of security and guarantees—non-distressed disposals

In circumstances where a disposal is not a Distressed Disposal (and is not prohibited by the terms of the Credit Facility Documents and the Pari Passu Debt Documents), the Intercreditor Agreement will provide that the Security Agent is authorized:

- to release the Collateral or any other claim over the relevant asset (and any related or associated asset which that member of the Group notifies to the Security Agent to be released from the Collateral to facilitate the relevant disposal); and

- if the relevant asset consists of shares in the capital of a member of the Group, to release the Collateral or any other claim over the assets of that member of the Group and the shares in and assets of any of its subsidiaries.

If any disposal proceeds are required to be applied in mandatory prepayment of the Credit Facility Liabilities or the Pari Passu Debt Liabilities then those disposal proceeds shall be applied in accordance with the relevant Debt Documents and the consent of any other party shall not be required for that application.

Release of security and guarantees—Distressed Disposals

In circumstances where a Distressed Disposal is being effected, the Intercreditor Agreement will provide that the Security Agent is authorized, among other things:

- to release the Collateral or any other claim over the relevant asset;

- if the asset which is disposed of consists of shares in the capital of a Debtor, to release (a) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities and guaranteeing liabilities, in each case under the Debt Documents and certain other liabilities; (b) any Collateral granted over that Debtor's assets and the assets of any of its subsidiaries; and (c) any other claim of a Subordinated Creditor, another Debtor or intra-group lender over that Debtor's assets or over the assets of any subsidiary of that Debtor;

- if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release (a) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities and guaranteeing liabilities under the Debt Documents and certain other liabilities; (b) any Collateral granted over the assets of that holding company and any subsidiary of that holding company; and (c) of a Subordinated Creditor, another Debtor or intra-group lender over the assets of that holding company and any subsidiary of that holding company;

- if the asset which is disposed of consists of shares in the capital of a Debtor or any holding company of a Debtor, to dispose of all or any part of that Debtor's or the holding company that Debtor's borrowing liabilities and guaranteeing liabilities under the Debt Documents (but in each case excluding liabilities due to any creditor representative or arranger) and the Debtors' intra-group receivables; and

- if the asset which is disposed of consists of shares in the capital of a Debtor or any holding company of a Debtor, to transfer intra-group liabilities, intra-group receivables, or Subordinated Liabilities owed by that Debtor or holding company of a Debtor to a Subordinated Creditor, Intra-Group Lender or another Debtor.

Any net proceeds of the disposal must be applied in accordance with the enforcement proceeds waterfall described above under "*—Application of Proceeds*." Where borrowing liabilities in respect of any Super Senior Liabilities or Pari Passu Liabilities would otherwise be released pursuant the Intercreditor Agreement, the Creditor concerned may elect to have those borrowing liabilities transferred to a Subordinated Creditor, in which case the Security Agent is irrevocably authorized (at the cost of the relevant Debtor and without any consent, sanction, authority or further confirmation from any Creditor or Debtor) to execute such documents as are required to so transfer those borrowing liabilities.

Refinancing and Increase of Secured Creditor Liabilities

Secured Creditor Liabilities Refinancing. The Secured Creditor Liabilities may be refinanced, replaced or increased or otherwise restructured in whole or in part on terms that do not breach the terms of the Intercreditor Agreement, the Credit Facility Documents or any Pari Passu Debt Document without the consent of any other creditors under the Intercreditor Agreement (except that certain Secured Creditors must consent to an increase in the Super Senior Liabilities) so that:

- any obligations incurred by any Debtor or other member of the Group pursuant to such increase, refinancing or replacement of any Credit Facility Liabilities (the "Credit Facility Refinancing Liabilities") or any Pari Passu Debt Liabilities (the "Pari Passu Debt Refinancing Liabilities") (together, the "Secured Refinancing Liabilities") will, to the extent so designated by the Parent, (A) in the case of Credit Facility Refinancing Liabilities rank as Credit Facility Liabilities and (B) in the case of Pari Passu Debt Refinancing Liabilities rank as Pari Passu Debt Liabilities as provided for in the Intercreditor Agreement; and

- the Transaction Security Documents shall secure such Secured Refinancing Liabilities and in respect of such Transaction Security Documents and any new security granted by any member of the Group to secure such Secured Refinancing Liabilities, such Secured Refinancing Liabilities will, (A) in the case of Credit Facility Refinancing Liabilities rank as Credit Facility Liabilities and (B) in the case of Pari Passu Debt

Refinancing Liabilities rank as Pari Passu Debt Liabilities as provided for in the Intercreditor Agreement; and

- the Intercreditor Agreement shall be construed to permit the assumption of any Secured Refinancing Liabilities and to give effect to the ranking set out in the two preceding paragraphs,

provided that: (A) any trustee or representative of the creditors of such Secured Refinancing Liabilities (a "Refinancing Representative") accedes to the Intercreditor Agreement in accordance with its terms on the same terms as the applicable creditor representative; and (B) each creditor in relation to such Secured Refinancing Liabilities (that is not a Refinancing Representative) accedes to the Intercreditor Agreement in accordance with its terms or is deemed to accede to the Intercreditor Agreement pursuant to the terms of its relevant finance documents, in each case on the same terms as the applicable secured creditor.

Further assurance. The Security Agent and each Trustee is authorized by the Intercreditor Agreement to enter into such documentation with the relevant Debtors as may be necessary to ensure that any obligations and liabilities incurred by the Debtors in respect of such New Money and Refinancing Liabilities (as defined in the Intercreditor Agreement) will have the ranking and the benefit of the Collateral (and that the creditors under such New Money and Refinancing Liabilities will have the rights and obligations) permitted to be conferred upon it in accordance with the Debt Documents (including, without limitation, the entry into a new intercreditor agreement).

Release of Security. Where the terms of a refinancing, restructuring, replacement, or increase in the above context requires the amendment, confirmation or release of any security by the Security Agent, the Security Agent shall confirm, amend or release such security which has been granted to it provided that such amendment, confirmation or release occurs on the date of such refinancing, restructuring, replacement or increase and in respect of any such release, such security released is immediately retaken and there is no reasonable alternative for achieving the same result without triggering security hardening periods.

Issue of Further Notes

With the exception of the Indenture and any Notes issued thereunder or as otherwise approved in writing by the Majority Super Senior Creditors (or, as required by a Credit Facility, the "majority lenders"), no member of the Group shall enter into a Pari Passu Note Indenture or issue any Pari Passu Notes unless:

- each Credit Facility Agent receives a copy of the Pari Passu Note Documents (as defined in the Intercreditor Agreement) as soon as practicable after the relevant Notes are issued;
- the net proceeds of the issue of the Pari Passu Notes are applied in accordance with the requirements (if any) of the Credit Facility Documents and any other Pari Passu Debt Documents then in existence,
- the relevant Pari Passu Notes are issued by BidCo;
- the guarantees for the Pari Passu Notes comply with the provisions of the Intercreditor Agreement; and
- to the extent not already a party, the trustee and each of the guarantors for the Pari Passu Notes execute the Intercreditor Agreement or accede thereto before or concurrently with the issuance of the Pari Passu Notes.

Consents, Amendments and Override

Required consents. Subject to agreed exceptions as to consent requirements of other parties or majority requirements, the Intercreditor Agreement may be amended or waived with the consent of the Security Agent, the Creditor Representatives, the Majority Super Senior Creditors and the Required Pari Passu Creditors.

The Intercreditor Agreement may be amended by the Security Agent and the Parent without the consent of any other party to cure defects and manifest errors, resolve ambiguities or to reflect changes in each case of a minor, technical or administrative nature.

Agreement to override. Unless expressly stated otherwise in the Intercreditor Agreement, in the case of any conflict between the Intercreditor Agreement and any other Debt Document, the Intercreditor Agreement shall prevail.

Definitions

In this description:

"Collateral" means the collateral expressed to be granted in favor of the Security Agent and the secured parties, which will include the Notes Collateral as of the Issue Date.

"Credit Facility Agent" means any agent under the Credit Facilities Agreements.

"Credit Facility Documents" means each document defined as a "Finance Document" in the Credit Facilities Agreements.

"Creditor Representative" means:

(a) in relation to the Credit Facility Lenders, the relevant Credit Facility Agent;

(b) (in addition to paragraph (a) above) in relation to the L/G Lenders, the L/G Agent; and

(c) in relation to the pari passu debt creditors, the relevant Pari Passu Debt Representative.

"Creditors" means the Secured Creditors, any Subordinated Creditor and the lenders to which Intra-Group Liabilities are owed.

"Debt Document" means each of the Intercreditor Agreement, the Hedging Agreements, the Credit Facility Documents, the Pari Passu Debt Documents, the documents evidencing or creating Collateral, any agreement evidencing the terms of the Subordinated Liabilities, any agreement evidencing the terms of the Intra-Group Liabilities and any other document designated as such by the Security Agent and the Parent.

"Final Discharge Date" means the later to occur of the Super Senior Discharge Date and the Pari Passu Discharge Date.

"Financial Adviser" means any independent internationally recognized investment bank, any independent internationally recognized accountancy firm or, if it is not practicable for the Security Agent to appoint any such bank or accountancy firm on commercially reasonable terms (including for reasons of conflicts of interest) as determined by the Security Agent (acting in good faith), any other independent internationally recognized professional service firm, which, in each case, is regularly engaged in providing valuations of businesses or financial assets or, where applicable, advising on competitive sale processes (and is not the firm appointed as the relevant Debtor's administrator or other relevant officer holder).

"Group" means the Parent and each of its subsidiaries for the time being.

"Hedging Agreement" means any master agreement, confirmation, schedule or other agreement entered into or to be entered into by a Debtor and a Hedge Counterparty for the purpose of hedging which is permitted under the terms of the Credit Facility Documents and the Pari Passu Debt Documents (in their form as at the date of execution of the relevant Hedging Agreement) to share in the Collateral.

"Hedging Liabilities" means the liabilities owed by any Debtor to the Hedge Counterparties under or in connection with the Hedging Agreements.

"Intra-Group Lender" means the Parent, Midco or Bidco and any other member of the Group which accedes to the Intercreditor Agreement in that capacity.

"Lux Holdco Shareholder Loan" means the shareholder loan from Lux HoldCo as lender to the Parent in an amount of up to € 390,000,000, to be finalized immediately prior to the Issue Date.

"Pari Passu Arranger" means, in relation to any Pari Passu Facility, any person who accedes to the Intercreditor Agreement in such capacity.

"Pari Passu Creditors" means the creditor of Pari Passu Debt Liabilities and the Pari Passu Hedge Counterparties.

"Pari Passu Debt Creditors" means:

(a) the Trustee and each creditor of Notes; and

(b) each other Creditor Representative in relation to any Pari Passu Debt Liabilities, each Pari Passu arranger, each other Pari Passu Noteholder and each other Pari Passu Lender.

"Pari Passu Debt Documents" means:

(a) the Notes, the Indenture, the guarantees securing the Notes, the Intercreditor Agreement, the relevant related Collateral and any other document entered into in connection with the Notes (each a "Notes Document"); and

(b) each other document or instrument entered into between any member of the Group and a Pari Passu Debt Creditor setting out the terms of any Pari Passu Facility or Pari Passu Notes and which creates or evidences any Pari Passu Debt Liabilities and including, for the avoidance of doubt, any exchange notes issued pursuant to a Pari Passu Notes Indenture.

"Pari Passu Debt Representative" means:

(a) in relation to the Noteholders, the Trustee; and

(b) in relation to any Pari Passu Noteholders in respect of any Pari Passu Notes, a Pari Passu Note Trustee and, in relation to any pari passu lenders, the person which has acceded to the Intecreditor Agreement as the Creditor Representative of those Pari Passu lenders.

"Pari Passu Discharge Date" means the first date on which all the Pari Passu Liabilities have been fully and finally discharged to the satisfaction of the relevant Creditor Representative(s) (in the case of the Pari Passu Debt Liabilities) and each Pari Passu Hedge Counterparty (in the case of the Pari Passu Hedging Liabilities), whether or not as the result of an enforcement, and the Pari Passu Creditors are under no further obligation to provide financial accommodation to any of the Debtors under the Debt Documents.

"Pari Passu Facility" means any credit facility made available to the Parent or a subsidiary of the Parent which is a guarantor of the Notes where any:

(a) agent of the lenders in respect of the credit facility becomes a Party as a Creditor Representative;

(b) arranger of the credit facility has become a party as a Pari Passu Arranger; and

(c) lender in respect of the credit facility has become a party as a Pari Passu Lender,

in respect of that credit facility, including, without limitation, any facilities for the refinancing (or any successive refinancing thereafter) of amounts or commitments outstanding under any initial Pari Passu Facility Agreement, in accordance with terms of the Intercreditor Agreement.

"Pari Passu Facility Agreement" means any facility agreement setting out the terms of any Pari Passu Facility which creates or evidences any Pari Passu Debt Liabilities, including, without limitation, any facilities for the refinancing (or any successive refinancing thereafter) of amounts or commitments outstanding under any initial Pari Passu Facility Agreement, in accordance with terms of the Intercreditor Agreement.

"Pari Passu Hedge Counterparty" means each Hedge Counterparty to the extent it is owed Pari Passu Hedging Liabilities.

"Pari Passu Lender" means each "Lender" (or equivalent) under and as defined in any Pari Passu Facility Agreement.

"Pari Passu Liabilities" means the Pari Passu Debt Liabilities and the Pari Passu Hedging Liabilities.

"Pari Passu Noteholder" means a noteholder of Notes and any other holders, from time to time, of any Pari Passu Notes, as determined in accordance with the relevant Pari Passu Note Indenture.

"Pari Passu Note Indenture" means the Indenture and any other note indenture setting out the terms of any Pari Passu Notes which creates or evidences any Pari Passu Debt Liabilities.

"Pari Passu Note Trustee" means:

(a) the Trustee; and

(b) any other note trustee in respect of Pari Passu Notes which has acceded to Intercreditor Agreement as a Creditor Representative.

"Pari Passu Notes" means:

(a) the Notes; and

(b) any other senior secured notes issued or to be issued under a Pari Passu Notes Indenture by the Parent including, without limitation, senior secured notes issued or to be issued in the context of any refinancing (or any successive refinancing thereafter) of amounts or commitments outstanding under any Pari Passu Debt Document in accordance with the terms of the Intercreditor Agreement, in each case with an initial maturity date no earlier than the initial maturity date under the Indenture.

"Public Auction" means an auction or other competitive sale process of assets in which more than one bidder participates or is invited to participate, by or on behalf of the Security Agent pursuant to an enforcement of any Collateral (or by a member of the Group in circumstances of a disposal of assets which from time to time are, or are expected to be, the subject of Collateral (the "Charged Property") and which is (i) being effected at the request of the Instructing Group in circumstances where the Collateral has become enforceable, (ii) being effected by enforcement of the Collateral (other than the exercise of any of (A) the blockage of any dividends or balances of the pledged accounts under Collateral documents or (B) the exercise of voting rights of shares of any class, loans, bonds or other equity or debt instruments (including preferred equity certificates and convertible preferred equity certificates) issued by an entity to its respective shareholder(s)) which are pledged under the Collateral documents), or (iii) being effected, after the occurrence of an acceleration event or the enforcement of any Collateral, by a Debtor to a person or persons which is, or are, not a member, or members, of the Group) (a "Distressed Disposal") the process of such sale or disposal having been conducted as follows:

(a) prior to the sale or other disposal, the Security Agent shall, in respect of such auction or other competitive sale process, consult with an independent internationally recognized investment bank or independent internationally recognized accounting firm selected by the Security Agent (acting reasonably) with respect to the procedures which may reasonably be expected to be used to obtain a fair market price in the then prevailing market conditions (taking into account all relevant circumstances and with a view to facilitating a prompt and expeditious sale at a fair market price in the prevailing market conditions although there shall be no obligation to postpone any such sale in order to achieve a higher price);

(b) the Security Agent shall have implemented (to the extent permitted by law) in all material respects the procedures recommended by such bank or firm in relation to such auction or process; and

(c) the Secured Creditors shall have had a right to participate.

For the purposes of paragraphs (a), (b) and (c) above:

(a) the Security Agent shall be entitled to retain any such independent internationally recognized investment bank or independent internationally recognized accounting firm as its and/or any of the other Secured Creditors' Financial Adviser to advise and assist in the proposed sale or disposition for such remuneration as the Security Agent in good faith determines is appropriate for the circumstances;

(b) except as required by applicable law, the Security Agent shall not have any obligation to any person to engage in or to use reasonable efforts to engage in a listing of any or all of any equity interests the subject of such auction or other competitive sale process, including without limitation if recommended by such investment bank or accounting firm;

(c) by reason of certain prohibitions, or exemptive or safe-harbor provisions from such prohibitions, contained in law or regulations of any applicable governmental authority, the Security Agent may, with respect to any sale of all or any part of such equity interests or assets;

(i) limit purchasers to those who meet the requirements of such governmental authority or exemptive or safe-harbor provision (as applicable) and/or make representations and undertakings satisfactory to the Security Agent relating to compliance with such requirements and/or provisions; and/or

(ii) limit purchasers to persons who will agree, among other things to acquire such shares for their own account, for investment and not with a view to the distribution or resale thereof;

(d) the Security Agent and other Secured Creditors shall not under any circumstances be required to make representations, warranties or undertakings to any actual or proposed purchaser (other than customary representations in a security enforcement as to power to transfer the relevant equity interests pursuant to the Collateral documents) or to indemnify any actual or proposed purchaser against any costs, liabilities or similar expenses or losses; and

(e) without limitation to the other circumstances of the sale or other disposition that the Security Agent and such investment bank or accounting firm may take into consideration, the Security Agent may (but is not required to) in all circumstances specify that no offer to purchase equity interest or other assets will be entertained unless such offer:

(i) is for all (and not some only) of the equity interests being sold or otherwise disposed;

(ii) is for cash consideration payable at closing (and therefore not including, for the avoidance of doubt, any element of deferred compensation) and is not subject to any financing conditions; and/or

(iii) contemplates a closing of the sale of the equity interests or other assets in not more than three months (or such longer period as the Security Agent may specify) from the time of initiation of the sale or disposition process; and

(f) a "right to participate" means:

(i) any offer, or indication of a potential offer, that a Secured Creditor makes shall be considered by the Security Agent or such investment bank or accounting firm against the same criteria as any offer, or indication of a potential offer, by any other bidder or potential bidder. For the avoidance of doubt, if after having applied that same criteria, the offer or indication of a potential offer made by a Secured Creditor is not considered by the Security Agent or such investment bank or accounting firm to be sufficient to continue in the sale or disposal process, such consideration being against the same criteria as any offer, or indication of a potential offer, by any other bidder or potential bidder (such continuation may include being invited to review additional information or being invited to have an opportunity to make a subsequent or revised offer, whether in another round of bidding or otherwise) then the right to participate of that Secured Creditor under the Intercreditor Agreement shall be deemed to be satisfied; and

(ii) shall not apply if the Security Agent believes in good faith that it may (or there is a risk that it may) result in a violation of any applicable laws or that it may (or there is a risk that it may) result in a requirement for registration under any applicable securities laws.

For the purposes of paragraph (a) above, such investment bank or accounting firm may be instructed by the Security Agent to take the limitations set out in sub-paragraphs (a) to (f) (inclusive) above into account and to formulate recommendations that are consistent with them.

"Required Pari Passu Creditors" means each Creditor Representative acting on behalf of any, and on the instruction of any applicable quorum of, Pari Passu lenders or Pari Passu Noteholders.

"Secured Creditors" means the Super Senior Creditors and the Pari Passu Creditors.

"Secured Creditor Liabilities" means the Super Senior Liabilities and the Pari Passu Liabilities.

"Subordinated Creditor" means Lux HoldCo or any person which becomes a party to the Intercreditor Agreement as a Subordinated Creditor.

"Super Senior Creditors" means the creditors of Credit Facilities Liabilities ("Credit Facility Creditors") and the Super Senior Hedge Counterparties.

"Super Senior Discharge Date" means the first date on which all Super Senior Liabilities have been fully and finally discharged to the satisfaction of the relevant Credit Facility Agent (in the case of the Credit Facility Liabilities) and each Super Senior Hedge Counterparty (in the case of its Super Senior Hedging Liabilities), whether or not as the result of an enforcement, and the Super Senior Creditors are under no further obligation to provide financial accommodation to any of the Debtors under the Debt Documents.

"Super Senior Hedge Counterparties" means each Hedge Counterparty to the extent they are owed Super Senior Hedging Liabilities.

"Super Senior Liabilities" means the Credit Facility Liabilities and the Super Senior Hedging Liabilities.

Local Facilities

The Company and certain of its subsidiaries have entered into bilateral loan facilities (including mortgages relating to certain specified properties), as well as a €10 million bilateral guarantee facility, each of which will remain outstanding after the completion of the Acquisition. As of December 31, 2014, the total aggregate principal amount outstanding under the bilateral loan facilities was €24.4 million. The bilateral loans are disclosed in and permitted under the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement, and the properties to which they relate do not form part of the security package for the Revolving Credit Facility, the L/G Facility, the Cash Liquidity Facility or part of the Collateral.

DESCRIPTION OF THE NOTES

Senvion Holding GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of the Federal Republic of Germany, registered with the commercial register of the local court (*Amtsgericht*) of Munich under registration number HRB 215516 (the "**Issuer**"), will issue €400.0 million aggregate principal amount of euro-denominated senior secured notes (the "**Notes**") under an indenture dated as of the Issue Date (the "**Indenture**") among, *inter alios*, the Issuer and Deutsche Trustee Company Limited, as trustee (the "**Trustee**"), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act.

Unless the context requires otherwise, references in this "*Description of the Notes*" to the Notes include any Additional Notes that are issued. The terms of the Notes include those set forth in the Indenture. The Indenture will not incorporate or include any of, or be subject to, the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The following description is only a summary of the material provisions of the Indenture, the Notes, the Notes Guarantees and the Security Documents and refers to the Intercreditor Agreement. It does not restate those agreements in their entirety. We urge you to read the Indenture, the Security Documents and the Intercreditor Agreement because they, and not this description, will define your rights as holders of the Notes. Copies of the Indenture, the forms of Notes, the Security Documents and the Intercreditor Agreement are available as set forth below under "*—Additional information*."

The proceeds from the Notes sold on the Issue Date will be used by the Issuer, together with the Equity Contribution, to fund the consideration to be paid in the Acquisition and to pay fees and expenses incurred in connection with the Transactions as set forth in this offering memorandum under the caption "*Use of Proceeds*."

Upon the initial issuance of the Notes, the Notes will be obligations of the Issuer and will be guaranteed on a senior secured basis by Rapid TopCo GmbH (the "**Parent Guarantor**"), Rapid MidCo GmbH ("**MidCo**" and, together with the Parent Guarantor, the "**Issue Date Guarantors**"), and will not be guaranteed by Senvion SE (the "**Company**") or any of the Company's Subsidiaries (collectively, the "**Senvion Group**"). The Company, Ria Blades S.A., Senvion Indústria, S.A., Power Blades S.A. and Senvion Portugal S.A. will become party to the Indenture and will guarantee the Notes on a senior secured basis within five Business Days after the Upstream Effective Date (in the case of the Company) and within 90 days after the Issue Date (in the case of the other Post-Issue Date Guarantors). Following the Issue Date, the Notes will be secured by the Collateral, as described below under "*—Security*."

You can find the definitions of certain terms used in this description under the subheading "*—Certain definitions*." Certain defined terms used in this description but not defined below under "*—Certain definitions*" have the meanings assigned to them in the Indenture. In this "*Description of the Notes*," the term "**Issuer**" refers only to Senvion Holding GmbH and not to any of its Subsidiaries and the terms "we," "our" and "us" refer to the Issuer and, where the context so requires, certain or all of its Subsidiaries.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief description of the Notes and the Notes Guarantees

The Notes

The Notes will:

- be general senior obligations of the Issuer;
- be secured as set forth under "*—Security*;"
- be fully and unconditionally guaranteed by the Issue Date Guarantors on the Issue Date, by the Company within five Business Days after the Upstream Effective Date and by the Post-Issue Date Guarantors (other than the Company) within 90 days after the Issue Date;
- rank *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including Indebtedness incurred under the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement;
- rank senior in right of payment to all existing and future Indebtedness of the Issuer that is subordinated in right of payment to the Notes;

- be effectively senior to all existing and future unsecured Indebtedness of the Issuer to the extent of the value of the property and assets securing the Notes;

- be structurally subordinated to all existing and future Indebtedness of the Subsidiaries of the Issuer that are not Guarantors, including obligations to trade creditors; and

- be effectively subordinated to any existing and future Indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness.

The Notes Guarantees

The Notes will be fully and unconditionally guaranteed by the Issue Date Guarantors on the Issue Date, by the Company within five Business Days after the Upstream Effective Date and by the Post-Issue Date Guarantors (other than the Company) within 90 days after the Issue Date, in each case subject to the guarantee limitations as described under "*—Notes Guarantees*." In addition, if required by the covenant described under "*—Certain covenants—Additional Guarantees*," certain other Restricted Subsidiaries may provide a Notes Guarantee in the future.

Notes Guarantee of each Guarantor will:

- be a general senior obligation of such Guarantor;

- be secured as set forth under "*—Security*;"

- rank *pari passu* in right of payment with all existing and future Indebtedness of such Guarantor that is not subordinated in right of payment to such Notes Guarantee, including Indebtedness incurred under the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement;

- rank senior in right of payment to all existing and future Indebtedness of such Guarantor that is subordinated in right of payment to such Notes Guarantee;

- be effectively senior to all of such Guarantor's existing and future unsecured Indebtedness to the extent of the value of property and assets securing such Notes Guarantee; and

- be effectively subordinated to any existing and future Indebtedness of such Guarantor that is secured by property or assets that do not secure such Notes Guarantee, to the extent of the value of the property and assets securing such Indebtedness.

Not all of the Parent Guarantor's Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-Guarantor Subsidiaries, the non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer or a Guarantor. As of and for the twelve months ended December 31, 2014, the aggregated revenues, aggregated EBITDA and aggregated total net assets of the Company, Ria Blades S.A., Senvion Indústria S.A., Power Blades S.A. and Senvion Portugal S.A. together represented 92.8%, 100.9% and 101.3% of the aggregated revenue, aggregated EBITDA and aggregated total net assets, respectively, of the Senvion Group entities, each calculated on an unconsolidated basis not including the revenues and EBITDA of the discontinued operations and assets of the disposal group classified as held for sale relating to Repower North (China) Ltd.

Following the Issue Date, the operations of the Issuer will be conducted through its Subsidiaries and therefore the Issuer will depend on the cash flow of its Subsidiaries to meet its obligations, including its obligations under the Notes. The Notes will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Issuer's non-Guarantor Subsidiaries. Any right of the Issuer or any Guarantor to receive assets of any of its non-Guarantor Subsidiaries upon that non-Guarantor Subsidiary's liquidation or reorganization (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that non-Guarantor Subsidiary's creditors, except to the extent that the Issuer or such Guarantor is itself recognized as a creditor of the non-Guarantor Subsidiary, in which case the claims of the Issuer or such Guarantor, as the case may be, would still be subordinated in right of payment to any security in the assets of the non-Guarantor Subsidiary and any Indebtedness of the non-Guarantor Subsidiary senior to that held by the Issuer or such Guarantor. As of December 31, 2014, our non-Guarantor Subsidiaries had non-current financial liabilities of €628.9 thousand (on a non-consolidated basis). See "*Risk factors—Risks Related to Our Structure—The Issuer is a holding company that has no revenue generating operations of its own and will depend on cash from its operating companies to be able to make payment on the Notes*."

As of the Issue Date, all of the Parent Guarantor's Subsidiaries will be "Restricted Subsidiaries" for purposes of the Indenture. Under certain circumstances described below under the caption "*—Certain covenants—Designation of Restricted and Unrestricted Subsidiaries*," the Parent Guarantor will be permitted to designate Restricted Subsidiaries (other than the Issuer or MidCo) as "Unrestricted Subsidiaries." Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Principal and maturity

The Issuer will issue €400.0 million in aggregate principal amount of Notes in registered form on the Issue Date. The Issuer may issue additional Notes ("**Additional Notes**") under the Indenture from time to time after the Issue Date. Any issuance of Additional Notes will be subject to all of the covenants in the Indenture, including the covenant described below under the caption "*—Certain covenants—Incurrence of Indebtedness and issuance of preferred stock.*"

The Notes will mature on November 15, 2020. The redemption price at maturity will equal 100% of the principal amount of the Notes redeemed.

The Additional Notes will not be issued with the same identification numbers as the Notes issued on the Issue Date unless the Additional Notes are fungible with the Notes issued on the Issue Date for U.S. federal income tax purposes. The Issuer will issue Notes in minimum denominations of € 100,000 and integral multiples of €1,000 in excess thereof.

Interest

Interest on the Notes will accrue at the rate of 6.625% per annum. Interest on the Notes will:

- accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash semi-annually in arrears on May 15 and November 15 of each year, commencing on November 15, 2015;
- be payable to the holder of record of such Notes one Business Day prior to the related interest payment date; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

Interest on overdue principal and interest will accrue at a rate that is 1% higher than the interest rate on the Notes.

The rights of holders of the Notes to receive the payments of interest on such Notes will be subject to applicable procedures of Euroclear and Clearstream. If a particular interest payment date is not a Business Day, then the payment date will move to the next Business Day, and the holders of the Notes will not be entitled to any further interest or other payment as a result of any such delay.

Paying agent and registrar for the Notes

The Issuer will maintain one or more paying agents (each, a "**Paying Agent**") for the Notes in the City of London. The Issuer will undertake to maintain a Paying Agent in a member state of the European Union that is not obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC (as amended from time to time), European Council Directive 2014/48/EU or any other directive implementing the conclusions of the ECOFIN Council meeting on November 26 and 27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive. The initial Paying Agent will be Deutsche Bank AG, London Branch.

The Issuer will also maintain one or more registrars (each, a "**Registrar**") and one or more transfer agents (each, a "**Transfer Agent**") for the Notes. The initial Registrar and Transfer Agent will be Deutsche Bank Luxembourg S.A. The Registrar, Transfer Agent and Paying Agent, as applicable, will maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of the Notes on behalf of the Issuer.

The Issuer may change the Paying Agents, the Registrar or the Transfer Agent without prior notice to the holders of Notes. However, for so long as Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, the Issuer will publish notice of any change of Paying Agent, Registrar or Transfer Agent on the

official website of the Irish Stock Exchange (*www.ise.ie*), to the extent and in the manner permitted by the rules of the Irish Stock Exchange. Such notice of the change in a Paying Agent, Registrar or Transfer Agent may instead be published in a daily newspaper with general circulation in Ireland (which is expected to be the Irish Times).

Methods of receiving payments on the Notes

Principal, interest, premium, if any, and Additional Amounts, if any, on the Global Notes will be payable at the specified office or agency of one or more Paying Agents by wire transfer of immediately available funds to the account specified by the registered holder thereof (being the common depositary for Euroclear and Clearstream or its nominee).

Principal, interest, premium, if any, and Additional Amounts, if any, on any certificated securities ("**Definitive Registered Notes**") will be payable at the specified office or agency of one or more Paying Agents by wire transfer or by check mailed to the registered holder thereof.

Transfer and exchange

The Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Rule 144A Global Notes**"), and the Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**").

Book-entry interests in the Regulation S Global Notes may be transferred only under Regulation S under the U.S. Securities Act or to persons whom the transferor reasonably believes are "qualified institutional buyers" within the meaning of Rule 144A under the U.S. Securities Act in a transaction meeting the requirements of Rule 144A or otherwise in accordance with applicable transfer restrictions and any applicable securities laws of any state of the United States or any other jurisdiction.

Ownership of interests in the Global Notes (the "**Book-Entry Interests**") will be limited to Persons that have accounts with Euroclear or Clearstream or Persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Transfer Restrictions*." In addition, transfers of Book-Entry Interests between participants in Euroclear or Clearstream will be effected by Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the Rule 144A Global Notes (the "**Rule 144A Book-Entry Interests**") may be transferred to a Person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**") only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act. Regulation S Book-Entry Interests may be transferred to a Person who takes delivery in the form of Rule 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a Person whom the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the U.S. Securities Act in a transaction meeting the requirements of Rule 144A or otherwise in accordance with applicable transfer restrictions and any applicable securities laws of any state of the United States or any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraph will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, upon receipt by the applicable Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, to Persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, furnish certain certificates and opinions and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange; *provided* that if the Issuer or any Guarantor is a party to the transfer or exchange, the holder will not be required to pay such Taxes.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date with respect to such Notes; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

The Issuer, the Trustee, the Paying Agents and the Registrars will be entitled to treat the registered holder of a Note as the owner of it for all purposes.

Additional Amounts

All payments made by or on behalf of the Issuer under or with respect to the Notes or any of the Guarantors with respect to any Notes Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is then incorporated or organized, engaged in business for tax purposes or otherwise resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each of clauses (1) and (2), a "**Tax Jurisdiction**") will at any time be required to be made from any payments made by or on behalf of the Issuer under or with respect to the Notes or any of the Guarantors with respect to any Notes Guarantee, including payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received in respect of such payments by each holder after such withholding or deduction (including any such withholding or deduction from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, *however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes, to the extent such Taxes would not have been imposed but for the existence of a present or former connection between the holder or the beneficial owner of the Notes (or between a fiduciary, settlor, beneficiary, partner of, member or shareholder of, or possessor of a power over, the relevant holder, if the relevant holder is an estate, trust, nominee, partnership, limited liability company or corporation) and the relevant Tax Jurisdiction (including being or having been a citizen, resident or national thereof or being or having been present or engaged in a trade or business therein or having or having had a permanent establishment therein) other than any connection arising from the holding of such Note, the exercise or enforcement of rights under such Note or under a Notes Guarantee or the receipt of any payments in respect of such Note or a Notes Guarantee;

(2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where Notes are in the form of Definitive Registered Notes and presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period);

(3) any estate, inheritance, gift or similar Taxes;

(4) Taxes imposed on or with respect to a payment made to a holder or beneficial owner of Notes who would have been able to be exempted from such withholding or deduction by presenting the relevant Note to another paying agent in a member state of the European Union;

(5) any Taxes imposed on, or withheld or deducted from, a payment to an individual that are required to be made pursuant to European Council Directive 2003/48/EC, European Council Directive 2014/48/EU or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such directive or other directive;

(6) any Taxes to the extent such Taxes are imposed or withheld by reason of the failure of the holder or beneficial owner of Notes, following the Issuer's written request addressed to such holder or beneficial owner (and made at a time that would enable the holder or beneficial owner acting reasonably to comply with that request, and in all events, at least 30 days before any such withholding or deduction would be payable to the holder or beneficial owner), to comply with any certification, identification, information or other reporting requirement, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally obligated to provide such certification or documentation; and provided further that such obligation to provide certification or documentation is not the consequence of the failure of the Issuer or any of the Guarantors to make any previous registration, notice or filing with any competent authority;

(7) any Taxes withheld or deducted pursuant to sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the "**Code**"), any current or future regulations thereunder, official interpretations thereof or agreements (including any intergovernmental agreement or any laws, rules or practices implementing such intergovernmental agreement) entered into in connection therewith ("**FATCA**");

(8) any Taxes imposed on or with respect to any payment by the Issuer or Guarantor to the holder if such holder is a fiduciary or any person other than the beneficial owner of such payment to the extent that Taxes would not have been imposed on such payment had such holder been the beneficial owner of such Note; or

(9) any combination of items (1) through (8) above.

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify the holder for any present or future stamp, issue, registration, court or documentary taxes, and any other excise or property Taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) which are levied by any Tax Jurisdiction on the execution, delivery, transfer (other than with respect to a transfer of Notes occurring after the initial resale by the Initial Purchasers), issuance or registration of any of the Notes, the Indenture, any Notes Guarantee or any other document referred to therein or the receipt of any payments with respect thereto (limited, solely in the case of Taxes attributable to the receipt of any payments with respect thereto, to any such Taxes imposed in a Tax Jurisdiction that are not excluded under clauses (1) through (5) above or any combination thereof), and any such Taxes, charges or similar levies imposed by any jurisdiction as a result of, or in connection with, the enforcement of any of the Notes or any Notes Guarantee.

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Notes Guarantee, each of the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee (with a copy to the Paying Agent) on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case the Issuer or the relevant Guarantor will notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate must also set forth any other information necessary to enable the Paying Agents to pay such Additional Amounts to holders on the relevant payment date. The Issuer and the relevant Guarantor will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Additional Amounts. The Trustee will be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor will make all withholdings and deductions required by law or otherwise required pursuant to FATCA and will timely remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts

from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Paying Agent (or to a holder upon written request), within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee or the holder) by such entity.

Whenever in the Indenture or in this "*Description of the Notes*" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or any other amount payable under, or with respect to, any of the Notes or any Notes Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The obligations under this covenant will survive any termination, defeasance or discharge of the Indenture, and any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is incorporated or organized, engaged in business for tax purposes or otherwise resident for tax purposes or any jurisdiction from or through which such Person makes any payment under or with respect to the Notes (or any Notes Guarantee) and any department or political subdivision thereof or therein.

Notes Guarantees

The Notes will be fully and unconditionally guaranteed by the Issue Date Guarantors on the Issue Date, by the Company within five Business Days after the Upstream Effective Date and by the Post-Issue Date Guarantors (other than the Company) within 90 days after the Issue Date, in each case subject to the guarantee limitations described below. The Company is a European law stock corporation (*Societas Europaea*) incorporated under the laws of Germany, registered in the commercial register of the local court (*Amtsgericht*) of Hamburg under registration number HRB 118644. Prior to guaranteeing the Notes, the Company will be converted into a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under the laws of Germany.

Any liabilities in respect of obligations under the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement and certain Hedging Obligations, in each case that are guaranteed by any Guarantors, will receive priority with respect to any proceeds received upon any enforcement action over any Notes Guarantee. Any proceeds received upon any enforcement action over any Notes Guarantee will, after all obligations under the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement and such priority Hedging Obligations have been paid from such recoveries, be applied *pro rata* in repayment of all obligations under the Indenture and the Notes (including any Additional Notes), any other Hedging Obligations and any other Indebtedness permitted to be incurred pursuant to the Indenture and the Intercreditor Agreement and guaranteed on an equal and ratable *pari passu* basis with the Notes.

The Notes Guarantees will be joint and several obligations of the Guarantors. The obligations of the Guarantors will be contractually limited under the Indenture to reflect limitations under applicable law with respect to maintenance of share capital, maintenance of liquidity, corporate benefit, fraudulent conveyance, financial assistance and other legal restrictions applicable to the Guarantors (the "**Guarantee Limitations**"), and certain of the Notes Guarantees will be limited in value. For a description of such limitations, see "*Risk Factors—Risks Related to Our Structure—Certain Notes Guarantees and security interests will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit the validity and enforceability*" and "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

Release

The Notes Guarantee of a Guarantor will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Parent Guarantor or any Restricted Subsidiary, if the sale or other disposition is not prohibited by or does not otherwise violate the "Asset Sale" provisions of the Indenture;

(2) in connection with any sale or other disposition of Capital Stock of that Guarantor or any holding company of such Guarantor to a Person that is not (either before or after giving effect to such transaction) the Parent Guarantor or a Restricted Subsidiary, if the sale or other disposition is not prohibited by or does not otherwise violate the "Asset Sale" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(3) if the Parent Guarantor designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) upon Legal Defeasance, Covenant Defeasance or satisfaction and discharge of the Indenture as described below under the captions "*—Legal Defeasance and Covenant Defeasance*" and "*—Satisfaction and discharge*;"

(5) upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes;

(6) in connection with an enforcement sale pursuant to the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, or as otherwise provided for under the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) as described under "*—Amendment, supplement and waiver*;"

(8) if that Guarantor that is not the successor Guarantor as a result of any transaction permitted under the covenant described under "*—Certain covenants—Merger, consolidation or sale of assets—Guarantors*;" or

(9) in the case of any Restricted Subsidiary that after the Issue Date is required to guarantee the Notes pursuant to the covenant described under "*—Certain covenants—Additional Guarantees*" upon the release or discharge of the Guarantee of Indebtedness by such Restricted Subsidiary which resulted in the obligation to Guarantee the Notes; *provided* that such Restricted Subsidiary does not Guarantee any other Indebtedness of the Issuer or any Guarantor (unless such other Guarantee is released at the same time).

Upon any occurrence giving rise to a release of a Notes Guarantee as specified above, the Trustee will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Notes Guarantee. None of the Issuer, any Guarantor or the Trustee will be required to make a notation on the Notes to reflect any such release, termination or discharge.

Security

General

On the Issue Date, the Notes and the Notes Guarantees of the Issue Date Guarantors will be secured, on a first-priority basis, by Liens over:

- the shares in MidCo and the Issuer;
- the bank accounts of the Parent Guarantor, MidCo and the Issuer;
- intra-group receivables of the Parent Guarantor, MidCo and the Issuer;
- the shares in the Company; and
- the future shares in the Company once the Company's conversion into a limited liability company (*Gesellschaft mit beschränkter Haftung*) is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg.

Subject to the Agreed Security Principles and certain perfection requirements and the Guarantee Limitations, on the Upstream Effective Date for any security granted by the Company and, within 90 days after the Issue Date for any security granted by any other Post-Issue Date Guarantor, the Notes and the Notes Guarantees will be secured by Liens over:

- the shares in certain subsidiaries of the Company;
- the bank accounts of the Company;
- trade receivables, insurance receivables and intra-group receivables of the Company;
- all current and future registered patents of the Company;
- inventories of the Company;
- the shares in the Post-Issue Date Guarantors (other than the Company);
- the bank accounts of the Post-Issue Date Guarantors (other than the Company);
- the fixed moveable assets of Ria Blades, S.A.; and
- certain receivables, namely intercompany loans, insurance credits under insurance policies and agreements and trade receivables over clients of the Post-Issue Date Guarantors (other than the Company).

Subject to the terms of the Indenture and the Intercreditor Agreement, certain other Indebtedness and liabilities will be permitted to be secured by the Collateral now and in the future. The Collateral will be pledged pursuant to the Security Documents to the Security Agent on behalf of the holders of the obligations that are secured by the Collateral, including holders of the Notes.

Notwithstanding the foregoing and the provisions of the covenant described below under "*—Certain covenants—Additional Guarantees*," certain property, rights and assets (other than the Collateral described in the first and second paragraphs of this section) may not be pledged, and any pledge over property, rights and assets may be limited (or the Liens not perfected), in accordance with the Agreed Security Principles. The following is a summary of certain terms of the Agreed Security Principles:

- general statutory limitations, capital maintenance, liquidity maintenance, financial assistance, corporate benefit, fraudulent preference, limitations of the granting of Guarantee by holding companies (in Portugal, named SGPS's), retention of title claims and similar principles may prohibit, restrict or otherwise limit the ability of the Issuer and the Guarantors to provide a Guarantee or security (including the subordination of receivables owed by other members of the Group) or may require that the Guarantee or security or receivables subordination be limited by an amount or otherwise, if and to the extent required under applicable law and in line with current market practice; if any such limit applies to any Post-Issue Date Guarantor (other than the Company) or Portuguese entity, the Guarantees and security provided will be limited as to the type of obligations secured by Guarantees and security (if applicable) and/or to the maximum amount which the relevant member of the Group may provide having regard to applicable law and (in the case of the issue of financial assistance) subject to the successful completion of all whitewash procedures (if applicable or possible). If any such limit applies to any Post-Issue Date Guarantor (other than the Company) or Portuguese entity, the Guarantees and security provided will be limited as to the type of obligations secured by Guarantees and security (if applicable) and/or to the maximum amount which the relevant member of the Group may provide having regard to applicable law and (in the case of the issue of financial assistance) subject to the successful completion of all whitewash procedures (if applicable or possible). The Parent Guarantor will use reasonable endeavors to assist in demonstrating that adequate corporate benefit accrues to the Company and each of the Issuer and the Guarantors, as the case may be, and to overcome any such other limitations to the extent reasonably practicable (in each case subject to any fiduciary duties of management); in relation to a Guarantor organized under the laws of the Federal Republic of Germany, customary limitation language (the "**Limitation Language**") will be included in respect of all Guarantees, receivables subordinations and security documents to be provided by Guarantors in the legal form of a GmbH, a GmbH & Co KG, an AG or a SE. It will also address the issue of "*existenzvernichtender Eingriff*" (endanger continuing existence) as well as liability of management under Section 64 German Act on Limited Liability Companies (*GmbHG*) and Section 92 para. 2 German Stock Corporation Act (*AktG*) (as the case may be, in connection with Article 5 of the European Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European company (SE));

- certain supervisory board, advisory board, works council, regulator or regulatory board (or equivalent), or another external body's or person's consent may be required to enable the Issuer or the Guarantors to provide a guarantee or security (including the subordination of receivables owed by other members of the Group for the benefit of any of the secured parties). Such Guarantee and/or security shall not be required

unless such consent has been received provided that reasonable endeavors have been used by the Issuer or the Guarantors to obtain the relevant consent to the extent permissible by law and regulation (and in each case subject to any fiduciary duties of management) and further provided that such consent and/or the process of obtaining such process has no adverse impact on any relationships with any third parties;

- the giving of a Guarantee or security or the perfection of the security granted will not be required to the extent that it would incur any legal fees, registration fees, stamp duty, taxes and any other fees or costs directly associated with such Guarantee or security (including, without limitation, adverse effects on taxes, interest deductibility, stamp duty, income tax cost, registration taxes payable for the creation or for continuance of any Security and notarization and registration fees) which are not proportionate to the benefit;

- any assets subject to third party arrangements which may prevent those assets from being charged or assigned (or assets which, if charged or assigned, would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations of the Issuer, the Guarantors or any other member of the Group in respect of those assets or require any member of the Group to take any action materially adverse to the interests of the Group or any member thereof) will be excluded from any relevant security document provided that reasonable endeavors to obtain consent to charging any such assets shall be used by the Issuer or the relevant Guarantor if the relevant asset is material and further provided that such consent and/or the process of obtaining such process has no adverse impact on any relationships with any third parties;

- The Issuer and the Guarantors will not be required to give Guarantees or enter into security documents to the extent it is not within their respective legal capacity, it results in the security document being null and void or if, in the reasonable opinion of the relevant directors, the same would conflict with the fiduciary duties of their directors or contravene any legal or regulatory prohibition (including, without limitation, any prohibition contained in case law) or result in a risk of personal or criminal liability on the part of any director which, in the case of such conflict, prohibition or risk, cannot be overcome with reasonable efforts and at a reasonable cost (in which case appropriate limitation language shall be added);

- the security documents entered into by the Issuer or a German Guarantor shall include provisions which allow the enforcement of the security interests granted thereunder by realizing the secured asset irrespective of any limitations the relevant directors may be subject to due to German capital maintenance rules, provided the respective security document contains provisions whereby the part of enforcement proceeds shall not be distributed following enforcement but shall be released in an amount equal to the amount that has caused a capital impairment or liquidity impairment or has increased an existing shortage of the capital to be preserved if required by applicable law;

- subject to the following sentence, perfection of security, when required, and other legal formalities will be completed as soon as practicable and, in any event, within the time periods specified in the applicable finance documents therefor or (if earlier or to the extent no such time periods are specified in the applicable finance documents) within the time periods specified by applicable law in order to ensure due perfection; prior to the occurrence of an enforcement event, it will not be required to take certain steps of perfecting security if, in the reasonable opinion of the relevant directors, it would be unduly burdensome or would have a material adverse effect on the ability of the Issuer or the relevant Guarantor, as applicable, to conduct its operations and business in the ordinary course or as otherwise permitted by the applicable finance documents. The Issuer and the Guarantors organized under the laws of the Federal Republic of Germany will take the steps of perfecting security and make the notices as agreed between the parties;

- all security (other than share security over a subsidiary which is itself an Guarantor and, where otherwise consistent with the Agreed Security Principles, over material operating bank accounts located in a different jurisdiction to that of the relevant Guarantor) shall be governed by the law of the jurisdiction of, incorporation of that Guarantor or the jurisdiction of location of such asset;

- in relation to security over shares, security will only be granted over shares in wholly-owned members of the Group, in accordance with and subject to the Agreed Security Principles and, for the avoidance of doubt, security shall be granted over 100% of the shares in any such wholly-owned member of the Group;

- Guarantees and security will not be required from or over, or over the assets of, or over the shares of, any joint venture or similar arrangement or any third party minority interest;

- no Guarantee or security shall guarantee or secure any "Excluded Swap Obligations" defined in accordance with the LSTA Market Advisory Update dated February 15, 2013 entitled "Swap Regulations' Implications for Loan Documentation," and any update thereto by the LSTA;

- the maximum granted or secured amount may be limited to minimize stamp duty, notarization, registration or other applicable fees, taxes and duties where the benefit of increasing the granted or secured amount is disproportionate to the level of such fee, taxes and duties where the benefit of increasing the granted or secured amount is disproportionate to the level of such fee, taxes and duties;

- perfection will not be required in respect of (i) vehicles and other assets subject to certificates of title or (ii) letter of credit rights and tort claims;

- no perfection action will be required in jurisdictions where the Issuer or the Guarantors are not incorporated but perfection action may be required in the jurisdiction of incorporation of the Issuer or one Guarantor in relation to security granted by the Issuer or another Guarantor incorporated in a different jurisdiction;

- no perfection action will be required with respect to assets of a type not owned by the Issuer or a Guarantor; and

- The Security Agent and/or the Finance Parties (as defined in the Revolving Credit and L/G Facilities Agreement), as the case may be, shall promptly discharge any guarantee and release any security which becomes subject to any legal or regulatory prohibition, restriction or limitation as is referred to above.

The obligations under the Notes, the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement, certain Hedging Obligations and any Additional Notes will be secured equally and ratably by first-priority Liens over the Collateral. Under the Indenture, the Parent Guarantor and the Restricted Subsidiaries will be permitted to maintain Permitted Collateral Liens, and will be permitted to incur certain additional Indebtedness and other liabilities in the future which may share in the Collateral, including additional Permitted Collateral Liens securing Indebtedness and other liabilities on an equal and ratable *pari passu* basis with the Notes, including Indebtedness incurred pursuant to the first paragraph of the covenant described under the caption "*—Certain covenants—Incurrence of Indebtedness and issuance of preferred stock*." The amount of such Permitted Collateral Liens will be limited by the covenants described under the captions "*—Certain covenants—Liens*" and "*—Certain covenants—Incurrence of Indebtedness and issuance of preferred stock*." Under certain circumstances, the amount of such additional Indebtedness and other liabilities secured by Permitted Collateral Liens could be significant.

Any liabilities in respect of obligations under the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement and certain Hedging Obligations will receive priority with respect to any proceeds received upon any enforcement action over any Collateral. Any proceeds received upon any enforcement action over any Collateral will, after all obligations under the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement and such priority Hedging Obligations have been paid from such recoveries, be applied *pro rata* in repayment of all obligations under the Indenture and the Notes (including any Additional Notes), any other Hedging Obligations and any other Indebtedness permitted to be incurred pursuant to the Indenture and the Intercreditor Agreement and secured by the Collateral on an equal and ratable *pari passu* basis with the Notes.

The Security Documents will be entered into by, *inter alios*, the Security Agent or its nominees, who will act as Security Agent for the lenders under the Revolving Credit and L/G Facilities Agreement and the lenders under the Cash Liquidity Facility Agreement, for the Trustee and the holders of the Notes and for the counterparties to the Hedging Obligations referred to above.

The proceeds from the sale of the Collateral may not be sufficient to satisfy the obligations owed to the holders of the Notes. No appraisals of the Collateral have been made in connection with this offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. Under the Intercreditor Agreement, the holders of the Notes will be required to share recovery proceeds with other secured creditors, have certain limitations on their ability to enforce the Security Documents and have agreed that the Collateral may be released in certain circumstances without their consent. See "*Risk Factors—Risks Related to the Offering, the Notes and the Notes Guarantees—The Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes and the Notes Guarantees, and such security may not be sufficient to satisfy the obligations under the Notes and the Notes Guarantees*."

Each holder of the Notes, by accepting a Note, shall be deemed (i) to have authorized the Trustee to enter into the Intercreditor Agreement and the Security Agent to enter into the Security Documents and the Intercreditor Agreement

and (ii) to be bound thereby. Each holder of Notes, by accepting a Note, appoints and authorizes the Trustee to perform its obligations and exercise its rights under the Intercreditor Agreement.

Subject to the terms of the Security Documents, the Indenture, the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement, the Intercreditor Agreement and any Additional Intercreditor Agreement, the Parent Guarantor and its Subsidiaries will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes and the Notes Guarantees, to freely operate the property and assets constituting Collateral, to exercise any and all voting rights and to receive and retain any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares of stock resulting from stock splits or reclassifications, rights issue, warrants, options and other distributions (whether similar or dissimilar to the foregoing) in respect of the shares that are part of the Collateral.

Security Documents

The relevant security provider and the Security Agent will, as applicable, enter into Security Documents defining the terms of the security interests that will secure the Notes and the Notes Guarantees and the other secured obligations that will be secured by the Collateral. Subject to the terms of, and limitations under, the Security Documents, these security interests will secure the payment and performance when due of all of the obligations of the Issuer and the Guarantors under the Notes, the Indenture, the Notes Guarantees and the Security Documents. The terms of the Security Documents will limit the enforcement generally to an effect similar to the limitations on the Notes Guarantees. See "*Risk Factors—Risks Related to Our Structure—Certain Notes Guarantees and security interests will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit the validity and enforceability*" and "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

Subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreement, the Security Documents will, as described under the caption "*Description of Certain Financing Arrangements—Intercreditor Agreement*," permit the Trustee and the agent under the Revolving Credit and L/G Facilities Agreement and the agent under the Cash Liquidity Facility Agreement to instruct the Security Agent to take enforcement action under the Security Documents following the occurrence of certain acceleration events under the Indenture or, as applicable, the Revolving Credit and L/G Facilities Agreement or the Cash Liquidity Facility Agreement.

In certain jurisdictions, the rights of the Trustee and the holders of the Notes will not be directly secured by the Security Documents, but through the parallel debt claim granted by the relevant Guarantor to the Security Agent in the Intercreditor Agreement that (subject to limitations generally to an effect similar to the limitations on the Notes Guarantees) is equal to the total amounts payable under the Indenture and the Notes. The parallel debt construct has not been tested under law in certain of these jurisdictions. Please see "*Risk Factors—Risks Related to the Offering, the Notes and the Notes Guarantees—The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes*."

Neither the holders of the Notes nor the Trustee are a party to the Security Documents. Therefore, neither the Trustee nor the holders of the Notes may, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Trustee, on behalf of the holders of the Notes, may only take action through the Security Agent. The Security Agent will agree to any release of the security interest created by the Security Documents that is in accordance with the Indenture and the Intercreditor Agreement without requiring any consent of the holders or the Trustee. In certain circumstances, the Trustee will have the ability to direct the Security Agent to commence enforcement action under the Security Documents.

Release

The Issuer and the Guarantors will be entitled to the release of the Liens over property and other assets constituting Collateral securing the Notes and the Notes Guarantees under any one or more of the following circumstances:

(1) in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets to a Person that is not (either before or after giving effect to such transaction) the Parent Guarantor or any Restricted Subsidiary, if the sale or other disposition is not prohibited by, or does not otherwise violate the "Asset Sale" provisions of the Indenture;

(2) in the case of a Guarantor that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) if the Parent Guarantor designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets of such Restricted Subsidiary;

(4) upon Legal Defeasance, Covenant Defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Legal Defeasance and Covenant Defeasance*" and "*—Satisfaction and discharge*;"

(5) upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes;

(6) in connection with an enforcement sale pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement, or as otherwise provided for under the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) only to the extent required to effectuate a merger, consolidation, conveyance or transfer conducted in compliance with and subject to the requirements under the covenant described under "*—Certain covenants—Merger, consolidation or sale of assets*," *provided*, *however*, that following such merger, consolidation, conveyance or transfer, a Lien of at least equivalent ranking over the same assets or property is granted in favor of the Security Agent (on its own behalf and on behalf of the Trustee for the Holders) to the extent such assets or property continue to exist as assets or property of the Parent Guarantor or a Restricted Subsidiary; or

(8) as described under "*—Amendment, supplement and waiver*."

In addition, the Liens created by the Security Documents will be released (a) in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement (provided that if such release is in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets to the Parent Guarantor or any Restricted Subsidiary and is not in connection with an enforcement action taken by the senior creditors as provided under the Intercreditor Agreement or such Additional Intercreditor Agreement, the property or assets so transferred become subject to a Lien in favor of the Notes and the Notes Guarantees immediately following such sale, assignment, transfer, conveyance or other disposition) and (b) as may be permitted by the covenant described under "*Certain covenants—Impairment of security interest*." Furthermore, under German law a secured party is, upon request by the relevant security grantor, obligated to release security if the realizable value of the security is significantly higher than the value of the obligations secured by such security.

The Trustee will, and will instruct the Security Agent to, (but only to the extent actually required) take all necessary action reasonably required to effectuate any release of Collateral securing the Notes and the Notes Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be affected by the Security Agent without the consent of the holder or any action on the part of the Trustee.

Intercreditor Agreement

On the Issue Date, the Trustee will enter into an Intercreditor Agreement with, among others, the agent under the Revolving Credit and L/G Facilities Agreement, the agent under the Cash Liquidity Facility Agreement and the counterparties to certain Hedging Obligations, as described under "*Description of Certain Financing Arrangements—Intercreditor Agreement*." Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement and Hedging Obligations under agreements or arrangements designed to manage interest rate risk or exchange rate risk with respect to the Notes or other Credit Facilities from time to time subject to the Intercreditor Agreement and other Hedging Obligations under arrangements, in the latter case, in an amount not to exceed €60.0 million will receive priority with respect to any proceeds received upon any enforcement action over any Collateral or any Notes Guarantee. Any proceeds received upon any enforcement action over any Collateral or Notes Guarantee will, after all obligations under the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement and such priority Hedging Obligations have been paid from such recoveries, will be applied *pro rata* in repayment of all obligations under the Indenture and the Notes and any other Hedging Obligations or other Indebtedness permitted to be incurred pursuant to the Indenture and the Intercreditor Agreement and guaranteed and secured by the Collateral on an equal and ratable *pari passu* basis with the Notes.

Optional redemption

At any time prior to May 15, 2017, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of the Notes issued under the Indenture, upon not less than 10 nor more than 60 days' written notice to the holders thereof (with a copy to the paying agent), at a redemption price equal to 106.625% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to (but not including) the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an Equity Offering of (i) the Parent Guarantor or (ii) any Parent Entity to the extent the proceeds from such Equity Offering are contributed to the Parent Guarantor's common equity capital or are paid to the Parent Guarantor as consideration for the issuance of ordinary shares of the Parent Guarantor or are loaned to or issued by the Parent Guarantor as Subordinated Shareholder Debt; *provided* that:

(1) at least 50% of the aggregate principal amount of the Notes (in each case calculated after giving effect to any issuance of Additional Notes) originally issued under the Indenture (excluding Notes held by the Issuer and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of the closing of such Equity Offering.

In addition, at any time prior to May 15, 2017, the Issuer may on any one or more occasions redeem all or a part of the Notes, upon not less than 10 nor more than 60 days' written notice to the holders of the Notes (with a copy to the Trustee and Paying Agent), at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of the date of redemption, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date).

At any time prior to May 15, 2017, the Issuer may on any one or more occasions during each twelve-month period commencing with the Issue Date, upon not less than 10 nor more than 60 days' written notice to the holders of the Notes (with a copy to the Trustee and Paying Agent), redeem up to 10% of the then outstanding aggregate principal amount of the Notes (in each case after giving effect to any issuance of Additional Notes) at a redemption price equal to 103% of the principal amount of the Notes redeemed (as applicable) plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date).

Except pursuant to the preceding three paragraphs and except as described under *"—Redemption for changes in Taxes*," the Notes will not be redeemable at the Issuer's option prior to May 15, 2017.

On or after May 15, 2017, the Issuer may on any one or more occasions redeem all or a part of the Notes upon not less than 10 nor more than 60 days' written notice to the holders of the Notes (with a copy to the Trustee and Paying Agent), at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on May 15 of the years indicated below (subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date):

Year	Redemption Price
2017	103.313%
2018	101.656%
2019 and thereafter	100.000%

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent, including, but not limited to, if in connection with an Equity Offering, the completion of such Equity Offering.

We may repurchase the Notes at any time and from time to time in the open market or otherwise.

Redemption for changes in Taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior written notice to the holders of the Notes (with a copy to the Trustee and Paying Agent) (which notice will be irrevocable and given in accordance with the procedures described in "*—Selection and Notice*"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "**Tax Redemption Date**") and all Additional Amounts (if any) then due and which will become due on or before the Tax Redemption Date as a result of the redemption or otherwise (subject to the rights of holders of such Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes, the Issuer is or would be required to pay Additional Amounts or a Guarantor would be unable to procure payment by the Issuer (or another Guarantor that would be able to make the relevant payment without paying Additional Amounts) and, in making payment itself, the relevant Guarantor would be required to pay Additional Amounts, and the Issuer or the relevant Guarantor, as applicable, cannot avoid any such payment obligation by taking reasonable measures available (including making payment through a Paying Agent located in another jurisdiction), and the requirement arises as a result of:

(1) any amendment to, or change in, the laws, treaties or any regulations or rulings promulgated thereunder of a relevant Tax Jurisdiction which change or amendment has not been publicly announced before and which becomes effective on or after the date of this offering memorandum (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of this offering memorandum, such later date); or

(2) any amendment to, or change in, an official written interpretation or application of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change in published administrative practice) which amendment or change has not been publicly announced before and which becomes effective on or after the date of this offering memorandum (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of this offering memorandum, such later date) (each of the foregoing clauses (1) and (2), a "**Change in Tax Law**").

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer or the Guarantor, as applicable, would be obligated to make such payment or withholding if a payment in respect of the Notes were then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. At least five Business Days prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (i) an opinion of independent tax counsel (the choice of such counsel to be subject to the prior written approval of the Trustee (such approval not to be unreasonably withheld)) to the effect that there has been such Change in Tax Law which would require the Issuer to pay Additional Amounts under the Indenture and (ii) an Officer's Certificate to the effect that the Issuer or the Guarantor, as applicable, cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it.

The Trustee will accept and will be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders.

Mandatory redemption

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Repurchase at the option of holders

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "*Change of Control*," each holder of Notes will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or an integral multiple of €1,000 in excess thereof) of that holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (the "**Change of Control Payment**") (subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following any Change of Control, the Issuer will mail a notice to each holder of the Notes at such holder's registered address or otherwise deliver a notice (with a copy to the Trustee and Paying Agent) in accordance with the procedures described under "*—Selection and Notice*," stating that a Change of Control Offer is being made and offering to repurchase Notes on the date (the "**Change of Control Payment Date**") specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice. The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act, and any other securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer will comply with any applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The Paying Agent will promptly mail (or cause to be delivered) and at no risk to the Paying Agent to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee (or its authenticating agent) will, at the cost of the Issuer, promptly authenticate and mail (or cause to be transferred by book- entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date. For so long as the Notes are listed on the Irish Stock Exchange and the rules of such exchange so require, the Issuer will publish a notice relating to the Change of Control Offer in a daily newspaper with general circulation in Ireland (which is expected to be the Irish Times) or to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange (*www.ise.ie*).

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption has been given with respect to all of the Notes pursuant to the Indenture as described above under the caption "*—Optional redemption*," unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The Issuer's ability to repurchase the Notes pursuant to the Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would constitute a mandatory prepayment event and/or a default due to a breach of undertaking under the Revolving Credit and L/G Facilities Agreement or the Cash Liquidity Facility Agreement. In addition, certain events that may constitute a change of control under the Revolving Credit and L/G Facilities Agreement or the Cash Liquidity Facility Agreement may not constitute a Change of Control under the Indenture. The future Indebtedness of the Issuer and its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of the Notes of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the ability of the Issuer to pay cash to the holders of the Notes upon a repurchase may be limited by its then existing financial resources, and sufficient funds may not be available when necessary to make any required repurchases. We expect that we would require third party financing to make an offer to repurchase the Notes upon a Change of Control. We cannot assure you that we would be able to obtain

such financing. Please see "*Risk Factors—Risks Related to Our Structure—We may not be able to obtain the funds required to repurchase the Notes upon a change of control*."

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Parent Guarantor and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Parent Guarantor and its Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions under the Indenture relating to the Issuer's obligation to make a Change of Control Offer may be waived or modified with the consent of the holders of a majority in principal amount of the Notes prior to the occurrence of the Change of Control.

Asset Sales

The Parent Guarantor will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, consummate an Asset Sale unless:

(1) the Parent Guarantor (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Parent Guarantor or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as recorded on the balance sheet of the Parent Guarantor or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated in right of payment to the Notes or any Notes Guarantee), that are assumed by the transferee of any such assets and as a result of which the Parent Guarantor and the Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;

(b) any securities, notes or other obligations received by the Parent Guarantor or any such Restricted Subsidiary from such transferee that are converted by the Parent Guarantor or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

(c) any Capital Stock or assets of the kind referred to in clauses (1)(b) or (1)(e) of the next paragraph of this covenant;

(d) any Designated Non-Cash Consideration received by the Parent Guarantor or any Restricted Subsidiary in such Asset Sale having an aggregate Fair Market Value, when taken together with all other Designated Non-Cash Consideration received pursuant to this clause (d) that is at that time outstanding, not to exceed the greater of €30.0 million and 2.0% of Total Assets at the time of the receipt of such Designated Non-Cash Consideration (with the Fair Market Value of each item of Designated Non- Cash Consideration being measured at the time received and without giving effect to subsequent changes in value);

(e) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Parent Guarantor and each Restricted Subsidiary are released from any Guarantee of such Indebtedness in connection with such Asset Sale; and

(f) consideration consisting of Indebtedness of the Issuer or any Guarantor (other than Indebtedness that by its terms is subordinated in right of payment to the Notes or any Notes Guarantee) received from Persons who are not the Parent Guarantor or a Restricted Subsidiary, to the extent that such Indebtedness is retired by the Parent Guarantor or the applicable Guarantor.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Parent Guarantor (or the applicable Restricted Subsidiary, as the case may be) may:

(1) apply such Net Proceeds (at the option of the Parent Guarantor or Restricted Subsidiary):

(a) to repurchase, prepay or redeem (i) Indebtedness of the Issuer or any Guarantor incurred pursuant to clause (1) of the definition of Permitted Debt that is secured by a Lien on the Collateral and that is not subordinated in right of payment to the Notes or the Notes Guarantees; (ii) Indebtedness of a Restricted Subsidiary that is not a Guarantor; (iii) any Indebtedness that is secured by a Lien on assets or property which do not constitute Collateral; *provided* that, in connection with any repurchase, prepayment or redemption of Indebtedness pursuant to this clause (a), the Parent Guarantor or such Restricted Subsidiary will retire such Indebtedness and, if the Indebtedness being repaid is revolving credit Indebtedness, will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so repurchased, repaid or redeemed; or (iv) Indebtedness that is *pari passu* in right of payment with the Notes or any Notes Guarantees at a price of no more than 100% of the principal amount of such *pari passu* Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase; *provided* that the Parent Guarantor or Restricted Subsidiary shall redeem, repay or repurchase *pari passu* Indebtedness that is Public Debt pursuant to this clause (iv) only if the Parent Guarantor makes (at such time or subsequently in compliance with this covenant) an offer to the holders of the Notes to purchase their Notes in accordance with the provisions set forth below for an Asset Sale Offer for an aggregate principal amount of Notes at least equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum of the total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such *pari passu* Indebtedness;

(b) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(c) to make a capital expenditure;

(d) to purchase the Notes pursuant to an offer to all holders of Notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (subject to the rights of holders of the Notes of record on the relevant record date to receive interest due on the relevant interest payment date) (a "**Notes Offer**");

(e) to acquire other assets (other than Capital Stock) not classified as current assets under IFRS that are used or useful in a Permitted Business; or

(f) any combination of the foregoing; or

(2) enter into a binding commitment to apply the Net Proceeds pursuant to clauses (b), (c) or (e) of paragraph (1) above; *provided* that such binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated and (y) the 180th day following the expiration of the aforementioned 365-day period,

provided, *however*, that if the assets or Equity Interests disposed of in the Asset Sale constitute Collateral or constitute all or substantially all of the assets of a Restricted Subsidiary whose Capital Stock has been pledged as Collateral, subject to the Agreed Security Principles and only to the extent such assets or Equity Interests are of the type of assets that constitute Collateral as of the Issue Date, the Parent Guarantor (or the applicable Restricted Subsidiary) shall cause any Capital Stock or assets acquired pursuant to this covenant to become subject to a Lien in favor of the Notes and the Notes Guarantees immediately following such acquisition.

Pending the final application of any Net Proceeds, the Parent Guarantor (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute "**Excess Proceeds**." Subject to the Intercreditor Agreement, when the aggregate amount of Excess Proceeds exceeds €20.0 million, within ten Business Days thereof, the Issuer will make an offer (an "**Asset Sale Offer**") to all holders of Notes and may make an offer to all holders of other Indebtedness that is *pari passu* in right of payment with the Notes or any Notes Guarantees to purchase, prepay or redeem the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100% of the principal amount thereof and the offer price for such *pari passu* Indebtedness will be no greater than 100% of the principal amount thereof, in each case plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption (and subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date), and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Parent Guarantor and the Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate principal amount of Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Trustee will select the Notes and such other *pari passu* Indebtedness, if applicable, to be purchased on a *pro rata* basis or in accordance with the procedures of Euroclear or Clearstream (or in the manner described under "*—Selection and Notice*"), based on the amounts tendered or required to be prepaid or redeemed. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into euro-equivalent determined as of the Business Day immediately prior to the date on which the Asset Sale Offer is announced. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Notes Offer or an Asset Sale Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the Asset Sale provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the Indenture by virtue of such compliance.

Selection and Notice

Notices of redemption may be made subject to conditions precedent.

If less than all of the Notes are to be redeemed at any time, the Trustee or Registrar will select Notes for redemption on a *pro rata* basis (or, in the case of Notes issued in global form as discussed under "*Book-entry; Delivery and Form*," based on a method that most nearly approximates a *pro rata* selection in accordance with the procedures of Euroclear and/or Clearstream, as applicable, or if Euroclear and/or Clearstream, as applicable, prescribe no method, then the Issuer will instruct the Trustee or Registrar to select Notes for redemption), unless otherwise required by law or applicable stock exchange or depositary requirements. The Trustee will not be liable for selections made by it in accordance with this paragraph.

No Notes of €100,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 10 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of such original Note upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

For so long as the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, the Issuer shall publish notice of redemption in a daily newspaper with general circulation in Ireland (which is expected to be the Irish Times) and in addition to such publication, not less than 10 nor more than 60 days prior to the redemption date, mail such notice to holders of Notes by first-class mail (with a copy to the Trustee and Paying Agent), postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. Notwithstanding any of the foregoing, such notice of redemption may instead be published on the website of the Irish Stock Exchange (*www.ise.ie*).

Certain covenants

Incurrence of Indebtedness and issuance of preferred stock

The Parent Guarantor will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise (collectively, "**incur**"), with respect to any Indebtedness (including Acquired Debt), and the Issuer will not and will not permit any Guarantor to issue any Disqualified Stock and will not permit any Restricted Subsidiary to issue any shares of preferred stock; *provided*, *however*, that:

(1) the Parent Guarantor may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue preferred stock, if the Fixed Charge Coverage Ratio for the Parent Guarantor's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 2.0 to 1.0, in each case, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom) as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period; and

(2) if such Indebtedness to be incurred is Senior Secured Indebtedness, the Parent Guarantor and the Restricted Subsidiaries may incur such Senior Secured Indebtedness if the Consolidated Senior Secured Leverage Ratio for the Parent Guarantor's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred is less than 2.75 to 1.0 determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom) as if the additional Indebtedness had been incurred and the application of proceeds therefrom had occurred at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "**Permitted Debt**"):

(1) the incurrence by the Issuer and any Guarantor of (a) Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1)(a) not to exceed the greater of €150.0 million and 100% of Consolidated EBITDA, *plus* in the case of any refinancing of any Indebtedness permitted under this clause (1)(a) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing and (b) Indebtedness under Permitted L/C Facilities;

(2) Indebtedness (other than Indebtedness described in clauses (1), (3), (6), (7) and (18) of this definition of Permitted Debt) of the Parent Guarantor or any Restricted Subsidiary outstanding on the Issue Date after giving effect to the Transactions (as described under the section of this offering memorandum entitled "*The Transactions*");

(3) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Notes to be issued on the Issue Date and the related Notes Guarantees and any related "parallel debt" obligations created in favor of the Security Agent under the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents;

(4) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property (real or personal), plant or equipment (whether through the direct purchase of assets or the Capital Stock of any Person owning such assets) used in the business of the Parent Guarantor or any Restricted Subsidiary, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of €30.0 million and 2.0% of Total Assets at any time outstanding;

(5) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was

permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (5) or (14) of this paragraph;

(6) the incurrence by the Parent Guarantor or any Restricted Subsidiary of intercompany Indebtedness between or among the Parent Guarantor and any such Restricted Subsidiary and any other Restricted Subsidiary; *provided* that:

(a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all obligations then due with respect to the Notes, in the case of the Issuer, or the Notes Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Parent Guarantor or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Parent Guarantor or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Parent Guarantor or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any Restricted Subsidiary to the Parent Guarantor or to any Restricted Subsidiary of preferred stock; *provided* that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Parent Guarantor or any Restricted Subsidiary; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either the Parent Guarantor or a Restricted Subsidiary, will be deemed, in the case of each of clauses (a) and (b), to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Hedging Obligations in the ordinary course of business and not for speculative purposes;

(9) the Guarantee by the Parent Guarantor or any Restricted Subsidiary of Indebtedness of the Parent Guarantor or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Notes Guarantee, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(10) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Indebtedness in respect of (i) workers' compensation claims, bonus and company pension schemes, self-insurance obligations, bankers' acceptances, customs, VAT and other tax guarantees, in each case incurred in the ordinary course of business and not in connection with the borrowing of money, (ii) any customary cash management, cash pooling or netting or setting- off arrangements incurred in the ordinary course of business and (iii) the financing of insurance premiums in the ordinary course of business;

(11) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 30 Business Days;

(12) the incurrence by the Parent Guarantor and the Restricted Subsidiaries of Indebtedness arising from agreements of the Parent Guarantor or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary, *provided* that the maximum liability of the Parent Guarantor and the Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Parent Guarantor and the Restricted Subsidiaries in connection with such disposition;

(13) Indebtedness of the Parent Guarantor or any Restricted Subsidiary in respect of Management Advances;

(14) Indebtedness of any Person (i) incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Parent Guarantor or any Restricted Subsidiary or (ii) incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Parent Guarantor or any Restricted Subsidiary; *provided*, *however*, with respect to this clause (14), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred (x) the Parent Guarantor would have been able to incur €1.00 of additional Indebtedness pursuant to clause (1) of the first paragraph of this covenant after giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (14) or (y) the Fixed Charge Coverage Ratio of the Parent Guarantor would not be less than it was immediately prior to giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (14);

(15) Indebtedness of the Parent Guarantor or any Restricted Subsidiary in connection with any Qualified Receivables Transaction;

(16) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Permitted Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness incurred pursuant to this clause (16) and then outstanding, will not exceed 100% of the net cash proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Debt or its Capital Stock (other than Disqualified Stock or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution) of the Parent Guarantor, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such net cash proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clause (2) of the second paragraph of the covenant described below under "*—Restricted Payments*" to the extent the Parent Guarantor and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any net cash proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this clause (16) to the extent the Parent Guarantor or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clause (2) of the second paragraph of the covenant described below under "*—Restricted Payments*" in reliance thereon;

(17) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, not to exceed the greater of €60.0 million and 4.0% of Total Assets;

(18) the incurrence by the Issuer and the Guarantors of Indebtedness under the Cash Liquidity Facility Agreement; and

(19) the incurrence by the Issuer of Indebtedness under the Earn-out Distribution.

Notwithstanding the foregoing, Restricted Subsidiaries that are not Guarantors may not incur Indebtedness or issue Disqualified Stock or preferred stock pursuant to the first paragraph of this covenant (and any Permitted Refinancing Indebtedness in respect thereof) or under clauses (4), (16) or (17) of the definition of Permitted Debt if, after giving *pro forma* effect to such incurrence or issuance (including a *pro forma* application of the net proceeds therefrom), the aggregate amount of such Indebtedness and Disqualified Stock and preferred stock of Restricted Subsidiaries that are not Guarantors incurred or issued, collectively, would exceed €45.0 million.

For purposes of determining compliance with this "*Incurrence of Indebtedness and issuance of preferred stock*" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (19) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuer will be permitted to classify such item of Indebtedness on the date of its incurrence or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant; *provided*, *however*, that Indebtedness incurred under clause (1) of the definition of Permitted Debt may not be reclassified.

The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be

an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant; *provided*, in each such case, that the amount of any such accrual, accretion or payment is included in Fixed Charges of the Parent Guarantor as accrued.

For purposes of determining compliance with any euro-denominated restriction on the incurrence of Indebtedness, the euro-equivalent principal amount of Indebtedness denominated in a different currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of Indebtedness incurred under a revolving credit facility; *provided*, *however*, that (i) if such Indebtedness denominated in non-euro currency is subject to a Currency Exchange Protection Agreement with respect to euro, the amount of such Indebtedness expressed in euro will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the euro-equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the euro-equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, in the case of term Indebtedness, or first committed, in the case of Indebtedness incurred under a revolving credit facility, except that:

(1) if such euro-equivalent was determined based on a Currency Exchange Protection Agreement, the Refinancing Indebtedness will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and

(2) if the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, the euro-equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Parent Guarantor or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

(1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

(2) in the case of Indebtedness incurred pursuant to clause (1)(b) of the definition of Permitted Debt, the aggregate amount of drawings under Permitted L/C Facilities as of such date that are due to be but have not been reimbursed, less the amount of Trade L/C Obligations outstanding as of such date under such Permitted L/C Facilities; and

(3) the principal amount of the Indebtedness, in the case of any other Indebtedness.

Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness.

For the purposes of determining "Consolidated EBITDA" under clause (1) of the second paragraph of this covenant, Consolidated EBITDA shall be measured on the most recent date on which new commitments are obtained (in the case of revolving facilities) or the date upon which Indebtedness is incurred (in the case of term facilities).

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding.

Restricted Payments

The Parent Guarantor will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Parent Guarantor's or any Restricted Subsidiary's Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Parent Guarantor or any Restricted Subsidiary) or to the direct or indirect holders of the Parent Guarantor's or any Restricted Subsidiary's Equity Interests in their capacity as such (other than dividends or distributions payable in Equity

Interests (other than Disqualified Stock) or in Subordinated Shareholder Debt of the Parent Guarantor and other than dividends or distributions payable to the Parent Guarantor or any Restricted Subsidiary);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Parent Guarantor) any Equity Interests of the Parent Guarantor or any Parent Entity;

(3) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any Guarantor that is contractually subordinated in right of payment to the Notes or to any Notes Guarantee (excluding any intercompany Indebtedness between or among the Parent Guarantor and any of its Restricted Subsidiaries or among Restricted Subsidiaries of the Parent Guarantor), except (i) a payment of interest at the Stated Maturity thereof or (ii) the purchase, repurchase or other acquisition or retirement of Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Notes Guarantee purchased in anticipation of satisfying a scheduled sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or retirement;

(4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, redeem, defease or otherwise acquire for value any Subordinated Shareholder Debt; or

(5) make any Restricted Investment,

(all such payments and other actions set forth in clauses (1) through (5) above being collectively referred to as "**Restricted Payments**"), unless, at the time of any such Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(b) the Parent Guarantor would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least €1.00 of additional Indebtedness pursuant to clause (1) of the first paragraph of the covenant described under the caption "—*Incurrence of Indebtedness and issuance of preferred stock*;" and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Parent Guarantor and the Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (5), (6), (7), (8), (10), (11), (12), (13), (14), (15) and (16) of the next succeeding paragraph), is less than the sum, without duplication, of:

(i) 50% of the Consolidated Net Income of the Parent Guarantor for the period (taken as one accounting period) from the first day of the fiscal quarter commencing immediately prior to the Issue Date to the end of the Parent Guarantor's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities received by the Parent Guarantor since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Parent Guarantor (other than Disqualified Stock and Excluded Contributions) or from the issue or sale of convertible or exchangeable Disqualified Stock of the Parent Guarantor or convertible or exchangeable debt securities of the Parent Guarantor, in each case that have been converted into or exchanged for Equity Interests of the Parent Guarantor (other than Equity Interests and convertible or exchangeable Disqualified Stock or debt securities sold to a Subsidiary of the Parent Guarantor) or from the issuance or sale of Subordinated Shareholder Debt (other than an issuance or sale to a Restricted Subsidiary); *plus*

(iii) to the extent that any Restricted Investment that was made after the Issue Date is (a) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the property and

marketable securities received by the Parent Guarantor or any Restricted Subsidiary (other than from a Person that is the Parent Guarantor or a Restricted Subsidiary), or (b) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the Parent Guarantor and the Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*

(iv) to the extent that any Unrestricted Subsidiary designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Parent Guarantor or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Parent Guarantor or a Restricted Subsidiary, the Fair Market Value of the property received by the Parent Guarantor or Restricted Subsidiary or the Parent Guarantor's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets, to the extent such Investments reduced the Restricted Payments capacity under this clause (c) and were not previously repaid or otherwise reduced; *plus*

(v) upon the full and unconditional release of a Restricted Investment that is a Guarantee made by the Parent Guarantor or a Restricted Subsidiary to any Person after the Issue Date, an amount equal to the amount of such Guarantee; *plus*

(vi) 100% of any cash dividends or distributions received by the Parent Guarantor or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary or Affiliate, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Parent Guarantor for such period,

provided, that upon a Specified Change of Control Event, all amounts calculated pursuant to this clause (c) shall be reset at zero and all references to the Issue Date in this clause (c) shall thereafter refer to the date of such Specified Change of Control Event.

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Parent Guarantor) of, Equity Interests of the Parent Guarantor (other than Disqualified Stock), Subordinated Shareholder Debt or from the substantially concurrent contribution of common equity capital to the Parent Guarantor; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from the calculation of amounts under clause (c)(ii) of the preceding paragraph, shall not constitute Excluded Contributions and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "Optional redemption" provisions of the Indenture;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Notes Guarantee with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Parent Guarantor or any Restricted Subsidiary held by any current or former officer, director or employee of the Parent Guarantor or any Restricted Subsidiary pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement, employment agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed €5.0 million in any calendar year (with unused amounts in any calendar year being carried over to the next two succeeding calendar years); *provided further*, that such amount in any calendar year may be increased by an amount not to exceed the cash proceeds from the sale of Equity Interests of the Parent Guarantor or a Restricted Subsidiary received by the Parent Guarantor or a Restricted Subsidiary during such calendar year, in each case to

members of management or directors of the Parent Guarantor, any Restricted Subsidiary or any of its direct or indirect parent companies to the extent the cash proceeds from the sale of Equity Interests have not otherwise been applied to the making of Restricted Payments pursuant to clause (c)(ii) of the preceding paragraph or clause (2) of this paragraph;

(5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options or warrants to the extent such Equity Interests represent a portion of the exercise price thereof;

(6) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Parent Guarantor or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described under the caption "—*Certain covenants—Incurrence of Indebtedness and issuance of preferred stock*;"

(7) payments of cash, dividends, distributions, advances or other Restricted Payments by the Parent Guarantor or any Restricted Subsidiary to allow the payment of cash in lieu of the issuance of fractional shares upon (a) the exercise of options or warrants or (b) the conversion or exchange of Capital Stock of any such Person;

(8) payments pursuant to any tax sharing agreement or arrangement among the Parent Guarantor and its Subsidiaries and other Persons with which the Parent Guarantor or any of its Subsidiaries is required or permitted to file a consolidated tax return or with which the Parent Guarantor or any Restricted Subsidiary is a part of a consolidated group for tax purposes or for any tax advantageous group contribution made pursuant to applicable legislation; *provided*, *however*, that such payments will not exceed the amount of tax that the Parent Guarantor and its Restricted Subsidiaries would owe on a standalone basis and the related tax liabilities of the Parent Guarantor and its Restricted Subsidiaries are relieved thereby;

(9) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, the declaration and payment by the Parent Guarantor of, or loans, advances, dividends or distributions to any Parent Entity to pay, dividends on the common stock or common equity interests of the Parent Guarantor or any Parent Entity following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the net cash proceeds received by the Parent Guarantor from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or through an Excluded Contribution) of the Parent Guarantor or contributed as Subordinated Shareholder Debt to the Parent Guarantor and (b) following the Initial Public Offering, an amount equal to the greater of (i) the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization; *provided* that in the case of this clause (i) after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio shall be equal to or less than 2.0 to 1.0 and (ii) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that in the case of this clause (ii) after giving *pro forma* effect to such loans, advances, dividends and distributions, the Consolidated Leverage Ratio shall be equal to or less than 2.25 to 1.0;

(10) advances or loans to (a) any future, present or former officer, director or employee of the Parent Guarantor or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Parent Guarantor (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of the Parent Guarantor (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted Payments made under this clause (10) does not exceed €3.0 million in any calendar year;

(11) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests (other than the Parent Guarantor or a Restricted Subsidiary) on no more than a *pro rata* basis;

(12) so long as no Default or Event of Default has occurred and is continuing, the payment of Management Fees;

(13) Permitted Parent Payments;

(14) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is subordinated in right of payment to the Notes or any Notes Guarantee (other than any Indebtedness so subordinated and held by Affiliates of the Issuer) (x) upon a Change of Control or Asset Sale to the extent required by the agreements governing such Indebtedness or (y) consisting of Acquired Debt (other than Indebtedness incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Parent Guarantor or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition), at a purchase price not greater than (I) 101% of the principal amount of such Indebtedness, in the case of a Change of Control, and 100%, in the case of an Asset Sale, but only if the Issuer has complied with its obligations under the covenants described under "*Repurchase at the option of holders—Change of Control*" and "*Repurchase at the option of holders—Asset Sales*" and the Issuer has repurchased all Notes tendered pursuant to the offer required by such covenants prior to offering to purchase, purchasing or repaying such Indebtedness and (II) 100% of the principal amount of such Indebtedness, plus any premium required by the terms of any Acquired Debt, in each case plus accrued and unpaid interest;

(15) Restricted Payments that are made with Excluded Contributions;

(16) the payment of any fees and purchases of Receivables and related assets in connection with a Qualified Receivables Transaction;

(17) so long as no Default or Event of Default has occurred and is continuing any dividends, distributions, loans or other payments to any Parent Entity; *provided* that, on the date of any such dividend, distribution, loan or other payment, the Consolidated Net Leverage Ratio does not exceed 0.75 to 1.0 on a *pro forma* basis after giving effect thereto; or

(18) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed the greater of €30.0 million and 2.0% of Total Assets at any time outstanding since the Issue Date.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the assets or securities proposed to be transferred or issued by the Parent Guarantor or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

Anti-layering

Neither the Issuer nor any Guarantor will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Notes Guarantee on substantially identical terms; *provided*, *however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness under Credit Facilities or as set forth in the Intercreditor Agreement.

Liens

The Parent Guarantor will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien securing Indebtedness or Trade L/C Obligations on any of its property or assets (including Capital Stock of any other Person), whether owned on the date of the Indenture or thereafter acquired, except (1) in the case of any property or asset that does not constitute Collateral, (a) Permitted Liens or (b) Liens that are not Permitted Liens, to the extent that all payments due under the Indenture, the Notes and the Notes Guarantees are secured on an equal and ratable *pari passu* basis with the obligations so secured (and if such obligations so secured are subordinated in right of payment to either the Notes or any Notes Guarantee, on a senior priority basis) until such time as such obligations are no longer secured by a Lien and (2) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes or any Notes Guarantee pursuant to the preceding clause (1)(b) will be automatically and unconditionally released and discharged upon (i) the release and discharge of the initial Lien to which it relates or (ii) as otherwise provided under "*—Security—Release*."

Dividend and other payment restrictions affecting Restricted Subsidiaries

The Parent Guarantor will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Parent Guarantor or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Parent Guarantor or any Restricted Subsidiary;

(2) make loans or advances to the Parent Guarantor or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its properties or assets to the Parent Guarantor or any Restricted Subsidiary,

provided, however, that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Parent Guarantor or any Restricted Subsidiary to other Indebtedness incurred by the Parent Guarantor or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Indebtedness (including the Revolving Credit and L/G Facilities Agreement and the Cash Liquidity Facility Agreement) as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;

(2) the Indenture, the Notes, the Notes Guarantees, the Intercreditor Agreement, the Security Documents and any Additional Intercreditor Agreement;

(3) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Incurrence of Indebtedness and issuance of preferred stock*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the holders of the Notes than (i) the encumbrances and restrictions, taken as a whole, contained in the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement, the Indenture, the Notes, the Notes Guarantees and the Intercreditor Agreement, in each case as in effect on the Issue Date, and any Additional Intercreditor Agreement (as determined in good faith by the Issuer) and (ii) is customary in comparable financings (as determined in good faith by the Issuer);

(4) applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Parent Guarantor or any Restricted Subsidiary as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(6) customary non-assignment and similar provisions in contracts, leases, joint venture agreements and licenses entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased;

(8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(10) Liens permitted to be incurred under the provisions of the covenant described above under the caption "*—Liens*" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) customary provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements in the ordinary course of business (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;

(12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business;

(13) any mortgage financing or mortgage refinancing that imposes restrictions on the real property securing such Indebtedness;

(14) any encumbrance or restriction effected in connection with a Qualified Receivables Transaction;

(15) customary provisions in Hedging Obligations permitted under the Indenture and entered into in the ordinary course of business; and

(16) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (15), or in this clause (16); *provided* that the terms and conditions of any such encumbrances or restrictions (x) are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced or (y) are not reasonably expected to make the Issuer unable to make principal or interest payments on the Notes, as determined in good faith by the Parent Guarantor's chief financial officer or chief accounting officer.

Merger, consolidation or sale of assets

The Issuer

The Issuer will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Issuer is the surviving Person) or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) the Issuer is the surviving Person; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance or other disposition has been made is an entity organized or existing under the laws of any member state of the Pre-Expansion European Union, Switzerland, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition has been made assumes all the obligations of the Issuer under the Notes, the Indenture, the Intercreditor Agreement and the Security Documents to which the Issuer is a party;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Issuer or, in case of a consolidation or merger or sale, assignment, transfer, conveyance or other disposition by the Issuer, the Person formed by or surviving any such consolidation or merger (if other than the Issuer), or to which such sale, assignment, transfer, lease, conveyance or other disposition has

been made, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, (i) would be permitted to incur at least € 1.00 of additional Indebtedness pursuant to clause (1) of the first paragraph of the covenant described above under the caption "*—Incurrence of Indebtedness and issuance of preferred stock*" or (ii) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

(5) the Issuer delivers to the Trustee an Officer's Certificate and an opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant and that the Notes, the supplemental indenture and the Note Indenture constitute legal, valid and binding obligations of the Issuer or, as the case may be, the surviving Person; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to the satisfaction of clauses (3) and (4) above.

Guarantors

A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than another Guarantor or the Issuer, unless either (a) (i) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under its Notes Guarantee, the Indenture, the Intercreditor Agreement and the Security Documents to which such Guarantor is a party pursuant to a supplemental indenture and appropriate Security Documents reasonably satisfactory to the Trustee and (ii) immediately after giving effect to that transaction, no Default or Event of Default exists; or (b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture.

General

Neither the Issuer nor any Guarantor will, directly or indirectly, lease all or substantially all of the properties and assets of it and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, to any other Person.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer or other disposition of all or substantially all of the properties or assets of one or more Subsidiaries of the Issuer or a Guarantor, which properties and assets, if held by the Issuer or such Guarantor, as applicable, instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer or such Guarantor, as applicable, on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer or such Guarantor, as applicable.

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Issuer or a Guarantor in a transaction that is subject to, and that complies with the provisions of this covenant, the successor Person formed by such consolidation or into or with which the Issuer or such Guarantor, as the case may be, is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of the Indenture referring to the Issuer or such Guarantor, as the case may be, shall refer instead to the successor Person and not to the Issuer or such Guarantor, as the case may be), and may exercise every right and power of the predecessor Issuer or Guarantor, as the case may be, under the Indenture with the same effect as if such successor Person had been named as the Issuer or such Guarantor, as the case may be, therein; *provided* that the relevant predecessor Issuer or Guarantor, as the case may be, shall not be relieved from the obligation to pay the principal, interest or Additional Amounts on the Notes except in the case of a sale of all of the Issuer's or such Guarantor's, as the case may be, assets in a transaction that is subject to, and that complies with the provisions of, this covenant.

Clauses (3) and (4) of the first paragraph of this covenant will not apply to any sale or other disposition of all or substantially all of the assets or merger or consolidation of (a) any Restricted Subsidiary with or into the Issuer or any Guarantor and (b) the Issuer with or into an Affiliate solely for the purpose of changing the legal domicile of the Issuer, reincorporating the Issuer in another jurisdiction or changing the legal form of the Issuer. Clause (a)(i) of the second paragraph of this covenant will not apply to any sale or other disposition of all or substantially all of the assets or merger or consolidation of (a) any Restricted Subsidiary with or into any Guarantor and (b) a Guarantor with or into an Affiliate solely for the purpose of changing the legal domicile of such Guarantor, reincorporating such Guarantor in another jurisdiction or changing the legal form of such Guarantor.

Transactions with Affiliates

The Parent Guarantor will not, and will not cause or permit any Restricted Subsidiary to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Parent Guarantor (each, an "**Affiliate Transaction**"), involving aggregate payments or consideration in excess of €5.0 million, unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Parent Guarantor or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Parent Guarantor or such Restricted Subsidiary with an unrelated Person on an arm's length basis; and

(2) the Issuer delivers to the Trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €20.0 million, a resolution of the Board of Directors of the Parent Guarantor set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Parent Guarantor; *provided* that if there are no disinterested members of the Board of Directors of the Parent Guarantor, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this covenant if the Parent Guarantor or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an internationally recognized investment bank or accounting firm or any third party appraiser of international standing stating that such transaction is fair to the Parent Guarantor or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Parent Guarantor or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Parent Guarantor or such Restricted Subsidiary with an unrelated Person on an arm's length basis.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement, collective bargaining agreement, consultant agreement, employee benefit arrangements with any employee, officer or director of the Parent Guarantor or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(2) transactions between or among (i) the Parent Guarantor and/or the Restricted Subsidiaries (or any Person that becomes a Restricted Subsidiary as a result of such transaction) and (ii) any Person who is an Affiliate solely because a director of which is also a director of the Parent Guarantor or any direct or indirect parent of the Parent Guarantor; *provided* that such director abstains from voting as a director of the Parent Guarantor or such direct or indirect parent, as the case may be, on any matter involving such other Person;

(3) transactions in the ordinary course of business with a Person (other than an Unrestricted Subsidiary of the Parent Guarantor) that is an Affiliate of the Parent Guarantor solely because the Parent Guarantor owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors or employees of the Parent Guarantor or any Restricted Subsidiary;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Parent Guarantor to Affiliates of the Parent Guarantor;

(6) any Investment (other than a Permitted Investment) or other Restricted Payment, in either case, that does not violate the provisions of the Indenture described above under the caption "*—Restricted Payments*;"

(7) Management Advances and the payment of any Management Fees;

(8) any Permitted Investments (other than Permitted Investments described in clauses (3) and (17) of the definition thereof);

(9) the incurrence of any Subordinated Shareholder Debt and any amendment, waiver or other transaction with respect to any Subordinated Shareholder Debt in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable;

(10) transactions pursuant to, or contemplated by any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not more disadvantageous to the holders of the Notes than the original agreement as in effect on the Issue Date;

(11) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Parent Guarantor or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Parent Guarantor or the senior management thereof, or are on terms at least as favorable as could reasonably have been obtained at such time from an unaffiliated Person;

(12) any payments or other transactions pursuant to a tax sharing agreement between the Parent Guarantor and any other Person or a Restricted Subsidiary and any other Person with which the Parent Guarantor or any Restricted Subsidiary files a consolidated tax return or with which the Parent Guarantor or any Restricted Subsidiary is part of a group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation; *provided*, *however*, that any such tax sharing or arrangement and payment does not permit or require payments in excess of the amounts of tax that would be payable by the Parent Guarantor and the Restricted Subsidiaries on a stand-alone basis;

(13) any transaction effected as part of a Qualified Receivables Transaction;

(14) pledges of Equity Interests of an Unrestricted Subsidiary to secure Indebtedness of such Unrestricted Subsidiary;

(15) any merger, consolidation or reorganization of the Parent Guarantor with an Affiliate of the Parent Guarantor solely for the purpose of (a) forming or collapsing a holding company structure or (b) reincorporating the Parent Guarantor in a new jurisdiction; and

(16) the Transactions, including the payment of fees and expenses in connection therewith.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Parent Guarantor may designate any Restricted Subsidiary to be an Unrestricted Subsidiary (other than the Issuer and MidCo) if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Parent Guarantor and the Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "*—Restricted Payments*" or under one or more clauses of the definition of Permitted Investments, as determined by the Issuer. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. Any designation of a Subsidiary of the Parent Guarantor as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Board of Directors of the Parent Guarantor giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "*—Restricted Payments*." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "*—Incurrence of Indebtedness and issuance of preferred stock*," the Issuer will be in default of such covenant.

The Board of Directors of the Parent Guarantor may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption *"—Incurrence of Indebtedness and issuance of preferred stock*," calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period, and (2) no Default or Event of Default would be in existence following such designation.

Maintenance of listing

The Issuer will use its commercially reasonable efforts to maintain the listing of the Notes on the Official List of the Irish Stock Exchange and the admission to trading of the Notes on the Global Exchange Market thereof for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it is unable to list or it will not maintain such listing, it will obtain prior to the delisting of the Notes from the Official List of the Irish Stock Exchange and withdrawal from trading of the Notes on the Global Exchange Market, and thereafter use its commercially reasonable efforts to maintain, a listing of such Notes on another internationally recognized stock exchange or exchange regulated market in western Europe.

Additional Guarantees

Within five Business Days after the Upstream Effective Date, the Issuer will cause the Company to execute and deliver a supplemental indenture providing for a Notes Guarantee. Within 90 days after the Issue Date, the Issuer will cause the Post-Issue Date Guarantors (other than the Company) to each execute and deliver a supplemental indenture providing for a Notes Guarantee of each Post-Issue Date Guarantor (other than the Company).

Subject to the Agreed Security Principles, the Issuer will not cause or permit any Restricted Subsidiary (other than the Issuer) that is not a Guarantor, directly or indirectly, to guarantee the payment of, assume or in any manner become liable with respect to any other Indebtedness of the Issuer or any Guarantor unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the Notes Guarantee of such Restricted Subsidiary, which Notes Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of such other Indebtedness, *provided* that, in the case of a Guarantee of (A) Indebtedness under Credit Facilities to be incurred pursuant to clause (1)(a) of the definition of Permitted Debt, (B) Indebtedness under Permitted L/C Facilities to be incurred pursuant to clause (1)(b) of the definition of Permitted Debt, (C) Hedging Obligations under agreements or arrangements designed to manage interest rate risk or exchange rate risk with respect to the Notes or other Credit Facilities from time to time subject to the Intercreditor Agreement and other Hedging Obligations under arrangements, in the latter case, in an amount not to exceed €60.0 million, in each case permitted under clause (8) of the definition of Permitted Debt, (D) Permitted Trade L/C Liens and (E) Indebtedness under the Cash Liquidity Facility Agreement, such Guarantee may have priority with respect to distributions of proceeds of any enforcement of such Notes Guarantee.

Simultaneously with the execution of any supplemental indenture referred to in the two preceding paragraphs, subject to the Agreed Security Principles, the Issuer will cause all of the Capital Stock in such Restricted Subsidiary owned by the Parent Guarantor and the Restricted Subsidiaries to be pledged to secure the Notes and the Notes Guarantees.

Each additional Notes Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance, liquidity maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

The second paragraph of this covenant will not be applicable to any Guarantees of any Restricted Subsidiary given to a bank or trust company having combined capital and surplus and undivided profits of not less than €250 million, whose debt has a rating, at the time such guarantee was given, of at least A or the equivalent thereof by S&P and at least A2 or the equivalent thereof by Moody's, in connection with the operation of cash management programs established in the ordinary course of business for the benefit of the Parent Guarantor or any Restricted Subsidiaries.

Notwithstanding the foregoing, the Issuer shall not be obligated to cause such Restricted Subsidiary to guarantee the Notes to the extent that such Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in (1) a violation of applicable law, (2) any liability for the officers, directors or shareholders of such Restricted Subsidiary or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (1) of this paragraph undertaken in connection with, such Guarantee, that, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Parent Guarantor or the Restricted Subsidiary.

For the avoidance of doubt, the Company will guarantee the payment of Indebtedness incurred under the Revolving Credit and L/G Facilities Agreement prior to providing its Notes Guarantee. Due to restrictions of German law, the Company may not provide a Notes Guarantee prior to the Upstream Effective Date.

Lines of business

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Permitted Business, except to such extent as would not be material to the Parent Guarantor and the Restricted Subsidiaries, taken as a whole.

Limitation on permitted activities

Each of the Parent Guarantor, MidCo and Issuer will not:

(1) engage in any business activity or undertake any other activity, except (i) any activity relating or incidental to the offering, sale, issuance and servicing, purchase, redemption, amendment, exchange, refinancing or retirement of the Notes, the respective Notes Guarantees, as applicable, Indebtedness or liabilities under the Revolving Credit and L/G Facilities Agreement or the Cash Liquidity Facility Agreement or the incurrence of other Indebtedness permitted by the terms of the Indenture and distributing, lending or otherwise advancing funds to any of its Restricted Subsidiaries, or the performance of the terms and conditions of such Indebtedness to the extent permitted under the Indenture, (ii) any activity undertaken with the purpose of fulfilling any other obligations under the Notes, the respective Notes Guarantees, as applicable, the Revolving Credit and L/G Facilities Agreement, the Cash Liquidity Facility Agreement, other Indebtedness permitted by the terms of the Indenture, any Security Document to which it is a party, the Intercreditor Agreement or any Additional Intercreditor Agreement, (iii) incurring Subordinated Shareholder Debt; (iv) incurring any Indebtedness not prohibited by the Indenture, (v) the granting of Liens permitted pursuant to the covenant described under "*—Liens*," (vi) cash management activities on behalf of its Restricted Subsidiaries, (vii) making Investments in the Notes, (viii) making Restricted Payments (other than Restricted Investments) and Permitted Payments not prohibited under the covenant "*—Restricted Payments*," (ix) engaging in transactions in compliance with or otherwise not prohibited under the covenant described under "*—Certain covenants—Merger, consolidation or sale of assets*," (x) the entry into and performance of its rights and obligations in respect of (a) contracts and agreements with its officers, directors, employees, consultants and independent directors, (b) subscription or purchase agreements for securities and/or preferred equity certificates, public offering rights agreements, voting and other stockholder agreements, engagement letters, underwriting agreements, dealer manager agreements, solicitation agency agreements, agreements with rating agencies and other agreements in respect of its securities or any offering, issuance or sale thereof and (c) engagement letters and reliance letters in respect of legal, accounting and other advice and/or reports received and/or commissioned by it, (xi) the performance of any contract, agreement or other transaction existing on the Issue Date after giving effect to the Transactions or with its Restricted Subsidiaries, in each case to the extent not prohibited by the Indenture, (xii) the sale or disposal of any assets to the extent not prohibited by the Indenture, (xiii) activities directly or reasonably incidental to the establishment and/or maintenance of its or its Subsidiaries' corporate existence, (xiv) incurring professional fees and administration costs in the ordinary course of business, (xv) activities directly related or reasonably incidental to the Transactions and (xvi) other activities reasonably incidental to the foregoing and other activities not specifically enumerated above that are *de minimis* in nature; or

(2) own, lease, manage or otherwise operate any properties or assets other than cash and Cash Equivalents, Equity Interests in its direct Subsidiary, Indebtedness owing by its direct or indirect Subsidiaries (including Subsidiaries to be incorporated or acquired, directly or indirectly, after the Issue Date), properties and assets related to administrative employees and functions incidental to its existence or properties and assets related to the business or operations set forth in clause (1) of this paragraph.

Impairment of security interest

The Parent Guarantor will not, and will not cause or permit any Restricted Subsidiary to, take or knowingly or negligently omit to take, any action which action or omission would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Liens on the Collateral permitted by the definition of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the holders of the Notes, and the Parent Guarantor will not, and will not cause or permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral; *provided* that (a) nothing in this provision shall restrict the discharge or release of the Collateral in accordance with the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement and (b) the Parent Guarantor and the Restricted Subsidiaries may incur Permitted Collateral Liens; *provided further*, that no Security

Document may be amended, extended, renewed, restated, supplemented or otherwise modified, replaced or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), unless contemporaneously with such amendment, extension, renewal, restatement, supplement, modification, replacement or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Issuer delivers to the Trustee either (1) a solvency opinion from an internationally recognized investment bank or accounting firm, in form and substance reasonably satisfactory to the Trustee, confirming the solvency of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking, (2) a certificate from the Board of Directors or chief financial officer of the relevant Person, which certificate confirms the solvency of the Person granting such security interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking, the Lien or Liens securing the Notes created under the Security Documents so amended, extended, renewed, restated, supplemented, modified, replaced or released and retaken are valid and perfected Liens not otherwise subject to any limitation imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking.

At the direction of the Issuer and without the consent of the holders of Notes, the Security Agent may from time to time enter into one or more amendments to the Security Documents (or enter into additional or supplemental security documents) to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) subject to compliance with the preceding paragraph, provide for Permitted Collateral Liens, (iii) add to the Collateral or (iv) make any other change thereto that does not adversely affect the rights of the holders of the Notes in any material respect.

In the event that the Issuer complies with this covenant, the Trustee shall, and shall instruct the Security Agent, subject to the terms of the Intercreditor Agreement, to (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification, replacement or release with no need for instructions from holders of the Notes.

Collateral

In each case subject to the Agreed Security Principles, the Parent Guarantor will, and will procure that each Restricted Subsidiary will, at its respective own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (i) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents and (ii) if such Security Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. The Parent Guarantor will, and will procure that each Restricted Subsidiary will, execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request.

Additional Intercreditor Agreements

At the request of the Issuer and upon delivery of an Officer's Certificate and an opinion of counsel to the Trustee, without the consent of holders of the Notes, and at the time of, or prior to, the incurrence by the Issuer or a Guarantor of Indebtedness permitted pursuant to (a) the first paragraph of the covenant described under "—*Incurrence of Indebtedness and issuance of preferred stock*" or clause (1), (4), (8), (9), (14)(ii), (16) or (17) of the definition of Permitted Debt and (b) any Permitted Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (a), the Issuer, the relevant Guarantor, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized representatives) an intercreditor agreement (an "**Additional Intercreditor Agreement**") on substantially the same terms as the Intercreditor Agreement, including terms with respect to the limitation on enforcement and release of guarantees and priority as set forth in the Intercreditor Agreement (or on terms not materially less favorable to the holders of the Notes); *provided*, that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement.

At the request of the Issuer, without the consent of holders of the Notes, and at the time of, or prior to, the incurrence by the Issuer or a Guarantor of Indebtedness permitted to be incurred pursuant to the preceding paragraph, the Issuer or the relevant Guarantor and the Trustee shall enter into one or more amendments to any Intercreditor Agreement or Additional Intercreditor Agreement to: (1) cure defects, resolve ambiguities or reflect changes, in each case, of a minor, technical or administrative nature; (2) increase the amount or types of Indebtedness covered by any Intercreditor

Agreement or Additional Intercreditor Agreement that may be incurred by the Issuer or a Guarantor that is subject to any Intercreditor Agreement or Additional Intercreditor Agreement (provided that such amendment is consistent with the preceding paragraph); (3) add new Guarantors to the Intercreditor Agreement or an Additional Intercreditor Agreement; (4) further secure the Notes; (5) make provision for the security securing Additional Notes to rank *pari passu* with the Collateral; or (6) make any other change to any such Intercreditor Agreement or an Additional Intercreditor Agreement that does not adversely affect the rights of holders of the Notes in any material respect.

Except as provided in the previous paragraph, the Issuer shall not otherwise direct the Trustee to enter into any amendment to the Intercreditor Agreement or any Additional Intercreditor Agreement without the consent of the holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted by the provisions described under "*—Amendment, supplement and waiver*" and the Issuer may only direct the Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee or the Security Agent under the Indenture, the Intercreditor Agreement or such Additional Intercreditor Agreement.

In relation to the Intercreditor Agreement or, to the extent applicable, an Additional Intercreditor Agreement, the Trustee shall be deemed to have consented on behalf of the holders of the Notes to any payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided* that such transaction would comply with the covenant described under "*—Restricted Payments*."

By accepting a Note, each holder of the Notes will be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have consented to and directed the Trustee to enter into any Additional Intercreditor Agreement or any amendment of the Intercreditor Agreement or any Additional Intercreditor Agreement which complies with the foregoing provisions and the conditions contained therein.

Suspension of covenants when Notes rated Investment Grade

During any period of time that (i) the Notes have received an Investment Grade Rating from both Rating Agencies and (ii) no Default has occurred and is continuing under the Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "**Covenant Suspension Event**" and the date thereof being referred to as the "**Suspension Date**") then, the covenants specifically listed under the following captions in this "*Description of the Notes*" section of this offering memorandum will not be applicable to the Notes (collectively, the "**Suspended Covenants**"):

(1) "*Repurchase at the option of holders—Asset Sales*;"

(2) "*—Incurrence of Indebtedness and issuance of preferred stock*;"

(3) "*—Restricted Payments*;"

(4) "*—Dividend and other payment restrictions affecting Restricted Subsidiaries*;"

(5) clause (4) of the first paragraph of "*—Merger, consolidation or sale of assets*;"

(6) "*—Transactions with Affiliates*;"

(7) "*—Additional Guarantees*;" and

(8) "*—Lines of business*."

If and while the Parent Guarantor and the Restricted Subsidiaries are not subject to the Suspended Covenants, the Notes will be entitled to substantially less covenant protection. In the event that the Parent Guarantor and the Restricted Subsidiaries are not subject to the Suspended Covenants under the Indenture for any period of time as a result of the foregoing, and on any subsequent date (the "**Reversion Date**") one or both of the Rating Agencies withdraw their Investment Grade Rating or downgrade the rating assigned to the Notes below an Investment Grade Rating, then the Parent Guarantor and the Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants under the Indenture with respect to future events. The period of time between the Suspension Date and the Reversion Date is referred to in this Description of the Notes as the "**Suspension Period**." Upon the occurrence of a Covenant Suspension Event, the amount of Excess Proceeds from Net Proceeds shall be reset to zero.

During any Suspension Period, neither the Parent Guarantor nor any Restricted Subsidiary may designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to the definition of Unrestricted Subsidiary.

Notwithstanding the foregoing, in the event of any such reinstatement, no action taken or omitted to be taken by the Parent Guarantor or any Restricted Subsidiary prior to the Reversion Date will give rise to a Default or Event of Default under the Indenture with respect to the Notes; *provided* that (i) with respect to Restricted Payments made on or after the Reversion Date, the amount available to be made as Restricted Payments will be calculated as though the covenant described under "*—Restricted Payments*" had been in effect prior to, but not during, the Suspension Period; (ii) all Indebtedness incurred, or Disqualified Stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the definition of Permitted Debt; (iii) any transactions with Affiliates entered into on or after the Reversion Date pursuant to an agreement entered into during any Suspension Period shall be deemed to be permitted pursuant to clause (10) of the second paragraph of the covenant described under "*—Transactions with Affiliates*;" (iv) any encumbrance or restriction on the ability of any Restricted Subsidiary that is not a Guarantor to take any action described in clauses (1) through (3) of the first paragraph of the covenant described under "*—Dividend and other payment restrictions affecting Restricted Subsidiaries*" that becomes effective during any Suspension Period shall be deemed to be permitted pursuant to clause (1) of the second paragraph of the covenant described under "*—Dividend and other payment restrictions affecting Restricted Subsidiaries*;" and (v) no Restricted Subsidiary shall be required to comply with the covenant described under "*—Additional Guarantees*" on or after the Reversion Date with respect to any Guarantee entered into by such Restricted Subsidiary during any Suspension Period.

The Issuer will notify the Trustee that the two conditions set forth in the first paragraph under this heading have been satisfied, but such notification will not be a condition for the suspension of the covenants set forth above to be effective.

There can be no assurance that the Notes will achieve or maintain an Investment Grade Rating.

Reports

For so long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports in electronic form:

(1) within 120 days after the end of the Parent Guarantor's fiscal year beginning with the fiscal year ending March 31, 2015, annual reports containing the following information with a level of detail that is substantially comparable in all material respects to this offering memorandum: (a) audited consolidated balance sheet of the Parent Guarantor (in addition, in the case of the fiscal year ending March 31, 2015, audited consolidated balance sheet of the Company) as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Parent Guarantor (in addition, in the case of the fiscal year ending March 31, 2015, audited consolidated income statements and statements of cash flow of the Company) for the three most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of the Parent Guarantor (in addition, in the case of the fiscal year ending March 31, 2015, *pro forma* income statement and balance sheet information of the Company), together with explanatory footnotes, for any material acquisitions or dispositions (including, without limitation, any acquisitions or dispositions that, individually or in the aggregate when considered with all other acquisitions or dispositions that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates, represent greater than 20% of the consolidated revenues, EBITDA or assets of the Parent Guarantor (or the Company, as applicable) on a *pro forma* basis) or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates, in each case unless *pro forma* information has been provided in a previous report pursuant to clauses (2) or (3) below; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations (including a discussion by business segment, *provided* that such discussion may include less detail than the discussion by business segment included in this offering memorandum), financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, management and shareholders of the Parent Guarantor, the Issuer and the Company, all material affiliate transactions, Indebtedness and material financing arrangements and a description of all material contractual arrangements, including material debt instruments; and (e) material risk factors and material recent developments;

(2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Parent Guarantor beginning with the fiscal quarter ending June 30, 2015, quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such

quarter and unaudited condensed statements of income and cash flow for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Parent Guarantor, together with condensed footnote disclosure; (b) *pro forma* income statement and balance sheet information of the Parent Guarantor, together with explanatory footnotes, for any material acquisitions or dispositions (including, without limitation, any acquisitions or dispositions that, individually or in the aggregate when considered with all other acquisitions or dispositions that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates, represent greater than 20% of the consolidated revenues, EBITDA or assets of the Parent Guarantor on a *pro forma* basis) or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates, unless *pro forma* information has been provided in a previous report pursuant to clause (1), (2) or (3) of this covenant; (c) an operating and financial review of the unaudited financial statements (including a discussion by business segment, *provided* that such discussion may include less detail than the discussion by business segment included in this offering memorandum), including a discussion of the consolidated financial condition and results of operations of the Parent Guarantor and any material change between the current quarterly period and the corresponding period of the prior year; (d) material developments in the business of the Parent Guarantor and its Subsidiaries; and (e) any material changes to the risk factors disclosed in the most recent annual report with respect to the Parent Guarantor; and

(3) promptly after the occurrence of (a) a material acquisition, disposition or restructuring (including any acquisition or disposition that would require the delivery of *pro forma* financial information pursuant to clauses (1) or (2) above); (b) any senior management change at the Parent Guarantor, the Issuer or the Company; (c) any change in the auditors of the Parent Guarantor; (d) the entering into an agreement that will result in a Change of Control; or (e) any material events that the Parent Guarantor, the Issuer or the Company announces publicly, in each case, a report containing a description of such events,

provided, *however*, that the reports set forth in clauses (1), (2) and (3) above will not be required to (i) contain any reconciliation to U.S. generally accepted accounting principles or (ii) include separate financial statements for any Guarantors or non- Guarantor Subsidiaries of the Parent Guarantor.

If the Parent Guarantor has designated any of its Subsidiaries as Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Parent Guarantor and the Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Parent Guarantor.

At its election, the Parent Guarantor may provide consolidated financial statements of the IPO Entity or a Parent Entity in lieu of those for the Parent Guarantor, in which case references to the Parent Guarantor in clauses (1), (2) and (3) of the preceding paragraph will be deemed to be references to the IPO Entity or the Parent Entity, as applicable; *provided* that if the consolidated financial statements of the IPO Entity or the Parent Entity are included in such report, a reasonably detailed description of material differences between the consolidated financial statements of the IPO Entity or the Parent Entity and the Parent Guarantor shall be included for any period after the Issue Date, *provided, further,* that such description shall include the consolidated revenues, Adjusted EBITDA and total net indebtedness of the Parent Guarantor.

All financial statements shall be prepared in accordance with IFRS. Except as provided for above, no report need include separate financial statements for the Parent Guarantor or Subsidiaries of the Parent Guarantor or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this offering memorandum.

In addition, for so long as any Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, the Issuer will furnish to the holders of the Notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

So long as any Notes are outstanding, the Issuer will also:

(a) within 10 Business Days after the Issuer has furnished to the Trustee the annual and quarterly reports required by clauses (1) and (2) of the first paragraph of this covenant, hold a conference call to discuss such reports and the results of operations for the relevant reporting period; and

(b) issue a press release to an internationally recognized wire service no fewer than three Business Days prior to the date of the conference call required by the foregoing clause (a) of this paragraph, announcing the time and date of such conference call and either including all information necessary to access the call or directing holders of the Notes, prospective investors, broker dealers and securities analysts to contact the appropriate person at the Issuer to obtain such information.

The Issuer will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant (i) on a website maintained by the Issuer or any of its Affiliates and (ii) if and so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof and to the extent that the rules and regulations of the Irish Stock Exchange so require, copies of such reports furnished to the Trustee will also be made available at the specified office of the listing agent in Luxembourg.

The subsequent making available of any materials or conference call required by this covenant shall be deemed automatically to cure any Default or Event of Default resulting from the failure to make available such materials or conference call within the required time frame.

Any subsequent restatement of financial statements shall have no retroactive effect for purposes of calculations previously made pursuant to the covenants contained in the Indenture.

Events of Default and remedies

Each of the following is an "**Event of Default**:"

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by the Parent Guarantor or any Restricted Subsidiary for 60 days after written notice to the Issuer by the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes to comply with any of the agreements in the Indenture (other than a default in performance, or breach, of a covenant or agreement which is specifically dealt with in clauses (1) or (2) above);

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Parent Guarantor or any Restricted Subsidiary (or the payment of which is guaranteed by the Parent Guarantor or any Restricted Subsidiary), whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default:

(a) is caused by a failure to pay principal on such Indebtedness at the Stated Maturity thereof, prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "**Payment Default**"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates €30.0 million or more;

(5) failure by the Parent Guarantor or any Restricted Subsidiary to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of €30.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

(6) any security interest created by the Security Documents with respect to Collateral having a Fair Market Value in excess of €5.0 million ceases to be in full force and effect (except as permitted by the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents), or an assertion by the Parent Guarantor or any Restricted Subsidiary that any Collateral

having a Fair Market Value in excess of €5.0 million is not subject to a valid, perfected security interest (except as permitted by the terms of the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement), and such Default continues for 15 Business Days;

(7) except as permitted by the Indenture, any Notes Guarantee of a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Notes Guarantee and such Default continues for 15 Business Days; and

(8) certain events of bankruptcy or insolvency described in the Indenture with respect to the Parent Guarantor, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default specified in clause (8) of the preceding paragraph, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may, and the Trustee, upon request of such holders, shall, declare all the Notes to be due and payable immediately.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest, premium or Additional Amounts, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee, and it has received, indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee against any loss, liability or expense. Except (subject to the provisions described under "*—Amendment, supplement and waiver*") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee, and it has received, security or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may, on behalf of the holders of all outstanding Notes, waive any past default under the Indenture and its consequences, except a continuing default in the payment of the principal or premium, if any, any Additional Amounts or interest on any Note held by a non-consenting holder (which may only be waived with the consent of each holder of Notes affected).

The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

No personal liability of directors, officers, employees and shareholders

Subject to mandatory applicable laws, no director, officer, employee, incorporator or shareholder of the Issuer or any Guarantor, in its capacity as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture, the Notes Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. This waiver and release are part of the

consideration for issuance of the Notes. This waiver may not be effective to waive liabilities under applicable securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Notes Guarantees ("**Legal Defeasance**") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture ("**Covenant Defeasance**") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under "*—Events of Default and remedies*" (except those relating to payments on the Notes or bankruptcy or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in euro, euro-denominated European Government Obligations, or a combination of cash in euro and euro-denominated European Government Obligations in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion of counsel reasonably acceptable to the Trustee of U.S. counsel confirming that (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion of counsel reasonably acceptable to the Trustee of U.S. counsel confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer or the Guarantors with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer, the Guarantors or others; and

(5) the Issuer must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, supplement and waiver

Except as provided otherwise in the succeeding paragraphs, the Indenture, the Notes, the Notes Guarantees, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, the Notes Guarantees, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), an amendment, supplement or waiver may not:

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption "*—Repurchase at the option of holders*");

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) impair the right of any holder of Notes to receive payment of principal of and interest on such holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any Notes Guarantee in respect thereof;

(5) waive a Default or Event of Default in the payment of principal of, or interest, premium or, Additional Amounts, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(6) make any Note payable in money other than that stated in the Notes;

(7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, premium or Additional Amounts, if any, on, the Notes;

(8) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "*—Repurchase at the option of holders*");

(9) release any Guarantor from any of its obligations under its Notes Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement;

(10) release all or substantially all of the Liens on the Collateral granted for the benefit of the holders of the Notes, except in accordance with the terms of the Indenture or the relevant Security Document and the Intercreditor Agreement;

(11) change the ranking of the Notes or the Notes Guarantees; or

(12) make any change in the preceding amendment and waiver provisions.

Any amendment, supplement or waiver consented to by the holders of at least 90% of the aggregate principal amount of the then outstanding Notes will be binding against any non-consenting holders.

Notwithstanding the foregoing, without the consent of any holder of Notes, the Issuer, the Trustee and the Security Agent may amend or supplement the Indenture, the Notes, the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document:

(1) to cure any ambiguity, omission, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Issuer's or a Guarantor's obligations to the holders of Notes and Notes Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(5) to conform the text of the Indenture, the Notes, the Notes Guarantees, any Security Documents or the Intercreditor Agreement to any provision of this "*Description of the Notes*;"

(6) to enter into additional or supplemental Security Documents;

(7) to release any Notes Guarantee in accordance with the terms of the Indenture and the Intercreditor Agreement;

(8) to release the Collateral in accordance with the terms of the Indenture, the Intercreditor Agreement and the Security Documents;

(9) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(10) to allow any Guarantor to execute a supplemental indenture and/or a Notes Guarantee with respect to the Notes;

(11) to evidence and provide the acceptance of the appointment of a successor Trustee or Security Agent under the Indenture and the Security Documents; or

(12) to add additional parties to the Intercreditor Agreement or any Security Document to the extent permitted hereunder and thereunder, and to provide for the assumption by a successor Person of the obligations of the Issuer or any Guarantor under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents.

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

In connection with its entry into any amendment, supplement or waiver, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including an opinion of counsel and an Officer's Certificate.

Satisfaction and discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated and delivered, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in euro, euro-denominated European Government Obligations, or a combination of cash in euro and euro-denominated European Government Obligations, in amounts as will

be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation of principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(3) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

Judgment Currency

The sole currency of account and payment for all sums payable by the Issuer or a Guarantor under the Indenture, the Notes and the Notes Guarantees is euro. Any amount received or recovered in a currency other than euro in respect of the Notes (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Parent Guarantor, any Subsidiary or otherwise) by a holder of Notes or by the Trustee in respect of any sum expressed to be due to it from the Issuer or a Guarantor will constitute a discharge of the Issuer and the Guarantors only to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not possible to make that purchase on that date, on the first date on which it is possible to do so). If that euro amount is less than the euro amount expressed to be due to the recipient under any Note, the Issuer and the Guarantors will, in each case subject to the relevant Guarantee Limitations, indemnify the recipient against any loss sustained by it as a result. In any event the Issuer and the Guarantors will, in each case subject to the relevant Guarantee Limitations, indemnify the recipient against the cost of making any such purchase.

For the purposes of this indemnity, it will be sufficient for the holder or the Trustee to certify that it would have suffered a loss had an actual purchase of euro been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of euro on such date had not been practicable, on the first date on which it would have been practicable). These indemnities constitute a separate and independent obligation from the other obligations of the Issuer and the Guarantors, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any holder or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect to any sum due under any Note, any Notes Guarantee or any other judgment or order.

Concerning the Trustee

The Issuer shall deliver written notice to the Trustee within 30 days after becoming aware of the occurrence of a Default or an Event of Default. If the Trustee becomes a creditor of the Issuer or any Guarantor, the Indenture will limit the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest in its capacity as Trustee of which it has actual knowledge it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security (including by way of pre-funding) and/or indemnity satisfactory to it against any loss, liability or expense.

The Issuer and the Guarantors jointly and severally will, in each case subject to the relevant Guarantee Limitations, indemnify the Trustee for certain claims, liabilities and expenses incurred without gross negligence, or willful misconduct, or fraud on its part, arising out of or in connection with its duties.

Listing

Application has been made to list the Notes on the Official List of the Irish Stock Exchange and to admit the Notes to trading on the Global Exchange Market thereof. There can be no assurance that the application to list the Notes on the Official List of the Irish Stock Exchange and to admit the Notes on the Global Exchange Market will be approved and settlement of the Notes is not conditioned on obtaining such listing. The Issuer has initially designated Deutsche Bank Luxembourg S.A. as its agent for those purposes. The address of Deutsche Bank Luxembourg S.A. is 2 Boulevard Konrad Adenauer, L-1115, Luxembourg, Grand Duchy of Luxembourg.

Additional information

Anyone who receives this offering memorandum may, following the Issue Date, obtain a copy of the Indenture, the forms of Notes, the Security Documents and the Intercreditor Agreement without charge by writing to the Issuer at Attn.: Investor Relations, Überseering 10, 22297 Hamburg, Germany.

So long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market and the rules and regulations of the Irish Stock Exchange shall so require, copies of the financial statements included in this offering memorandum may be obtained, free of charge, during normal business hours at the offices of the Issuer.

Governing law

The Indenture, the Notes and the Notes Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Intercreditor Agreement will be governed by English law. The Security Documents will be governed by the applicable local laws of the jurisdiction under which the Liens over the Collateral are granted.

Consent to jurisdiction and service of process

The Indenture will provide that the Issuer and each Guarantor (other than any Guarantor incorporated in the United States) will appoint CT Corporation System, 111 Eighth Avenue, 13th floor, New York, New York, 10011, United States, as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Notes Guarantees brought in any U.S. federal or New York state court located in the City of New York and will submit to such jurisdiction.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Certain definitions

Set forth below are certain defined terms used in this Description of the Notes. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"**Acquired Debt**" means, with respect to any specified Person:

(1) Indebtedness of any other Person or its Subsidiaries existing at the time such other Person is merged with or into or becomes a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"**Acquisition**" means the acquisition of the Company by the Issuer pursuant to the Acquisition Agreement.

"**Acquisition Agreement**" means the share purchase agreement dated as of January 22, 2015 by and among the Issuer, AE Rotor Holding B.V., a company incorporated under the laws of the Netherlands, having its registered office at Jan Tinbergenstraat 290, 755ST Hengelo (Overijssel), Netherlands, SE Drive Technik GmbH, a company incorporated under the laws of Germany, having its registered office at Wasserstraße 223, 44799 Bochum, Germany, Suzlon

Windenergie GmbH, a company incorporated under the laws of Germany, having its registered office at Wasserstraße 223, 44799 Bochum, Germany, and RPW Investments, SGPS, S.A., a company incorporated under the laws of Portugal, having its registered office at Rua Santa Marta, n° 43 E/F—5° C Lisbon, Portugal and Suzlon Energy Limited having its registered office at One Earth, Opp. Magarpatta City, Hadapsar, Pune 411028, India, as amended from time to time.

"**Affiliate**" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"**Agreed Security Principles**" means the agreed security principles appended to the Revolving Credit and L/G Facilities Agreement, as of the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.

"**Applicable Premium**" means, with respect to any Note, the greater of:

(a) 1.0% of the principal amount of the Note; and

(b) on any redemption date, the excess (to the extent positive) of:

(i) the present value at such redemption date of (A) the redemption price of the Note at May 15, 2017 (such redemption price being set forth in the table appearing above under the caption "*—Optional redemption*") plus (B) all required interest payments due on the Note through May 15, 2017 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points; over

(ii) the principal amount of the Note,

in each case as calculated by the Issuer. For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee or the Paying Agents.

"**Asset Sale**" means:

(1) the sale, lease (other than an operating lease entered into the ordinary course of business), conveyance or other disposition of any assets by the Parent Guarantor or any Restricted Subsidiary; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Parent Guarantor and the Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "*—Repurchase at the option of holders—Change of Control*" and/or the provisions described above under the caption "*—Certain covenants—Merger, consolidation or sale of assets*" and not by the provisions described under the caption "*—Repurchase at the option of holders—Asset Sales*;" and

(2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Parent Guarantor or any Restricted Subsidiary of Equity Interests in any of the Parent Guarantor's Subsidiaries (in each case, other than directors' qualifying shares).

Notwithstanding the foregoing, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than the greater of € 15.0 million and 1.0% of Total Assets;

(2) a transfer of assets or Equity Interests between or among the Parent Guarantor and the Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Parent Guarantor or a Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Parent Guarantor;

(4) the sale, lease or other transfer of accounts receivable, inventory, trading stock, products, raw materials and other assets in the ordinary course of business (including the abandonment or other disposition of

intellectual property that is, in the reasonable judgment of the Issuer, no longer economically practicable to maintain or useful in the conduct of business of the Parent Guarantor and the Restricted Subsidiaries, taken as a whole);

(5) licenses and sublicenses by the Parent Guarantor or any Restricted Subsidiary of software or intellectual property in the ordinary course of business;

(6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by the covenant described above under the caption "*—Certain covenants—Liens*" and dispositions in connection with Permitted Liens;

(8) the sale or other disposition of cash or Cash Equivalents;

(9) a Restricted Payment that does not violate the covenant described above under the caption "*—Certain covenants—Restricted Payments*," a Permitted Investment or any transaction specifically excluded from the definition of Restricted Payment, or solely for purposes of the second paragraph of "*—Certain covenants—Asset Sales*," asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(10) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) any sale or disposition of receivables and related assets in connection with any Qualified Receivables Transaction and any factoring;

(12) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(13) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(14) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Parent Guarantor or any Restricted Subsidiary to such Person, *provided*, *however*, that the Board of Directors of the Parent Guarantor shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Parent Guarantor and its Restricted Subsidiaries (considered as a whole);

(15) any disposition with respect to property built, owned or otherwise acquired by the Parent Guarantor or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture; and

(16) the unwinding of Hedging Obligations.

"**Beneficial Owner**" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "**Beneficially Owns**" and "**Beneficially Owned**" have a corresponding meaning.

"**Board of Directors**" means:

(1) with respect to any corporation, the board of directors or board of managers (*Vorstand*) (or analogous governing body) of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors (or analogous governing body) of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members (or analogous governing body) or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"**Bund Rate**" means, as of any redemption date, the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to May 15, 2017; *provided*, *however*, that if the period from the redemption date to May 15, 2017 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to May 15, 2017 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which banking institutions in Frankfurt, London, New York or Ireland or a place of payment under the Indenture are authorized or required by law to close and, with respect to payments to be made under the Indenture, other than any day which is not a TARGET Settlement Day.

"**Capital Lease Obligation**" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet (excluding the footnotes thereto) prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"**Capital Stock**" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person,

but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"**Cash Equivalents**" means:

(1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the Pre-Expansion European Union, the United States of America, Switzerland or Canada (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union or the United States of America, Switzerland or Canada, as the case may be, and which are not callable or redeemable at the Issuer's option;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the Pre-Expansion European Union or of the United States of America or any state thereof, Switzerland or Canada; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of €250 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "A-1" or higher by Moody's or A+

or higher by S&P (or, if at the time neither S&P or Moody's is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization);

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P (or, if at the time neither S&P or Moody's is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) and, in each case, maturing within one year after the date of acquisition; and

(5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

"**Cash Liquidity Facility Agreement**" means the cash liquidity facility agreement dated as of April 14, 2015, by and among, *inter alios*, the Issuer, the Parent Guarantor, Deutsche Bank AG Luxembourg S.A. and RBC Europe Limited as mandated lead arrangers and Deutsche Bank Luxembourg S.A. as facility agent, providing for a cash liquidity facility of up to €180.0 million, as amended, restated, modified, renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"**Change of Control**" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, to any Person (including any "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act)) other than one or more Permitted Holders;

(2) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" as defined above) other than one or more Permitted Holders becomes the Beneficial Owner, directly or indirectly, of more than 50% of the issued and outstanding Voting Stock of the Parent Guarantor measured by voting power rather than number of shares; *provided* that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Parent Guarantor becoming a Subsidiary of a Successor Parent, (y) any Voting Stock of which any Permitted Holder is the Beneficial Owner shall not be included in any Voting Stock of which any such Person is the Beneficial Owner, unless that Person is not an Affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock and (z) any holding company whose only significant asset is Capital Stock of the Parent Guarantor or any of its direct or indirect parent entities shall not itself be considered a Person; or

(3) following an Initial Public Offering, the first day on which a majority of the members of the Board of Directors or supervisory board, as applicable, of the Parent Guarantor are not Continuing Directors (excluding any employee representatives, if any),

provided that, in each case, a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

"**Change of Control Offer**" has the meaning assigned to that term in the Indenture governing the Notes.

"**Clearstream**" means Clearstream Banking, *société anonyme*, or any successor securities clearing agency.

"**Collateral**" means the rights, property and assets securing the Notes and the Notes Guarantees as described in the section entitled "*—Security*" and any rights, property or assets in which a security interest has been or will be granted on the Issue Date or thereafter to secure the Obligations of the Issuer and the Guarantors under the Notes and the Indenture.

"**Consolidated EBITDA**" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) provision for Taxes based on income or profits of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(2) the Fixed Charges of such Person and its Subsidiaries that are Restricted Subsidiaries for such period; *plus*

(3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including, without limitation, write-downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Parent Guarantor and the Restricted Subsidiaries for such period) of the Parent Guarantor and the Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period unless the Company elects that the cash payment in respect thereof in such future period shall be subtracted from EBITDA in such future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*

(4) any expenses, charges or other costs incurred by the Parent Guarantor or any of its Restricted Subsidiaries related to the issuance of any Capital Stock, or any Permitted Investment, acquisition (including, for the avoidance of doubt, the Acquisition), disposition, recapitalization or listing or the incurrence of Indebtedness permitted to be incurred under the covenant described above under the caption "*—Certain covenants—Incurrence of Indebtedness and issuance of preferred stock*," whether or not successful; *plus*

(5) any foreign currency transaction losses of the Parent Guarantor and the Restricted Subsidiaries; *plus*

(6) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*

(7) (a) any unusual loss or charge, or (b) any non-cash charges or reserves in respect of any integration; *plus*

(8) all expenses incurred directly in connection with any early extinguishment of Indebtedness; *minus*

(9) any foreign currency transaction gains of the Parent Guarantor and the Restricted Subsidiaries; *minus*

(10) any unusual gain; *minus*

(11) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (11) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with IFRS.

For purposes of calculating the Consolidated EBITDA for any period:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries that are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries that are Restricted Subsidiaries acquired by the specified Person or any Restricted Subsidiary, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the relevant calculation date (including a Consolidated Leverage Ratio Calculation Date, Consolidated Net Leverage Ratio Calculation Date or Consolidated Senior Secured Leverage Ratio Calculation Date, as applicable) (the "**Calculation Date**"), will be given *pro forma* effect (as determined in good faith by the Parent Guarantor's chief financial officer or chief accounting officer) as if they had occurred on the first day of the reference period;

(2) the full effect of cost savings and operating expense reductions projected to result from actions taken, committed to be taken or with respect to which substantial steps have been taken and synergies in connection with an acquisition (in each case as determined in good faith by a responsible financial or

accounting officer of the Parent Guarantor) will be taken into consideration as if realized on the first day of the relevant period; *provided* that the amount of such cost savings, operating expense reductions or synergies shall be limited to cost savings, operating expense reductions or synergies reasonably expected to be achieved in the next 12 months; *provided*, *further*, that such cost savings, operating expense reductions and synergies are reasonably identifiable and factually supportable; and, in any event, not more than 20% of the Consolidated EBITDA after giving effect to such acquisition;

(3) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such period; and

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such period.

"**Consolidated Leverage**" means, with respect to any Person as of any date of determination, the sum without duplication of (a) the total amount of Indebtedness of such Person and its Restricted Subsidiaries on a consolidated basis (excluding Hedging Obligations permitted by clause (8) of the definition of Permitted Debt, plus (b) an amount equal to the greater of the liquidation preference or the maximum fixed redemption or repurchase price of all Disqualified Stock of such Person and all preferred stock of Restricted Subsidiaries of such Person (but not giving effect to any additional Indebtedness to be incurred on the date of determination as part of the same transaction or series of transactions pursuant to the second paragraph under "*—Certain covenants—Incurrence of Indebtedness and issuance of preferred stock*").

"**Consolidated Leverage Ratio**" means, with respect to any specified Person as of any date of determination, the ratio of (a) the Consolidated Leverage of such Person on such date to (b) the Consolidated EBITDA of such Person for such Person's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding such date. In the event that the specified Person or any of its Subsidiaries that are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Consolidated Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (the "**Consolidated Leverage Ratio Calculation Date**"), then the Consolidated Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by the Parent Guarantor's chief financial officer or chief accounting officer) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation of the Consolidated Leverage Ratio shall not give effect to (i) any Indebtedness incurred on the Consolidated Leverage Ratio Calculation Date pursuant to the provisions described in the definition of Permitted Debt or (ii) the discharge on the Consolidated Leverage Ratio Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the definition of Permitted Debt.

"**Consolidated Net Income**" means, with respect to any specified Person for any period, the aggregate of the profit (loss) of such Person and the Restricted Subsidiaries for such period, on a consolidated basis (excluding the profit (loss) of any Unrestricted Subsidiaries), determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided* that:

(1) (i) any extraordinary, one-off, non-recurring or exceptional gain, loss or charge, (ii) any asset impairments charges or (iii) any non-cash charges, provisions or reserves in respect of any restructuring, redundancy, integration, severance or other specific one-off non-recurring event (including, without limitation, settlements of litigation, arbitration or other disputes), in each case, will be excluded;

(2) the profit (loss) of any Person (other than the Parent Guarantor) if such Person is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be excluded, except that (A) the Parent Guarantor's equity in the profit of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of dividends or similar distributions paid in cash to the Parent Guarantor or a Restricted Subsidiary and (B) the Parent Guarantor's equity in a net loss of any such Person (other than an Unrestricted Subsidiary) for such period will be included in determining such Consolidated Net Income to the extent such loss has been funded with cash from the Parent Guarantor or a Restricted Subsidiary;

(3) solely for the purpose of determining the amount available for Restricted Payments under clause (5)(c)(i) of the first paragraph under the caption "*—Certain covenants—Restricted Payments*," any net income or loss of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Parent Guarantor (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes, the Indenture, and (c) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the holders of the Notes than such restrictions in effect on the Issue Date) except that the Parent Guarantor's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Parent Guarantor or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(4) any net gain or loss realized upon the sale or other disposition of any asset or disposed operations of the Parent Guarantor or any Restricted Subsidiaries (including pursuant to any sale-leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Issuer) will be excluded;

(5) any one time non-cash charges or any amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganization or restructuring involving the Parent Guarantor or its Subsidiaries will be excluded;

(6) the cumulative effect of a change in accounting principles will be excluded;

(7) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(8) any non-cash compensation charge or expenses arising from any grant of stock, stock options or other equity-based awards will be excluded;

(9) any goodwill or other intangible asset impairment charges will be excluded;

(10) all deferred financing costs written off and premium paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded;

(11) any capitalized interest on any Subordinated Shareholder Debt will be excluded; and

(12) any expenses, charges or losses to the extent covered by insurance or indemnity and actually reimbursed, or, so long as such Person has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer or indemnifying party and only to the extent that such amount is in fact reimbursed within 365 days of the date of the insurable or indemnifiable event (net of any amount so added back in any prior period to the extent not so reimbursed within the applicable 365-day period), will be excluded.

"**Consolidated Net Leverage**" means, with respect to any Person as of any date of determination, the Consolidated Leverage of such Person on such date, less the normalized amount of cash and Cash Equivalents of the Parent Guarantor and its Restricted Subsidiaries during the 180 days prior to the date of determination (as determined in good faith by the Parent Guarantor's chief financial officer or chief accounting officer).

"**Consolidated Net Leverage Ratio**" means, with respect to any specified Person as of any date of determination, the ratio of (a) the Consolidated Net Leverage of such Person on such date to (b) the Consolidated EBITDA of such Person for such Person's most recently ended four full fiscal quarters for which internal financial

statements are available immediately preceding such date. In the event that the specified Person or any of its Subsidiaries that are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the "**Consolidated Net Leverage Ratio Calculation Date**"), then the Consolidated Net Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by the Parent Guarantor's chief financial officer or chief accounting officer) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation of the Consolidated Net Leverage Ratio shall not give effect to (i) any Indebtedness incurred on the Consolidated Net Leverage Ratio Calculation Date pursuant to the provisions described in the definition of Permitted Debt or (ii) the discharge on the Consolidated Net Leverage Ratio Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the definition of Permitted Debt.

"**Consolidated Senior Secured Leverage**" means, as of any date of determination, the sum of the total amount of Senior Secured Indebtedness of the Parent Guarantor and the Restricted Subsidiaries on a consolidated basis.

"**Consolidated Senior Secured Leverage Ratio**" means, as of any date of determination, the ratio of (a) the Consolidated Senior Secured Leverage on such date to (b) the Consolidated EBITDA of the Parent Guarantor for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding such date. In the event that the Parent Guarantor or any Restricted Subsidiary incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Senior Secured Indebtedness (other than ordinary working capital borrowings) subsequent to the commencement of the period for which the Consolidated Senior Secured Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Senior Secured Leverage Ratio is made (the "**Consolidated Senior Secured Leverage Ratio Calculation Date**"), then the Consolidated Senior Secured Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by the Parent Guarantor's chief financial officer or chief accounting officer) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Senior Secured Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation of the Consolidated Senior Secured Leverage Ratio shall not give effect to (i) any Indebtedness incurred on the Consolidated Senior Secured Leverage Ratio Calculation Date pursuant to the provisions described in the definition of Permitted Debt or (ii) the discharge on the Consolidated Senior Secured Leverage Ratio Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the definition of Permitted Debt.

"**Contingent Obligations**" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"**continuing**" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"**Continuing Directors**" means, as of any date of determination, any member of the Board of Directors or, in the case the Parent Guarantor has been converted into a German or European law stock corporation, the supervisory board (excluding any employee representatives, if any) of the Parent Guarantor who:

(1) was a member of such Board of Directors on the Issue Date or a member of the supervisory board at the time the Parent Guarantor converts into a German or European law stock corporation, as applicable; or

(2) was nominated or recommended for election or elected to such Board of Directors or supervisory board, as applicable, with the approval of a majority of the Continuing Directors (excluding any employee representatives, if any) who were members of such Board of Directors or supervisory board, as applicable, at the time of such nomination, recommendation or election.

"**Credit Facilities**" means one or more debt facilities, instruments or arrangements incurred (including the Revolving Credit and L/G Facilities Agreement or commercial paper facilities and overdraft facilities) or commercial paper facilities or indentures or trust deeds or note purchase agreements, in each case, with banks, other institutions, funds or investors, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, performance guarantees or other forms of guarantees and assurances, bonds, notes debentures or other corporate debt instruments or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks or institutions and whether provided under the original Revolving Credit and L/G Facilities Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "**Credit Facilities**" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Parent Guarantor as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"**Currency Exchange Protection Agreement**" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"**Default**" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"**Designated Non-Cash Consideration**" means the Fair Market Value of non-cash consideration received by the Parent Guarantor or one of its Restricted Subsidiaries in connection with an Asset Sale that is designated as "Designated Non-Cash Consideration" pursuant to an Officer's Certificate setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-Cash Consideration.

"**Disqualified Stock**" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the six-month anniversary of the Stated Maturity of the Notes. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "*—Certain covenants—Restricted Payments*." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"**Earn-out Distribution**" means the earn-out of up to €50.0 million (or up to €75.0 million in the event the sellers named in the Acquisition Agreement make certain indemnification payments under the Acquisition Agreement) payable by the Issuer to the sellers named in the Acquisition Agreement pursuant to the Acquisition Agreement.

"**Equity Contribution**" means the indirect contribution by Centerbridge (as defined in "Equity Investors" below) to the Parent Guarantor of a combination of contributions into capital reserves and Subordinated Shareholder Debt on or prior to the Issue Date.

"**Equity Interests**" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"**Equity Investors**" means Centerbridge Capital Partners II, L.P., Centerbridge Capital Partners III, L.P. (together, "**Centerbridge**") and their Affiliates (not including, however, any operating portfolio company of the foregoing) or any fund that has directly or indirectly any of Centerbridge as a general partner or any investment vehicle, trust, fund, company or partnership owned, managed or advised by Centerbridge or any such Affiliate.

"**Equity Offering**" means an offering of Capital Stock (other than Disqualified Stock and other than an offering to the Parent Guarantor or any of its Subsidiaries) of the Parent Guarantor or any Parent Entity pursuant to (x) a registration statement that has been declared effective by the U.S. Securities and Exchange Commission pursuant to the U.S. Securities Act (other than a registration statement on Form S-8 or otherwise relating to Capital Stock issuable under any employee benefit plan) or a public offering outside of the United States or (y) Rule 144A and/or Regulation S or other private placement exemption under the U.S. Securities Act to professional market investors or similar persons.

"**Euroclear**" means Euroclear Bank SA/NV or any successor securities clearing agency.

"**European Government Obligations**" means any security that is (1) a direct obligation of any country that is a member of the European Monetary Union on the Issue Date whose long-term debt is rated "Aa2" or higher by Moody's or "AA" or higher by S&P (or, if at the time neither S&P or Moody's is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization), for the payment of which the full faith and credit of such country is pledged; or (2) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of any such country, the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"**Excluded Contributions**" means the net cash proceeds received by the Parent Guarantor after the Issue Date from:

(1) contributions to its common equity capital; and

(2) the issuance or sale (other than to a Restricted Subsidiary of the Parent Guarantor) of Capital Stock (other than Disqualified Stock) of the Parent Guarantor,

in each case designated as "Excluded Contributions" pursuant to an Officer's Certificate no later than the date on which such Excluded Contribution has been received by the Issuer, the net cash proceeds of which are excluded from the calculation set forth in clause (5)(c)(ii) of the covenant described under "*—Certain covenants—Restricted Payments*" and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "Optional redemption" provisions of the Indenture.

"**Fair Market Value**" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Issuer's chief executive officer or chief financial officer or an officer of the Parent Guarantor responsible for accounting or financial reporting or by the Board of Directors of the Parent Guarantor.

"**Fixed Charge Coverage Ratio**" means, with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any Restricted Subsidiary incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "**Fixed Charge Coverage Ratio Calculation Date**"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by the Parent Guarantor's chief financial officer or chief accounting officer) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation of the Fixed Charge Coverage Ratio shall not give effect to (i) any Indebtedness incurred on the Fixed Charge Coverage Ratio Calculation

Date pursuant to the provisions described in the definition of Permitted Debt or (ii) the discharge on the Fixed Charge Coverage Ratio Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the definition of Permitted Debt.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries that are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries that are Restricted Subsidiaries acquired by the specified Person or any Restricted Subsidiary, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Fixed Charge Coverage Ratio Calculation Date, or that are to be made on the Fixed Charge Coverage Ratio Calculation Date, will be given *pro forma* effect (as determined in good faith by the Parent Guarantor's chief financial officer or chief accounting officer) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Fixed Charge Coverage Ratio Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Fixed Charge Coverage Ratio Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any Restricted Subsidiary following the Fixed Charge Coverage Ratio Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Fixed Charge Coverage Ratio Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Fixed Charge Coverage Ratio Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Fixed Charge Coverage Ratio Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

"**Fixed Charges**" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated finance cost (net of finance income) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments), the interest component of deferred payment obligations (including, without limitation, pension liabilities), the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings; *plus*

(2) the consolidated finance cost (but excluding interest on Subordinated Shareholder Debt) of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries; *plus*

(4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortization of fees) with respect to Indebtedness; *plus*

(5) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Parent Guarantor or a Restricted Subsidiary, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by the Parent Guarantor's chief financial officer or chief accounting officer.

"**Group**" means the Parent Guarantor and its Subsidiaries;

"**Guarantee**" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

"**Guarantors**" means, collectively, the Issue Date Guarantors, the Post-Issue Date Guarantors and any Subsidiary of the Parent Guarantor that guarantees the Notes and their respective successors and assigns, in each case, until the Notes Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"**Hedging Obligations**" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

"**IFRS**" means International Financial Reporting Standards as endorsed from time to time by the European Union or any variation thereof with which the Parent Guarantor or its Restricted Subsidiaries are, or may be, required to comply; provided that at any date after the Issue Date the Parent Guarantor may make an irrevocable election to establish that "IFRS" shall mean IFRS as in effect on a date that is on or prior to the date of such election.

"**Indebtedness**" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;

(3) representing reimbursement obligations in respect of letters of credit, bankers' acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed; or

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS. In addition, the term "**Indebtedness**" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person to the extent guaranteed by such Person; *provided* that in the case of Indebtedness secured by a Lien, the amount of such Indebtedness will be the lesser of (a) the Fair Market Value of such asset at such date of determination (as determined in good faith by the Issuer) and (b) the amount of such Indebtedness of such other Person.

The term "**Indebtedness**" shall not include:

(1) Subordinated Shareholder Debt;

(2) any lease of property which would be considered an operating lease under IFRS;

(3) in connection with the purchase by the Parent Guarantor or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing and in each case is not determinable at the time of closing; *provided*, *however*, that to the extent such payment becomes fixed and determined after the closing, the amount is paid within 30 days thereafter, and if such amounts due are not paid on or prior to 30 days following the date of such payment becoming fixed and determined, then such amounts due shall become Indebtedness incurred on the date such amounts payment became fixed and payable;

(4) liabilities in respect of obligations (other than in connection with the borrowing of money) related to standby letters of credit, performance guarantees, warranty guarantees, advanced payment guarantees, bid guarantees or bonds or surety bonds (or any other similar obligation under the Revolving Credit and L/G Facilities Agreement) provided by or at the request of the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business (whether or not secured) to the extent such letters of credit, guarantees or bonds are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if, to be reimbursed, are reimbursed no later than 30 days following receipt by such Person of a demand for reimbursement following payment on the letter of credit, guarantee or bond; *provided* that if such amounts due are not reimbursed on or prior to 30 days following receipt by such Person of a demand for reimbursement, then such amounts due shall become Indebtedness incurred on the date such amounts became due;

(5) customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business;

(6) Contingent Obligations incurred in the ordinary course or obligations in respect of Qualified Receivables Transactions;

(7) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) incurred prior to the Issue Date or in the ordinary course of business; or

(8) for the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations, obligations with respect to medical benefits of workers and retirees or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"**Initial Public Offering**" means an Equity Offering of common stock or other common equity interests of the Parent Guarantor or any Parent Entity or any successor of the Parent Guarantor or any Parent Entity (the "**IPO Entity**") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"**Intercreditor Agreement**" means the intercreditor agreement to be entered into on or about the Issue Date by and among, *inter alios*, the Issuer, the Parent Guarantor, the Trustee, the Security Agent and the facility agent under the Revolving Credit and L/G Facilities Agreement and the agent under the Cash Liquidity Facility Agreement, as amended, restated or otherwise modified or varied from time to time.

"**Investment Grade Rating**" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB− (or the equivalent) by S&P, or an equivalent rating by any other Rating Agency.

"**Investments**" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet (excluding the footnotes) prepared in accordance with IFRS. If the Parent Guarantor or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Parent Guarantor or such Restricted Subsidiary will be deemed to have made an

Investment on the date of any such sale or disposition equal to the Fair Market Value of its Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "*—Certain covenants—Restricted Payments*." The acquisition by the Parent Guarantor or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Parent Guarantor or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "*—Certain covenants—Restricted Payments*." Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

"**IPO Entity**" has the meaning given it in the definition of Initial Public Offering.

"**IPO Market Capitalization**" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"**Issue Date**" means April 29, 2015.

"**Lien**" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest, financial pledge, banking pledge, assignment by way of security or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"**Management Advances**" means, loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers or employees of the Parent Guarantor or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business;

(2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or

(3) in the case of this clause (3) only, not exceeding €3.0 million in the aggregate outstanding at any time.

"**Management Fees**" means (a) customary fees for the performance of monitoring services by shareholders or any of their Affiliates and (b) customary fees and related expenses for the performance of transaction, management, consulting, financial or other advisory services or underwriting, placement or other investment banking activities, including in connection with mergers, acquisitions, dispositions or joint ventures, by the Equity Investors or any of their Affiliates for the Parent Guarantor or any of the Restricted Subsidiaries, which payments in respect of this clause (b) have been approved by a majority of the disinterested members of the Board of Directors of the Parent Guarantor; *provided* that the amount of such fees under clauses (a) and (b) will not, in the aggregate, exceed the greater of €3.0 million and 2.0% of Consolidated EBITDA *per annum* (inclusive of out of pocket expenses).

"**Market Capitalization**" means an amount equal to (1) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend or distribution or payment of the relevant loan or advance, multiplied by (2) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding such date.

"**Moody's**" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Nationally Recognized Statistical Rating Organization**" means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the U.S. Exchange Act.

"**Net Proceeds**" means the aggregate cash proceeds received by the Parent Guarantor or any Restricted Subsidiary in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any Designated Non-Cash Consideration or other consideration received in non-cash form or Cash Equivalents substantially concurrently received in any Asset Sale), net of the direct costs relating to such Asset Sale and the sale of such Designated Non-Cash Consideration or other consideration received in non-cash form, including, without

limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale (in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements), and all distributions and other payments required to be made to minority interest holders (other than the Parent Guarantor or any of its Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Sale, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with IFRS.

"**Notes Guarantee**" means the Guarantee by each Guarantor of the Issuer's Obligations under the Indenture and the Notes.

"**Obligations**" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"**Officer**" means, with respect to any Person, the chief executive officer and the chief financial officer of such Person or an officer of such Person responsible for accounting or financial reporting as well as any other authorized signatory of such Person.

"**Officer's Certificate**" means a certificate signed by an Officer.

"**Parent Entity**" means any direct or indirect parent company or entity of the Parent Guarantor.

"**Permitted Business**" means (1) any businesses, services or activities engaged in by the Parent Guarantor, MidCo, the Issuer and the Senvion Group on the Issue Date and (2) any businesses, services and activities engaged in by the Parent Guarantor or any of the Restricted Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments thereof.

"**Permitted Collateral Liens**" means:

(1) Liens on the Collateral to secure the Notes (or the Notes Guarantees) or any Additional Notes (or any guarantee of Additional Notes) and Permitted Refinancing Indebtedness in respect thereof (and Permitted Refinancing Indebtedness in respect of such Permitted Refinancing Indebtedness); *provided*, *however*, that (a) each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement and (b) all property and assets (including, without limitation, the Collateral) securing any such Additional Notes (or any guarantee of Additional Notes) or Permitted Refinancing Indebtedness secures the Notes or the Notes Guarantees on a senior or *pari passu* basis;

(2) Liens on the Collateral to secure (a) Indebtedness under Credit Facilities that is permitted by clause (1)(a) of the definition of Permitted Debt, (b) Indebtedness under Permitted L/C Facilities that is permitted by clause (1)(b) of the definition of Permitted Debt, (c) Senior Secured Indebtedness permitted by the first paragraph of the covenant entitled "*—Certain covenants—Incurrence of Indebtedness and issuance of preferred stock*" and Permitted Refinancing Indebtedness in respect thereof (and Permitted Refinancing Indebtedness in respect of such Permitted Refinancing Indebtedness), (d) Indebtedness permitted under clauses (4), (8) (other than Hedging Obligations in respect of commodity prices), (9) (to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and is specified in this definition of Permitted Collateral Liens), (14)(ii) (*provided* that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred (x) the Consolidated Senior Secured Leverage Ratio for the Parent Guarantor's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred is less than 2.75 to 1.0 determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom) as if the additional Indebtedness had been incurred and the application of proceeds therefrom had occurred at the beginning of such four-quarter period or (y) the Consolidated Senior Secured Leverage Ratio of the Parent Guarantor would not be greater than it was immediately prior to giving *pro forma* effect to the incurrence of such Indebtedness pursuant to clause (14)(ii) of the definition of Permitted Debt), (16), (17) and (18) of the definition of Permitted Debt and any Permitted Refinancing Indebtedness in respect of any of the Indebtedness referred to in this clause (d) (and Permitted Refinancing Indebtedness in respect of such Permitted Refinancing Indebtedness), (e) Permitted Trade L/C Liens and (f) Liens on the Collateral that secure Indebtedness on a basis junior to the Notes; *provided*, *however*, that (i) each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement and (ii) all property and assets (including, without limitation, the Collateral) securing such Indebtedness or other obligations secures the Notes or the Notes Guarantees on a senior or *pari passu* basis, except that, in the case of

(A) Indebtedness under Credit Facilities to be incurred pursuant to clause (1)(a) of the definition of Permitted Debt, (B) Indebtedness under Permitted L/C Facilities to be incurred pursuant to clause (1)(b) of the definition of Permitted Debt, (C) Hedging Obligations under agreements or arrangements designed to manage interest rate risk or exchange rate risk with respect to the Notes or other Credit Facilities from time to time subject to the Intercreditor Agreement and other Hedging Obligations under arrangements, in the latter case, in an amount not to exceed €60.0 million, in each case permitted under clause (8) of the definition of Permitted Debt, (D) Permitted Trade L/C Liens and (E) Indebtedness under the Cash Liquidity Facility Agreement, the Liens on the Collateral securing the Notes or the Notes Guarantees may rank junior with respect to distributions of proceeds of any enforcement of Collateral; *provided further*, that in the case of clauses (B) and (D), the amount of proceeds from enforcement of the Collateral that lenders under Permitted L/C Facilities shall be entitled to receive in priority to the Notes and the Notes Guarantees will not exceed the greater of €1,025.0 million and 50% of consolidated revenues of the Group in the aggregate; and

(3) Liens on the Collateral that are described in one or more of clauses (3), (6), (7), (8), (12), (13), (14), (19), (20), (21), (31), (32), (33) and (34) of the definition of Permitted Liens; *provided*, *however* that in connection with any Permitted Collateral Lien incurred pursuant to this clause (3), none of the Security Documents or the Intercreditor Agreement may be amended, expanded, renewed, restated, supplemented, released or otherwise modified or replaced; *provided* that, for the avoidance of doubt, Liens listed in this clause (3) arising by operation of law shall rank as provided by law.

"**Permitted Holders**" means (1) the Equity Investors, (2) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent Entity or the Parent Guarantor, acting in such capacity and (3) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the U.S. Exchange Act or any successor provision) of which any of the foregoing are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, such Permitted Holders and members of management, collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Parent Guarantor or any of its direct or indirect parent companies. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"**Permitted Investments**" means:

(1) any Investment in the Parent Guarantor or in a Restricted Subsidiary;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Parent Guarantor or any Restricted Subsidiary in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Parent Guarantor or a Restricted Subsidiary;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "*—Repurchase at the option of holders—Asset Sales*;"

(5) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Parent Guarantor or any Restricted Subsidiary, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes;

(6) Investments (i) in receivables owing to the Parent Guarantor or any Restricted Subsidiary created or acquired in the ordinary course of business, (ii) consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Indenture and (iii) in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(7) Investments represented by Hedging Obligations permitted by clause (8) of the definition of Permitted Debt;

(8) Investments in the Notes (including any Additional Notes) and any other Indebtedness of the Parent Guarantor or any Restricted Subsidiary;

(9) guarantees, keepwells and similar arrangements not prohibited by the covenant described above under the caption "*—Certain covenants—Incurrence of Indebtedness and issuance of preferred stock*;"

(10) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased only (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(11) Investments acquired after the Issue Date as a result of the acquisition of another Person by the Parent Guarantor or any Restricted Subsidiary, including by way of a merger, amalgamation or consolidation with or into the Parent Guarantor or any Restricted Subsidiary in a transaction that is not prohibited by the covenant described above under the caption "*—Certain covenants—Merger, consolidation or sale of assets*" after the Issue Date, to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(12) Management Advances;

(13) pledges or deposits (a) with respect to leases or utilities provided to third parties in the ordinary course of business or (b) otherwise described in the definition of Permitted Liens or made in connection with Liens permitted under the covenant described under "*—Certain covenants—Liens*;"

(14) any Investment to the extent made using as consideration Capital Stock of the Parent Guarantor (other than Disqualified Stock), Subordinated Shareholder Debt or Capital Stock of any Parent Entity;

(15) Investments in joint ventures or Unrestricted Subsidiaries in a Permitted Business having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (15) that are at the time outstanding not to exceed the greater of €50.0 million and 3.5% of Total Assets; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption "*—Certain covenants—Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of Permitted Investments and not this clause;

(16) Investments in the form of any transfer of Specified Assets to a Permitted Joint Venture; and

(17) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (17) that are at the time outstanding not to exceed the greater of €30.0 million and 2.0% of Total Assets; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption "*—Certain covenants—Designation of Restricted and Unrestricted Subsidiaries*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of this definition of Permitted Investments and not this clause.

"**Permitted Joint Venture**" means any offshore windfarm joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity which in each case is not a member of the Group but in which a member of the Group directly or indirectly holds (or, upon making an initial investment will hold) shares or any equivalent ownership interest in such entity unless such Permitted Joint Venture becomes a Restricted Subsidiary of the Parent Guarantor for the purposes of Indenture.

"**Permitted L/C Facilities**" means, with respect to the Issuer or any Guarantors, one or more Credit Facilities with commercial banks providing for the issuance of letters of credit, guarantees, indemnities or other similar instruments, including the Revolving Credit and L/G Facilities Agreement, in each case, as amended, restated, modified, renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) in whole or in part from time to time; *provided*, *however*, that the committed amount under all such Permitted L/C Facilities (including all unutilized amounts thereunder, the aggregate undrawn and unexpired amount of letters of credit or other instruments issued thereunder and the aggregate amount of drawings thereunder that have not been reimbursed) shall not at any time exceed the greater of €1,025.0 million and 50% of consolidated revenues of the Group in the aggregate, *plus* in the case of any renewal, replacement or refinancing of any Indebtedness permitted under this definition or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection therewith. For the purposes of determining "consolidated revenues" under this definition and the definition of Permitted Collateral Liens, consolidated revenues of the Group shall be measured on the most recent date on which new commitments are obtained under any such Permitted L/C Facilities.

"**Permitted Liens**" means:

(1) Liens in favor of the Issuer or the Guarantors;

(2) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Parent Guarantor or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation, were not incurred in contemplation thereof and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged with or into or consolidated with the Parent Guarantor or any Restricted Subsidiary;

(3) Liens to secure the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers compensation obligations, leases or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

(4) Liens on assets or property of the Company or any Restricted Subsidiary for the purpose of securing Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property (real or personal), plant or equipment (whether through the direct purchase of assets or the Capital Stock of any Person owning such assets) used in the business of the Parent Guarantor or any Restricted Subsidiary; provided that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Parent Guarantor or any Restricted Subsidiary other than assets or property acquired, designed, constructed, installed, improved or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(5) Liens existing on the Issue Date;

(6) Liens for taxes, assessments or governmental charges or claims that (a) are not yet due and payable or (b) are being contested in good faith by appropriate proceedings and for which a reserve or other appropriate provision, if any, as will be required in conformity with IFRS will have been made;

(7) Liens imposed by law or by agreement with a regulatory or governmental authority having the same effect, such as carriers', warehousemen's, landlord's and mechanics' Liens, in each case, incurred in the ordinary course of business;

(8) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(9) Liens created for the benefit of (or to secure) the Notes (or the Notes Guarantees);

(10) Liens securing Indebtedness under Hedging Obligations, which obligations are permitted by clause (8) of the definition of Permitted Debt;

(11) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the Indenture; *provided*, *however*, that:

(a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (i) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(12) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(13) filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under applicable jurisdiction) in connection with operating leases in the ordinary course of business;

(14) bankers' Liens, rights of setoff or similar rights and remedies as to deposit accounts, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(15) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(16) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(17) Liens under or arising out of leases, licenses, subleases and sublicenses of assets in the ordinary course of business;

(18) Liens arising out of conditional sale, title retention, extended title retention (*verlängerter Eigentumsvorbehalt*), consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(19) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Parent Guarantor or any Restricted Subsidiary has easement rights or on any real property leased by the Parent Guarantor or any Restricted Subsidiary and subordination or similar agreements relating thereto and

(b) any condemnation or eminent domain proceedings or compulsory purchase order affecting property;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(22) Liens (including put and call arrangements) on Capital Stock or other securities of any joint venture or Unrestricted Subsidiary that secure Indebtedness of such joint venture or Unrestricted Subsidiary;

(23) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(24) Liens on any proceeds loan made by the Parent Guarantor or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness;

(25) Liens on property at the time the Parent Guarantor or any Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Parent Guarantor or any Restricted Subsidiary; *provided* that such Liens are not created, incurred or assumed in connection with, or in contemplation of, such acquisition and do not extend to any other property owned by the Parent Guarantor or any Restricted Subsidiary;

(26) Liens incurred by the Parent Guarantor and the Restricted Subsidiaries with respect to obligations (including Indebtedness) that do not exceed €30.0 million at any one time outstanding;

(27) any interest or title of a lessor under any operating lease;

(28) Liens on Receivables and related assets of the type customarily granted in connection with factoring receivables financings or receivables sales transactions or of the type described in the definition of "Qualified Receivables Transaction" incurred in connection with a Qualified Receivables Transaction;

(29) Liens incurred in connection with a cash management program established in the ordinary course of business;

(30) Permitted Trade L/C Liens;

(31) Liens arising under the general business conditions of any bank, financial institution or savings bank with whom the Parent Guarantor or any of its Restricted Subsidiaries maintains a banking relationship in the ordinary course of business;

(32) Liens over any asset held in Clearstream or Euroclear or any other securities depository or any clearing house in favor of such or any other securities depository or clearing house;

(33) Liens created or subsisting in order to secure any obligations incurred in order to comply with the requirements of section 8a of the German Partial Retirement Act (*Altersteilzeitgesetz*) or pursuant to section 7e of the Fourth Book of the German Social Security Code (*SGB IV*); and

(34) Liens requested to be created by any creditor of a German member of the Group in connection with (i) a merger pursuant to Section 22 of the German Reorganization Act (*Umwandlungsgesetz*) and/or (ii) the termination of a domination and/or profit and loss pooling agreement (*Beherrschungs- und/oder Gewinnnabführungsvertrag*) pursuant to Section 303 of the German Stock Corporation Act (*Aktiengesetz*).

"**Permitted Parent Payments**" means the declaration and payment of dividends or other distributions, or the making of loans, by the Parent Guarantor or any of the Restricted Subsidiaries to any Parent Entity in amounts and at times required to pay:

(1) franchise fees and other fees, taxes and expenses required to maintain the corporate existence of any Parent Entity;

(2) fees and expenses of any Parent Entity incurred in connection with the Transactions;

(3) fees and expenses of any Parent Entity to the extent such expenses are attributable to the ownership or operation of the Parent Guarantor and the Restricted Subsidiaries (including fees and expenses properly incurred in the ordinary course of business to auditors and legal advisors and payments in respect of services provided by directors, officers, consultants or employees of any such Parent Entity) not to exceed €3.0 million in any calendar year (with unused amounts in any calendar year being carried over to the next succeeding calendar year);

(4) costs (including all professional fees and expenses) incurred by any Parent Entity in connection with reporting obligations under or otherwise incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Parent Guarantor or any

Restricted Subsidiaries, including in respect of any reports filed with respect to the U.S. Securities Act, U.S. Exchange Act or the respective rules and regulations promulgated thereunder;

(5) fees and expenses of any Parent Entity incurred in relation to any public offering or other sale of Capital Stock or Indebtedness (whether or not completed) (a) where the net proceeds of such offering or sale are received by or contributed to the Parent Guarantor or any Restricted Subsidiaries; (b) in a prorated amount of such expenses in proportion to the amount of such net proceeds so received or contributed; or (c) otherwise on an interim basis prior to completion of such offering so long as any Parent Entity will cause the amount of such expenses to be repaid to the Parent Guarantor or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed; and

(6) any income taxes, to the extent such income taxes are attributable to the income of the Parent Guarantor and any of the Restricted Subsidiaries, taking into account any currently utilizable net operating loss carryovers and other tax attributes, and, to the extent of the amount actually received in cash by the Parent Guarantor from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries; *provided* that such Parent Entity shall promptly pay such taxes or refund such amount to the Parent Guarantor.

"**Permitted Refinancing Indebtedness**" means any Indebtedness of the Parent Guarantor or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge, other Indebtedness of the Parent Guarantor or any Restricted Subsidiary (other than intercompany Indebtedness (other than any proceeds loan)); *provided* that:

(1) the aggregate principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is expressly contractually subordinated in right of payment to the Notes or the Notes Guarantees, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Notes Guarantees, as the case may be, on terms at least as favorable to the holders of the Notes or the Notes Guarantees, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(4) such Indebtedness is incurred either by the Issuer or a Guarantor if the Issuer or any Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged.

"**Permitted Trade L/C Liens**" means Liens to secure Trade L/C Obligations incurred from time to time under Permitted L/C Facilities.

"**Person**" means any individual, corporation, company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"**Post-Issue Date Guarantors**" means Senvion SE, Power Blades S.A., Ria Blades S.A., Senvion Portugal S.A., Senvion Indústria, S.A.

"**Pre-Expansion European Union**" means the European Union as of January 1, 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after January 1, 2004; *provided* that "**Pre-Expansion European Union**" shall not include any country whose long-term debt does not have a long-term rating of at least "AA" by S&P or at least "Aa2" by Moody's or the equivalent rating category of another internationally recognized rating agency.

"**Public Debt**" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"**Public Market**" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €100.0 million on the date of such Equity Offering have been distributed to investors other than the Permitted Holders or their related parties, or any other direct or indirect shareholders of the Parent Guarantor as of the Issue Date, pursuant to such Equity Offering.

"**Public Offering**" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the U.S. Securities Act to professional market investors or similar persons).

"**Qualified Receivables Transaction**" means any transaction or series of transactions that may be entered into by the Issuer or any of its Restricted Subsidiaries pursuant to which the Parent Guarantor or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to (1) a Receivables Entity (in the case of a transfer by the Parent Guarantor or any of its Restricted Subsidiaries) or (2) any other Person (in the case of a transfer by a Receivables Entity), or may grant a security interest in, any Receivables (whether now existing or arising in the future) of the Parent Guarantor or any of its Restricted Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such Receivables, all contracts and all guarantees or other obligations in respect of such accounts receivable, the proceeds of such Receivables and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitizations or asset-based financings involving Receivables or receivables sales programs.

"**Rating Agencies**" means Moody's and S&P or, in the event either Moody's or S&P no longer assigns a rating to the Notes, any other Nationally Recognized Statistical Rating Organization selected by the Issuer as a replacement agency.

"**Receivable**" means a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods and services under terms that permit the purchase of such goods and services on credit and shall include, in any event, any items of property that would be classified as an "account," "chattel paper," "payment intangible," or "instrument" under the Uniform Commercial Code as in effect in the State of New York and any "supporting obligations" as so defined.

"**Receivables Entity**" means a Wholly Owned Subsidiary (or another Person formed for the purpose of engaging in a Qualified Receivables Transaction) in which the Parent Guarantor or any Subsidiary of the Parent Guarantor makes an Investment and to which the Parent Guarantor or any Subsidiary of the Parent Guarantor transfers Receivables and related assets and which engages in no activities other than in connection with the financing of Receivables and which is designated by the Board of Directors of the Parent Guarantor (as provided below) as a Receivables Entity and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:

(a) is guaranteed by the Parent Guarantor or any Restricted Subsidiary (excluding guarantees of Obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings);

(b) is recourse to or obligates the Parent Guarantor or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings; or

(c) subjects any property or asset of the Parent Guarantor or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Parent Guarantor nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Qualified Receivables Transaction) other than on terms no less favorable to the Parent Guarantor or such Restricted Subsidiary than those that could be obtained at the time from Persons that are not Affiliates of the Parent Guarantor, other than fees payable in the ordinary course of business in connection with servicing Receivables; and

(3) to which neither the Parent Guarantor nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels or operating results.

Any such designation by the Board of Directors of the Parent Guarantor shall be evidenced to the Trustee by promptly filing with the Trustee a certified copy of the resolution of the Board of Directors of the Parent Guarantor giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"**Restricted Investment**" means an Investment other than a Permitted Investment.

"**Restricted Subsidiary**" means any Subsidiary of the Parent Guarantor that is not an Unrestricted Subsidiary.

"**Revolving Credit and L/G Facilities Agreement**" means the revolving credit and L/G facility agreement dated as of March 30, 2015 by and among, *inter alios*, the Issuer, the Parent Guarantor, the Company, the financial institutions named therein as mandated lead arrangers and bookrunners and the Security Agent, providing for the €125.0 million multicurrency revolving credit facility and the €825.0 million multicurrency revolving letter of guarantee facility, in each case, as amended, restated, modified, renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"**S&P**" means Standard & Poor's Ratings Services, a division of McGraw Hill, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Security Agent**" means Bayerische Landesbank until a successor replaces it in accordance with the applicable provisions of the Intercreditor Agreement and the Security Documents and thereafter means the successor serving under the Intercreditor Agreement.

"**Security Documents**" means the security agreements, the pledge agreements, the collateral assignments and other instruments and documents executed and delivered pursuant to the Indenture or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which the Collateral is pledged, assigned or granted to or on behalf of the Security Agent for the benefit of (among others) the holders of the Notes and the Trustee or notice of such pledge, assignment or grant is given.

"**Senior Secured Indebtedness**" means, as of any date of determination, the principal amount of any outstanding Indebtedness for borrowed money that is secured by a Lien (other than Indebtedness that is secured by a Lien permitted under clause (2)(f) of the definition of Permitted Collateral Liens) and Indebtedness of a Restricted Subsidiary that is not a Guarantor.

"**Significant Subsidiary**" means, at the date of determination, any Subsidiary that together with its Subsidiaries (i) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Parent Guarantor or (ii) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Parent Guarantor.

"**Specified Assets**" means any assets related to the development, production, servicing, product management and lifecycle engineering of the offshore business of the Group, including, without limitation, technical equipment and machinery, such as blade molds, installation equipment and transportation frames, factory and office equipment, software, patents, licenses and other intellectual property, service contracts, order book, production facilities and related assets.

"**Specified Change of Control Event**" means the occurrence of any event that would constitute a Change of Control; *provided* that immediately prior to the occurrence of such event and immediately thereafter and giving *pro forma* effect thereto, the Consolidated Leverage Ratio of the Parent Guarantor would have been no higher than 2.75 to 1.0. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted under the Indenture after the Issue Date.

"**Standard Securitization Undertakings**" means representations, warranties, covenants, guarantees of performance and indemnities entered into by the Parent Guarantor or any Restricted Subsidiary which are reasonably customary in securitization of Receivables transactions.

"**Stated Maturity**" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the issue date thereof, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"**Subordinated Shareholder Debt**" means, collectively, any debt provided to the Parent Guarantor by any Parent Entity or any Permitted Holder, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Debt; *provided* that such Subordinated Shareholder Debt:

(1) does not (including upon the happening of any event) mature or require any amortization or other payment of principal prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Parent Guarantor (other than Disqualified Stock) or for any other security or instrument meeting the requirements of this definition);

(2) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the Stated Maturity of the Notes;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity or confer on its holders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) is not secured by a lien on any assets of the Parent Guarantor or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Parent Guarantor;

(5) is subordinated in right of payment to the prior payment in full in cash of the Notes in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Issuer at least to the same extent as the Subordinated Liabilities (as defined in the Intercreditor Agreement) are subordinated to the Notes under the Intercreditor Agreement;

(6) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes, compliance by the Issuer with its obligations under the Notes or compliance by the Issuer under the Indenture;

(7) does not (including upon the happening of an event) constitute Voting Stock; and

(8) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder thereof, in whole or in part, prior to the Stated Maturity of the Notes other than into or for Capital Stock (other than Disqualified Stock) of the Parent Guarantor;

provided, however, that upon any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Debt, such Indebtedness shall constitute an incurrence of such Indebtedness by the Issuer, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Debt shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Debt.

"**Subsidiary**" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or shareholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership, joint venture or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof), whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"**Successor Parent**" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, Beneficially Owned by one or more Persons that Beneficially Owned more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person.

"**TARGET Settlement Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open.

"**Tax**" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). "**Taxes**" and "**Taxation**" shall be construed to have corresponding meanings.

"**Total Assets**" means the total assets of the Parent Guarantor and the Restricted Subsidiaries, as shown on the most recent balance sheet of the Parent Guarantor, determined on a consolidated basis in accordance with IFRS.

"**Trade L/C Obligations**" means reimbursement obligations of the Parent Guarantor or the Restricted Subsidiaries in respect of letters of credit, guarantees, indemnities or other similar instruments that relate to performance guarantees and do not constitute Indebtedness.

"**Transactions**" has the meaning given to such term in this offering memorandum under the caption "*The Transactions*."

"**Unrestricted Subsidiary**" means any (1) Subsidiary of the Parent Guarantor that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Parent Guarantor in the manner provided below) and (2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Parent Guarantor may designate a Subsidiary of the Parent Guarantor (including any newly-acquired or newly-formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation, amalgamation or combination, but excluding the Issuer and MidCo) to be an Unrestricted Subsidiary only if:

(i) such Subsidiary and its Subsidiaries do not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Parent Guarantor or any other Subsidiary of the Parent Guarantor which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(ii) such designation and the Investment of the Issuer in such Subsidiary complies with the covenant described above under the caption "*—Certain covenants—Restricted Payments*."

Any such designation by the Board of Directors of the Parent Guarantor shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing provisions.

The Board of Directors of the Parent Guarantor may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that, immediately after giving effect to such designation (A) no Default or Event of Default would result therefrom and (B) the Issuer could incur at least €1.00 of additional Indebtedness pursuant to clause (1) of the first paragraph under the covenant described above under the caption "*—Certain covenants—Incurrence of Indebtedness and issuance of preferred stock*," on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors of the Parent Guarantor shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing provisions.

"**Upstream Effective Date**" means the earlier of the date on which:

(i) the conversion of the Company into a limited liability company (*Gesellschaft mit beschränkter Haftung*) is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, at any time, no later than 10 weeks from the Issue Date; or

(ii) the existence of a profit transfer and/or domination agreement (*Gewinnabführungs- und/oder Beherrschungsvertrag*) according to section 291 of the German Stock Corporation Act (*Aktiengesetz*) between the Company as dominated company and the Issuer as dominating company is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg.

"**U.S. Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

"**U.S. Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Voting Stock**" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"**Weighted Average Life to Maturity**" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"**Wholly Owned Subsidiary**" means a Restricted Subsidiary, all of the Capital Stock of which (other than director's qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Parent Guarantor or another Wholly Owned Subsidiary) is owned by the Parent Guarantor or another Wholly Owned Subsidiary.

BOOK-ENTRY; DELIVERY AND FORM

General

The Notes sold within the United States to QIBs pursuant to Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the "144A Global Notes"). The Notes sold outside the United States pursuant to Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (the "Regulation S Global Notes" and, together with the 144A Global Notes, the "Global Notes"). The Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the 144A Global Notes ("144A Book-Entry Interests") and ownership of interests in the Regulation S Global Notes (the "Regulation S Book-Entry Interests" and, together with the 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons who have accounts with Euroclear and/or Clearstream or persons who may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The Book-Entry Interests in Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holder" of the Notes under the Indenture for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its respective nominee), will be considered the sole holder of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear and/or Clearstream and indirect participants must rely on the procedures of Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests in order to exercise any rights of holders of the Notes under the Indenture.

None of the Issuer, the Trustee, the agents nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the "Definitive Registered Notes"):

- if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary for the Global Notes and a successor depositary is not appointed by the Issuer within 120 days;
- if Euroclear or Clearstream so requests following an event of default under the Indenture; or
- if the owner of a Book-Entry Interests requests such exchange in writing delivered through Euroclear or Clearstream following an event of default under the Indenture and enforcement action is being taken in respect thereof under the Indenture.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "*Transfer Restrictions*" unless that legend is not required by the Indenture or applicable law.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, Euroclear and/or Clearstream, as applicable, will distribute the amount received by them or it in respect of the applicable Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by them or it in respect of the redemption of such

Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided*, *however*, that no Book-Entry Interest of less than €100,000 principal amount at maturity may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by the Issuer to the Paying Agent. In turn, the Paying Agent will make such payments to Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Additional Amounts*." If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Additional Amounts*," we will pay additional amounts as may be necessary in order for the net amounts received by any holder of the Global Notes after such deduction or withholding to equal the net amounts that such holder would have otherwise received in respect of such Global, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee and the agents will treat the registered holder of the Global Notes (i.e., the nominee of the common depositary for Euroclear or Clearstream (or its nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the agents nor any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;

- Euroclear, Clearstream or any participant or indirect participant; or

- any other matters relating to the actions and practices of Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency and Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes, will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of the Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of such Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream, at the request of the holders of the Notes, reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear's and Clearstream's rules and will be settled in immediately available funds. If a holder of Notes requires the physical delivery

of Definitive Registered Notes for any reason, including to sell such Notes to persons in states that require the physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth under "*Transfer Restrictions*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Transfer Restrictions*."

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and exchange*" and, if required, only if the transferor first delivers to the Trustee and/or the Registrar a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Transfer Restrictions*."

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. None of the Issuer, any of the Initial Purchasers, the Trustee, the agents nor any of their respective agents is responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Euroclear and Clearstream have no record of or relationship with persons holding through their account holders. Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons

take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Irish Stock Exchange and to be admitted to trading on the Global Exchange Market thereof. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures, which rules and operating procedures may change from time to time.

Although Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, the agents nor any of their respective agents will have any responsibility for the performance by Euroclear, Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional eurobonds in registered form. Book- Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Notes Guarantees have not been and will not be registered under the U.S. Securities Act, or securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any other jurisdiction. Accordingly, the Notes and the Notes Guarantees offered hereby are being offered and sold only to QIBs in accordance with Rule 144A under the U.S. Securities Act and outside the United States in offshore transactions in reliance on Regulation S.

We have not registered and will not register the Notes or the Notes Guarantees under the U.S. Securities Act, and therefore the Notes and the Notes Guarantees may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Issuer is offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States, to QIBs; and
- outside the United States, in offshore transactions in accordance with Regulation S.

We use the terms "offshore transaction" and "United States" with the meanings given to them in Regulation S.

You, by your acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

(1) You understand that the Notes and the Notes Guarantees are being offered for resale in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Notes have not been and will not be registered under the U.S. Securities Act and that (i) if in the future you decide to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only (a) in the United States to a person whom you reasonably believe is a QIB in a transaction meeting the requirements of Rule 144A, (b) outside the United States in a transaction complying with Regulation S or (c) in compliance with the registration requirements of the U.S. Securities Act or pursuant to an exemption therefrom or in any transaction not subject thereto, and in each case in compliance with the conditions for transfer set out in paragraph (5) below in each case in accordance with any applicable securities laws of any state of the United States, and that (ii) you will, and each subsequent holder is required to, notify any subsequent purchaser of the Notes from you of the resale restrictions referred to in (a) above.

(2) You are neither the Issuer's "affiliate" (as defined in Rule 144A), nor acting on its behalf, and that you are either:

   (i) a QIB, and are aware that any sale of Notes to you will be made in reliance on Rule 144A and such acquisition of Notes will be for your own account or for the account of another QIB; or

   (ii) purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that neither we nor the Initial Purchasers, nor any person representing us or the Initial Purchasers, has made any representation to you with respect to the offer or sale of any Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that neither the Initial Purchasers nor any person representing the Initial Purchasers makes any representation or warranty as to the accuracy or completeness of this offering memorandum.

   You have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

(4) You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account

or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by the acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes only (i) to the Issuer, the Guarantors or any subsidiary thereof, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, an exemption from the registration requirements of the U.S. Securities Act or in any transaction not subject thereto, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to our and the Trustee's rights prior to any such offer, sale or transfer, to require that a certificate of transfer in the form appearing in the Indenture is completed and delivered by the transferor to the Trustee.

(6) Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OR IN ANY TRANSACTION NOT SUBJECT THERETO (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

BY ITS ACQUISITION OF THIS SECURITY, THE HOLDER HEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE AND HOLD THIS SECURITY OR INTEREST HEREIN CONSTITUTES ASSETS OF ANY "EMPLOYEE BENEFIT PLAN" SUBJECT TO TITLE I OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), ANY PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH EMPLOYEE BENEFIT PLAN, PLAN, ACCOUNT OR ARRANGEMENT (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-103 AS MODIFIED BY SECTION 3(42) OF ERISA OR OTHERWISE) OR A

GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN SUBJECT TO PROVISIONS UNDER ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE (COLLECTIVELY, "SIMILAR LAWS") OR (2) THE ACQUISITION, HOLDING AND DISPOSITIONS OF THIS SECURITY OR INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

A purchaser of Notes will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(7) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.

(8) You represent and warrant that either (i) no portion of the assets used by you to acquire and hold such Notes or interest therein constitutes assets of any "employee benefit plan" subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended, ("ERISA"), any plan, individual retirement account or other arrangement subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "Code"), an entity whose underlying assets are considered to include "plan assets" of any such employee benefit plan, plan, account or arrangement (within the meaning of 29 C.F.R. Section 2510.3-103 as modified by Section 3(42) of ERISA or otherwise) or a governmental plan, church plan or non-U.S. plan subject to provisions under any federal, state, local or non-U.S. laws or regulations that are substantially similar to such provisions of ERISA or the Code (collectively, "Similar Laws") or (ii) the acquisition, holding and dispositions of the Notes or interest therein will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws.

(9) You acknowledge that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

(10) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and agree that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, you shall promptly notify the Initial Purchasers. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

TAX CONSIDERATIONS

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the tax consequences, under the tax laws of the country in which they are resident, of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium, if any, on and sale or redemption of, the Notes or any interest therein.

German Taxation

The following is a general discussion of certain German tax consequences of the acquisition, ownership and disposition of the Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws (including tax treaties) currently in force and as applied on the date of this offering memorandum in the Federal Republic of Germany which are subject to change, possibly with retroactive effect.

PROSPECTIVE PURCHASERS OF THE NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES UNDER THE TAX LAWS APPLICABLE IN THE FEDERAL REPUBLIC OF GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS OR WHOSE TAX LAWS APPLY TO THEM FOR OTHER REASONS.

Withholding Tax

For German tax residents (i.e., persons whose residence, habitual abode, statutory seat or place of management is located in Germany), interest payments on the Notes are subject to withholding tax, provided that the Notes are held in custody with a German custodian, who is required to deduct the withholding tax from such interest payments (the "Disbursing Agent," *auszahlende Stelle*). Disbursing Agents are German resident credit institutions and financial services institutions (including in both cases German permanent establishments of foreign institutions), securities trading companies or securities trading banks. The applicable withholding tax rate is 25% (plus 5.5% solidarity surcharge thereon, the total withholding being 26.375%, and, if applicable, church tax). Since January 1, 2015, an electronic information system for church withholding tax purposes applies in relation to investment income, with the effect that church tax will be automatically collected by the Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the investor will be assessed to church tax.

The withholding tax regime also applies to any capital gains from the disposition, redemption, repayment or assignment of Notes realized by private investors holding the Notes as private (and not as business) assets irrespective of any holding period provided that the Notes have been held in custody with the same Disbursing Agent since the time of their acquisition. Subject to exceptions, the amount of capital gains on which the withholding tax charge is applied is generally levied on the difference between the proceeds received upon the disposition, redemption, repayment or assignment of the Notes (after the deduction of actual expenses directly related thereto) and the acquisition costs. If interest claims are disposed of separately (i.e., without the Notes), the proceeds from the disposition are also subject to withholding tax. The same applies to proceeds from the payment of interest claims if the Notes have been disposed of separately.

If the Notes have not been kept in a custodial account with the same Disbursing Agent since their acquisition, upon their disposition, redemption, repayment or assignment withholding tax at a rate of 25% (plus 5.5% solidarity surcharge and, if applicable, church tax) will be imposed on an amount equal to 30% of the proceeds from the disposition, redemption, repayment or assignment of the Notes (plus interest accrued on the Notes ("Accrued Interest," *Stückzinsen*), unless the current Disbursing Agent has been provided with evidence of the actual acquisition costs of the Notes by the previous Disbursing Agent or by a statement of a bank or financial services institution within the European Union, the European Economic Area or certain other countries in accordance with the EC Council Directive 2003/48/EC on the Taxation of Savings Income ("Savings Directive") in the form of interest payments.

In computing any withholding tax, the Disbursing Agent may generally deduct from the basis of the withholding tax negative investment income realized by the private individual investor via the Disbursing Agent (e.g., losses from sale of other securities with the exception of shares). The Disbursing Agent may also deduct accrued interest on the Notes or other securities paid separately upon the acquisition of the respective security via the Disbursing Agent. In addition, subject to certain requirements and restrictions the Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the private individual investor in the custodial account with the Disbursing Agent.

Provided that the private individual investor files an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take a maximum annual allowance (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly) into account when computing the amount of tax to be withheld from the gross payments to be made by the Disbursing Agent. Expenses of the private individual investor actually incurred are not deductible. No withholding tax will be levied if a private individual investor has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the competent German tax office.

German resident corporate (including via a commercial partnership, as the case may be) should in essence not be subject to the withholding tax on gains from the disposition, redemption, repayment or assignment of the Notes while ongoing payments (i.e., interest payments) are subject to the withholding tax regime. In computing the withholding tax, the Disbursing Agent will not account for any deductions of foreign tax and capital losses incurred. The same applies where the Notes form part of a trade or business (of a German resident business investors or a commercial partnership) subject to further requirements being met.

Interest and capital gains received by non-residents of Germany are, in general, not subject to German withholding tax or the solidarity surcharge thereon. However, where the interest or capital gain is subject to German taxation (as set forth under "*Taxation of current income and capital gains—Foreign Tax Residents*") and the Notes are held in a custodial account with a Disbursing Agent, withholding tax will be levied under certain circumstances. Where Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposition, redemption, repayment or assignment of the Notes are paid by a Disbursing Agent to a non-resident upon delivery of the Notes, withholding tax will also apply. The withholding may be refunded under specific conditions based on an assessment to tax or under an applicable double taxation treaty (*Doppelbesteuerungsabkommen*).

Income taxation of current income and capital gains

Domestic Tax Residents

This subsection refers to persons whose residence, habitual abode, statutory seat or place of management is located in Germany and are, with this, tax residents in Germany.

Private Individual Investors

Income derived from capital investments under the Notes held by a private individual investor who is tax resident in Germany, irrespective of the holding period, is in general subject to German income tax at a flat-tax rate of 25% (plus 5.5% solidarity surcharge thereon, the total tax rate being 26.375%, and, if applicable, church tax) (*Abgeltungsteuer*) if the Notes are held as a private investment. (*Privatvermögen*). Private individual investors who are tax resident in Germany are entitled to a maximum annual allowance (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly).

For private individual investors the withholding tax on the capital investments under the Notes is—without prejudice to certain exceptions—definitive as the personal income tax liability will be satisfied by the tax withheld.

Private individual investors can apply to have their income from the investment in the Notes assessed in accordance with the general rules on determining an individual's tax rate if the resulting individual income tax burden is lower than 25% with any amounts of German tax over-withheld being refunded. To the extent withholding tax has not been levied, such as in the case of Notes kept in custody abroad or if no Disbursing Agent is involved in the payment process, the private individual investor must report his or her income and capital gains derived from the Notes on his or her tax return and then will also be taxed at a rate of 25% (plus solidarity surcharge and church tax thereon, where applicable). If the withholding tax on a disposal or redemption of the Notes has been calculated from 30% of the disposal proceeds (rather than from the actual gain), a private individual investor may and in case the actual gain is higher than 30% of the disposal proceeds must also apply for an assessment on the basis of his or her actual acquisition costs.

In each case, pursuant to the current view of the German tax authorities (which has recently been challenged before a financial court whose ruling has been appealed to the German Federal Financial Court (*Bundesfinanzhof*) the deduction of income-related expenses (other than transaction costs and except for the aforementioned annual lump-sum deduction) on an itemized basis is not permitted.

Losses resulting from the disposition, redemption, repayment or assignment of the Notes can only be off-set against other investment income. In the event that a set-off is not possible in the assessment period in which the losses

have been realized, such losses can be carried forward into future assessment periods only and can be offset against investment income generated in future assessment periods.

According to the German tax authorities, losses resulting from a bad debt loss (*Forderungsausfall*) in the case of an Issuer default or from a waiver of a receivable (*Forderungsverzicht*) in relation to the Notes shall not be treated as tax-deductible in general.

Business Investors

Interest payments and capital gains from the disposition, redemption, repayment or assignment of the Notes held as business assets by German tax resident business investors (i.e. individual or corporate holder) are generally subject to German income tax or corporate income tax (plus 5.5% solidarity surcharge and church tax thereon (where applicable) thereon) as the withholding tax, if any, will not satisfy the personal or corporate income tax liability. Where Notes form part of a trade or business, realized interest (paid or accrued) must be taken into account as income. The business investor will have to include income and related (business) expenses in the tax return and the balance will be taxed at the business investor's applicable (individual or corporate) tax rate. Any withholding tax levied is—subject to certain requirements—creditable as advance payment against the personal or corporate income tax liability of the business investor. To the extent the amount withheld exceeds the (corporate) income tax liability, the withholding tax is—as a rule—refundable.

Where the Notes form part of a German trade or business the interest payments and capital gains are also subject to trade tax (*Gewerbesteuer*), if the Notes are attributable to a trade or business. The trade tax liability depends on the municipal trade tax factor (*Gewerbesteuerhebesatz*) applicable to the business investor. If the holder is an individual or an individual partner of a partnership, the trade tax may generally be completely or partly credited against the personal income tax pursuant to a lump sum tax credit method.

Foreign Tax Residents

Investors not resident in Germany (i.e., persons whose residence, habitual abode, statutory seat, and place of effective management and control is not located in Germany) should, in essence, not be taxable in Germany with the proceeds from the investment in the Notes and no German withholding tax should be withheld from such income, even if the Notes are held in custody with a German credit (or comparable) institution. Exceptions apply, e.g., where the Notes are held as business assets in a German permanent establishment, including a permanent representative, or a fixed base of the investor maintained in Germany or the income from the Notes otherwise constitutes German-source income. Investors not resident in Germany should not be taxable in Germany with the interest proceeds from the Notes as the Notes are not secured by real estate in Germany.

Inheritance and Gift Tax

Inheritance or gift taxes with respect to the Notes will, in principle, arise under German law if, in the case of inheritance tax, either the decedent or the beneficiary or, in the case of gift tax, either the donor or the donee is or deemed to be a resident of Germany at the relevant point in time, or if the Notes are attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed in Germany. In addition, certain German expatriates will be subject to inheritance and gift tax. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany. However, applicable double taxation treaties may provide for exceptions to the German domestic inheritance and gift tax regulations.

Other Taxes

No stamp, issue or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

The EU Commission and certain EU Member States (including Germany) are currently discussing to introduce a financial transaction tax (presumably on secondary market transactions involving at least one financial intermediary) which shall be implemented—if at all—by January 1, 2016.

Savings Directive

Under the Savings Directive, EU Member States must require paying agents (within the meaning of the Savings Directive; "**EU Paying Agent**") established within its territory to provide to the competent authority of this Member State (in Germany: German Federal Central Tax Office (*Bundeszentralamt für Steuern*)) details of payments of interest (or similar income) paid by an individual person within their jurisdiction to or collected by such person for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

The competent authority of the Member State of the EU Paying Agent is then required to communicate this information to the competent authority of the other Member State of which the beneficial owner (individual) of the interest payment is resident.

On March 24, 2014, the Council of the European Union adopted Council Directive 2014/48/EU, which amends and broadens the scope of the requirements described above. Member States are required to implement the new requirements by January 1, 2016, and apply it from January 1, 2017. The changes will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. The Savings Directive will also apply a "look through approach" to payments received by (or secured for or by) certain persons, entities or legal arrangements (including trusts and partnerships), so that, where certain conditions are satisfied, they become EU Paying Agents to an individual resident in a Member State, who is then regarded as the beneficial owner of the payment for the purposes of the Savings Directive. This approach may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the EU. Furthermore, the EU Paying Agent is obliged to provide additional information to the competent authority in his Member State of residence such as the identity and residence of the beneficial owner, account number of the beneficial owner and information relating to the payment of interest. This provision of information has to be accomplished at least once a year and within six months from the end of the financial year.

For a transitional period (the termination of which is dependent upon the conclusion of certain other agreements relating to information exchange between the EU and certain non-EU states), Luxembourg and Austria are instead required to operate a withholding system in relation to such payments. A number of non-EU countries and territories have adopted similar measures. Luxembourg has announced that, as from January 1, 2015, it will no longer apply the withholding system and will commence automatic information exchange under the Savings Directive.

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 EU Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

Pursuant to the Indenture, the Issuer will be required to maintain an EU Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive or to any law implementing or complying with, or introduced in order to conform to, the Savings Directive or any arrangement entered into between Member States and certain third countries and territories in connection with the Savings Directive.

Prospective investors should inform themselves of, and where appropriate take advice from tax advisers on, the impact of the Savings Directive prior to taking an investment decision in the Notes.

Proposed EU Financial Transactions Tax ("FTT")

On February 14, 2013, the European Commission published a proposal for a Directive for a common FTT in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain (the participating Member States) (the "Commission Proposal").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under the Commission Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued May 6, 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially extend to transactions involving shares and certain derivatives, with such initial implementation occurring by January 1, 2016. The willingness to create the conditions necessary to implement the FTT in January 1, 2016 was reiterated in a joint statement issued January 27, 2015 by the participating Member States (except Greece). However, the Commission Proposal remains subject to negotiation between the participating Member States, and it may therefore be altered prior to any implementation. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences to "U.S. holders" of owning and disposing of Notes purchased in this offering at the "issue price," which is the first price at which a substantial amount of the Notes is sold to investors, and held as capital assets for U.S. federal income tax purposes. This discussion is limited to consequences relevant to a "U.S. holder" (except with respect to the potential application of FATCA to holders that are not U.S. holders, discussed below under "*—Foreign Account Tax Compliance Act*").

You are a U.S. holder if for U.S. federal income tax purposes you are a beneficial owner of a Note and are:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

This discussion does not describe all of the tax consequences that may be relevant to you in light of your particular circumstances, including alternative minimum tax and Medicare contribution tax consequences, as well as differing tax consequences that may apply if you are, for instance:

- a financial institution;
- a dealer or trader in securities that uses a mark-to-market method of tax accounting;
- holding notes as part of a "straddle" or integrated transaction;
- a holder whose functional currency is not the U.S. dollar;
- a tax-exempt entity; or
- a partnership for U.S. federal income tax purposes.

If you are a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of your partners will generally depend on the status of the partners and your activities.

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations as of the date hereof, changes to any of which subsequent to the date of this offering memorandum may affect the tax consequences described herein. This summary does not address any aspect of state, local or non-U.S. taxation, or any taxes other than income taxes. You should consult your tax adviser with regard to the application of the U.S. federal tax laws to your particular situation, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

Certain Additional Payments

We will be required to make payments on a Note that could increase the yield of the Note in the circumstances described under "*Description of the Notes—Repurchase at the option of holders—Change of Control*." We intend to take the position that the possibility of such payments does not result in the Notes being treated as contingent payment debt instruments under the applicable Treasury regulations. Our position is not binding on the Internal Revenue Service ("IRS"). If the IRS takes a contrary position, you may be required to accrue interest income based upon a "comparable yield" (as defined in the Treasury regulations) determined at the time of issuance of the Notes (which is not expected to differ significantly from the actual yield on the Notes), with adjustments to such accruals when any contingent payments are made that differ from the payments based on the comparable yield. In addition, any income on the sale, exchange, retirement or other taxable disposition of the Notes would be treated as ordinary interest income rather than as capital gain. You should consult your tax adviser regarding the tax consequences if the Notes were treated as contingent payment debt instruments. The remainder of this discussion assumes that the Notes are not treated as contingent payment debt instruments.

Payments and Accrual of Interest

Payments or accruals of interest on a Note (including any additional amounts) will be taxable to you as ordinary interest income at the time that you receive or accrue such amounts (in accordance with your regular method of tax

accounting). If you use the cash method of tax accounting, the amount of interest income you will realize with respect to a payment of interest in euros will be the U.S. dollar value of the payment based on the exchange rate in effect on the date you receive the payment, regardless of whether you convert the payment into U.S. dollars. If you are an accrual-basis U.S. holder, the amount of interest income you will realize will be based on the average exchange rate in effect during the interest accrual period (or with respect to an interest accrual period that spans two taxable years, at the average exchange rate for the partial period within the taxable year). Alternatively, as an accrual-basis U.S. holder, you may elect to translate all interest income on foreign currency-denominated Notes at the spot rate on the last day of the accrual period (or the last day of the taxable year, in the case of an accrual period that spans more than one taxable year) or on the date that you receive the interest payment if that date is within five business days of the end of the accrual period. If you make this election, you must apply it consistently to all debt instruments from year to year and you cannot change the election without the consent of the IRS. If you use the accrual method of accounting for tax purposes, you will recognize foreign currency gain or loss on the receipt of a foreign currency interest payment if the exchange rate in effect on the date the payment is received differs from the rate applicable to the previous accrual of that interest income. This foreign currency gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the Note.

It is expected, and this discussion assumes, that the Notes will be issued without original issue discount ("OID") for U.S. federal income tax purposes. If, however, a Note's principal amount exceeds its issue price by an amount that does not satisfy a *de minimis* test, you will be required to include the excess in income as OID, as it accrues, in accordance with a constant-yield method based on a compounding of interest before the receipt of cash payments attributable to this income.

Interest income on the Notes (including any additional amounts) will be treated as ordinary income from sources without the United States and as "passive category income" or under certain circumstances (e.g., income of a financial services entity) as "general category income." If any non-U.S. income taxes were to be paid or withheld in respect of payments on the Notes, you may be eligible, subject to a number of complex limitations (including holding period and at risk requirements), for a foreign tax credit. The FTT described under "*Tax Considerations—Proposed EU Financial Transactions Tax*" is unlikely to be a creditable foreign income tax for U.S. federal income tax purposes.

Sale or other disposition of Notes

You generally will recognize gain or loss upon the sale, exchange, retirement or other taxable disposition of a Note in an amount equal to the difference between the U.S. dollar amount realized upon such disposition (other than amounts received in respect of accrued and unpaid interest, which will be taxable as interest income to the extent not previously included in income) and your adjusted tax basis in the Note. In the case of a disposition for euros, the U.S. dollar amount realized will be the value of the euro received at the spot exchange rate on the date of disposition (or on the settlement date, if the Notes are traded on an established securities exchange and you are either a cash basis U.S. Holder or an electing accrual basis U.S. Holder). Gain or loss will be capital gain or loss except to the extent attributable to accrued but unpaid interest or foreign exchange gain or loss as discussed below. Your adjusted tax basis in a Note will generally equal your initial investment in the Note. The amount paid for a Note with euro will be the U.S. dollar value of the euro used to purchase it at the spot exchange rate on the date of purchase (or on the settlement date, if the Notes are traded on an established securities exchange and you are either a cash basis U.S. Holder or an electing accrual basis U.S. Holder).

Capital gain or loss realized on the sale, exchange, retirement or other disposition of a Note generally will be long-term capital gain or loss if the Note is held for more than one year, and generally will be from U.S. sources for U.S. foreign tax credit purposes. Net long-term capital gains of individuals are generally subject to taxation at preferential rates compared to items of ordinary income. The deductibility of capital losses, however, is subject to limitations. You will recognize foreign currency exchange gain or loss equal to the difference between the U.S. dollar value of the principal amount of the Note on the date of acquisition and the date of disposition. The foreign currency exchange gain or loss cannot exceed overall gain or loss on the disposition of the Note. Foreign currency exchange gain or loss generally will be U.S. source ordinary income or loss.

If you recognize exchange loss upon a sale, exchange or retirement of a Note above certain thresholds, you may be required to file a disclosure statement with the IRS. Treasury regulations issued under the Code meant to require the reporting to the IRS of certain tax shelter transactions cover certain transactions generally not regarded as tax shelters, including certain foreign currency transactions giving rise to losses in excess of a certain minimum amount (e.g., $50,000 in the case of an individual or trust), such as the receipt or accrual of interest or a sale, exchange, retirement or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. holders should consult their tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Information reporting and backup withholding

In general, information reporting requirements will apply to certain payments within the United States of interest, principal and proceeds of a sale, redemption or other disposition of Notes, or to payments of such amounts outside the United States by certain U.S.-related persons. A "backup withholding" tax may apply to such payments or proceeds if the beneficial owner fails to provide a correct taxpayer identification number or certification of exempt status or, in the case of payments of interest, fails to certify that such beneficial owner is not subject to such withholding or fails to report interest and dividend income in full. In general, a U.S. Holder may comply with this requirement by providing the paying agent, broker or other intermediary with a duly completed and executed copy of IRS Form W-9 (or substitute form). Any amounts withheld under the backup withholding rules from a payment to a beneficial owner will be allowed as a refund or credit against such beneficial owner's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Reporting obligations of owners of foreign financial assets

Section 6038D of the Code generally requires U.S. individuals (and possibly certain entities that have U.S. individual owners) to file IRS Form 8938 if they hold certain "specified foreign financial assets," the aggregate value of which exceeds $50,000 on the last day of the taxable year (or the aggregate value of which exceeds $75,000 at any time during the taxable year). The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, the Notes. If you do not file a required IRS Form 8938, you may be subject to substantial penalties and the statute of limitations on the assessment and collection of all your U.S. federal income taxes for the related tax year may not close before the date which is three years after the date on which such report is filed. You should discuss these reporting obligations with your tax advisers.

Foreign Account Tax Compliance Act

Under provisions of U.S. law commonly known as ("FATCA"), a "foreign financial institution" may be required to withhold U.S. tax at the rate of 30% on "foreign passthru payments" made after December 31, 2016 (at the earliest) to persons that are not compliant with FATCA or that do not provide the necessary information or documents, to the extent such payments are treated as attributable to certain U.S. source payments. Debt obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining foreign passthru payments are filed generally would be "grandfathered" unless materially modified after such date. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA would apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Non-U.S. governments have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. Holders should consult their own tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount.

The preceding summary of certain U.S. federal income tax consequences of the ownership and disposition of the Notes is for general information only and is not tax advice. Accordingly, you should consult your own tax advisor as to particular tax considerations to you of owning and disposing of the Notes, including the applicability and effect of other U.S. federal, state, local or foreign tax laws, and of any proposed changes in applicable law.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase and holding of the Notes by employee benefit plans that are subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code, and entities whose underlying assets are considered to include "plan assets" of such employee benefit plans, plans accounts or arrangements (within the meaning of 29 C.F.R. Section 2510.3-103 as modified by Section 3(42) of ERISA or otherwise) (each, an "ERISA Plan"). Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code; however, such plans may be subject to non-U.S., federal, state, or local laws or regulations that are substantially similar to Title I of ERISA or Section 4975 of the Code ("Similar Laws") or which otherwise affect their ability to invest in the Notes (together with the ERISA Plans, "Plans"). Any fiduciary of such a governmental, church or non-U.S. plan considering an investment in the Notes should determine the need for, and, if necessary, the availability of, any exemptive relief under Similar Laws.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of an ERISA Plan and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation with respect to the assets of such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the Notes, a Plan fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and/or other penalties and liabilities under ERISA and/or the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition, holding and/or disposition of Notes by an ERISA Plan with respect to which we, the Initial Purchasers, the Trustee, the agents and our and their respective affiliates are considered a party in interest or disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption.

Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable to the purchase and holding of Notes. Included among these Exemptions that might potentially apply include, but are not limited to, are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions between a person that is a party in interest (other than a fiduciary or an affiliate that has or exercises discretionary authority or control or renders investment advice with respect to assets involved in the transaction) solely by reason of providing services to the plan, provided that there is adequate consideration for the transaction), Prohibited Transaction Class Exemption ("PTCE") 91- 38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Notes.

Under a "look through rule" set forth in Section 3(42) of ERISA and United States Department of Labor Regulation 29 CFR Section 2510.3-101 (the "Plan Assets Regulation"), as applicable to this offering, if a Plan invests in an "equity interest" of an entity that is not an "operating company," and no other exception applies, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets. This rule will not apply where less than 25% of the value of any class of equity interest in the entity is held by Benefit Plan Investors immediately after the most recent acquisition of any equity interest in the entity (disregarding equity interests held by

certain persons, other than Benefit Plan Investors, with discretionary authority or control over the assets of the entity or who provide investment advice with respect to such assets for a fee, directly or indirectly, or any affiliates (within the meaning of 29 CFR Section 2510.3 101(f)(3) of the Plan Assets Regulation) of such persons). An equity interest does not include debt (as determined by applicable local law) which does not have substantial equity features. Under Section 3(42) of ERISA, a "Benefit Plan Investor" means (1) an "employee benefit plan" (as defined in Section 3(3) of ERISA) subject to the provisions of part 4 of subtitle B of Title I of ERISA, (2) a "plan" as defined in and to which Section 4975 of the Code applies, or (3) any entity whose underlying assets include "plan assets" by reason of any such employee benefit plan's or plan's investment in the entity (to the extent of the percentage of the equity interests in such entity that are held by Benefit Plan Investors). Although there can be no assurance that the United States Department of Labor would agree, the Issuer intends to treat the Notes as debt for tax purposes, in which case the Plan Assets Regulation would not apply.

Because of the foregoing, the Notes should not be purchased or held by any person investing "plan assets" of any Plan, unless such acquisition, holding and subsequent disposition will not constitute a non-exempt prohibited transaction under ERISA and the Code or similar violation of any applicable Similar Laws.

Accordingly, by acceptance of a Note, each purchaser and subsequent transferee will be deemed to have represented and agreed that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the Notes or an interest therein constitutes assets of any Plan or (ii) the acquisition, holding and disposition by such purchaser or transferee of the Notes or an interest therein will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws. The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the Notes (and holding the Notes) on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such transactions and whether an exemption would be applicable.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE NOTES GUARANTEES AND THE SECURITY INTERESTS AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

Set forth below is a summary of certain limitations on the enforceability of the Notes Guarantees and the security interests in each of the jurisdictions in which Notes Guarantees and the Collateral are being provided, and a summary of certain insolvency law considerations in Germany and Portugal.

European Union

Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the "EU Insolvency Regulation"), the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the EU Member State (other than Denmark) where the company concerned has its "center of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where any such company has its "center of main interests" is a question of fact on which the courts of the different EU Member States may have differing and even conflicting views.

The term "center of main interests" is not a static concept. Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that any such company has its "center of main interests" in the EU Member State in which it has its registered office, Preamble 13 of the EU Insolvency Regulation states that the "center of main interests" of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis, which "is therefore ascertainable by third parties." In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the location where the large majority of the company's creditors are established may all be relevant in the determination of the place where the company has its "center of main interests."

If the "center of main interests" of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings opened in one EU Member State under the EU Insolvency Regulation are to be recognized in the other EU Member States (other than Denmark), although secondary proceedings may be opened in another EU Member State. If the "center of main interests" of a debtor is in one EU Member State (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another EU Member State (other than Denmark) have jurisdiction to open "territorial proceedings" only in the event that such debtor has an "establishment" in the territory of such other EU Member State. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other EU Member State. If the company does not have an establishment in any other EU Member State, no court of any other EU Member State has jurisdiction to open territorial proceedings in respect of such company under the EU Insolvency Regulation. In the event that any one or more of the Issuer or any of the Issuer's subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations assumed by and of the security interests in the Collateral granted by the Issuer.

Germany

Certain insolvency law considerations

The Issuer and some of the Guarantors and providers of collateral are organized under the laws of Germany and have their registered offices and substantially all of their operations located in Germany. Consequently, any insolvency proceedings with regard to the Issuer or any such Guarantor are likely to be initiated in Germany if the Issuer or the relevant Guarantor were held to have its "center of main interests" within the territory of Germany at the time the application for the opening of insolvency proceedings (*Insolvenzeröffnungsantrag*) is filed (each a "German Domiciled Entity"). German insolvency law would most likely govern such proceedings. The insolvency laws of Germany and, in particular, the provisions of the German Insolvency Code (*Insolvenzordnung*) may not be as favorable to your interests as creditors as the insolvency laws of other jurisdictions, including, *inter alia*, in respect of priority of creditors' claims, the ability to obtain post-petition interest as well as security interests and the duration of the insolvency proceedings, and hence may limit your ability to recover payments due on the Notes and/or any Notes Guarantees and/or any security interests by a German Domiciled Entity to an extent exceeding the limitations arising under other insolvency laws.

The following is a brief description of certain aspects of the insolvency laws of Germany.

Under German insolvency law, there is no group insolvency concept, which generally means that, despite the economic ties between various entities within one group of companies, there will be one separate insolvency proceeding

for each of the entities if and to the extent there exists an insolvency reason on the part of the relevant entity. Each of these insolvency proceedings will be legally independent from all other insolvency proceedings (if any) within the group. In particular, there is no consolidation of assets and liabilities of a group of companies in the event of insolvency and no pooling of claims among the respective entities of a group. The German Government (*Bundesregierung*) has released a Draft Bill to Facilitate the Handling of Group Insolvencies (*Entwurf eines Gesetzes zur Erleichterung der Bewältigung von Konzerninsolvenzen*). While the draft bill does not propose to abolish the principle of separate insolvency proceedings in relation to each group entity, it stipulates four key amendments of the German Insolvency Code in order to facilitate an efficient administration of group insolvencies: (i) a single court may be competent for each group entity insolvency proceedings; (ii) the appointment of a single person as insolvency administrator for all group companies is facilitated; (iii) certain coordination obligations are imposed on insolvency courts, insolvency administrators and creditors' committees; and (iv) certain parties may apply for "coordination proceedings" (*Koordinationsverfahren*) and the appointment of a "coordination insolvency administrator" (*Koordinationsverwalter*) with the ability to propose a "coordination plan" (*Koordinationsplan*). It is currently unclear if and when, and whether in its current or modified form, this bill might be adopted by the German parliament.

Under German insolvency law, insolvency proceedings are not initiated by the competent insolvency court ex officio, but require that the debtor or a creditor files a petition for the opening of insolvency proceedings. Insolvency proceedings can be initiated either by the debtor or by a creditor in the event of overindebtedness (*Überschuldung*) of the debtor (i.e., where its liabilities exceed the value of its assets) unless the debtor's business is predominantly likely to continue as a going concern (positive *Fortführungsprognose*) or in the event that the debtor is unable to pay its debts as and when they fall due (*Zahlungsunfähigkeit*). As a guideline, the debtor is deemed illiquid if it is unable to pay 10% or more of its due and payable liabilities during the subsequent three weeks, unless it is virtually certain that the company can close the liquidity gap shortly thereafter (*demnächst*) and it can be deemed acceptable to the creditor to further await the payments owed by such debtor. If a legal entity (*juristische Person*) becomes illiquid and/or over-indebted, the management of such legal entity and, under certain circumstances, its shareholders, are obligated to file for the opening of insolvency proceedings without undue delay, or at the latest within three weeks after the mandatory insolvency reason, (i.e., illiquidity and/or over-indebtedness) has occurred. Noncompliance with these obligations exposes management to both severe damage claims as well as sanctions under criminal law. In addition, the debtor can file for insolvency proceedings if it is imminently at risk to be unable to pay its debts as and when they fall due (*drohende Zahlungsunfähigkeit*). However, in that case, only the debtor, but not the creditors, is entitled (but not obliged) to file for the opening of insolvency proceedings.

The insolvency proceedings are administered by the competent insolvency court, which monitors the due performance of the proceedings. Upon receipt of the insolvency petition, the insolvency court may take preliminary measures (*vorläufige Maßnahmen*) to secure the property of the debtor during the preliminary proceedings (*Insolvenzeröffnungsverfahren*). The insolvency court may prohibit or suspend any measures taken to enforce individual claims against the debtor's assets during these preliminary proceedings. In addition, the court will also appoint a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*) unless the debtor has petitioned for debtor-in-possession status (*Eigenverwaltung*)—an insolvency process in which the debtor's management generally remains in charge of administering the debtor's business affairs under the supervision of a custodian (*Sachwalter*)—and this petition is not obviously futile. Depending on the size of the debtor's business operations, the insolvency court must or may appoint a preliminary creditors' committee (*vorläufiger Gläubigerausschuss*) to form a view on the profile of the officeholder to be appointed or to suggest a particular individual be appointed by the court. If the members of the preliminary creditors' committee unanimously agree on an individual, such suggestion is binding on the court (unless the suggested individual is not eligible, i.e., incompetent and/or not disinterested). To ensure that the preliminary creditors' committee reflects the interests of all creditor constituencies, it shall comprise a representative of the secured creditors, one for the large creditors and one for the small creditors as well as one for the employees. The duties of the preliminary insolvency administrator are, in particular, to safeguard and to preserve the debtor's assets (which includes the continuation of the business carried out by the debtor), to verify the existence of an insolvency reason and to assess whether the debtor's net assets will be sufficient to cover the costs of the insolvency proceedings. The court orders the opening (*Eröffnungsbeschluss*) of formal insolvency proceedings (*eröffnetes Insolvenzverfahren*) if certain requirements are met, particularly if there are sufficient assets to cover at least the cost of the insolvency proceedings. If the assets of the debtor are not expected to be sufficient, the insolvency court will only open formal insolvency proceedings if third parties (e.g., creditors) advance the costs themselves. In the absence of such advancement, the petition for the opening of insolvency proceedings will be dismissed for insufficiency of assets (*Abweisung mangels Masse*).

Upon the opening of formal insolvency proceedings, an insolvency administrator (usually the same person who acted as preliminary insolvency administrator) is appointed by the insolvency court unless debtor-in- possession status (*Eigenverwaltung*) is ordered. In the absence of debtor-in-possession status, the right to administer the debtor's business affairs and to dispose of the assets of the debtor passes to the insolvency administrator with the insolvency creditors (*Insolvenzgläubiger*) only being entitled to change the individual appointed as insolvency administrator upon the occasion of the first creditors' meeting (*erste Gläubigerversammlung*) with such change requiring that (i) a simple majority of votes cast (by head count and amount of insolvency claims) has voted in favor of the proposed individual

becoming the insolvency administrator and (ii) the proposed individual is eligible as officeholder (i.e., he or she is sufficiently qualified, business-experienced and impartial). The insolvency administrator may raise new financial indebtedness and incur other liabilities to continue the debtor's business. These new liabilities incurred by the insolvency administrator qualify as preferential claims against the estate (*Masseverbindlichkeiten*) which are preferred to any insolvency claim of an unsecured creditor (with the residual claim of a secured insolvency creditor remaining after realization of the available collateral (if any) also qualifying as unsecured insolvency claim).

From the perspective of the holders of the Notes, among others, some important consequences of such opening of formal insolvency proceedings against a German Domiciled Entity that is subject to the German insolvency regime would be the following:

- the right to administer and dispose of the assets of the German Domiciled Entity would generally pass to the insolvency administrator (*Insolvenzverwalter*) as sole representative of the insolvency estate;

- if the court does not order debtor-in-possession status (*Eigenverwaltung*) with respect to the German Domiciled Entity, disposals effected by the management of the German Domiciled Entity, after the opening of formal insolvency proceedings, are null and void by operation of law;

- if, during the final month preceding the date of filing for insolvency proceedings or thereafter, a creditor in the insolvency proceedings has acquired through execution (e.g., attachment) a security interest in part of the German Domiciled Entity's property that would normally form part of the insolvency estate, such security becomes null and void by operation of law upon the opening of formal insolvency proceedings;

- claims against the German Domiciled Entity may only be pursued in accordance with the rules set forth in the German Insolvency Code (*Insolvenzordnung*); and

- any person that has a right for separation (*Aussonderung*) (i.e., the relevant asset of this person does not constitute part of the insolvency estate) does not participate in the insolvency proceedings; the claim for separation must be enforced in the course of ordinary court proceedings against the insolvency administrator.

All creditors, whether secured or unsecured (unless they have a right to separate an asset from the insolvency estate (*Aussonderungsrecht*) as opposed to a preferential right (*Absonderungsrecht*)), wishing to assert claims against the insolvent debtor need to participate in the insolvency proceedings. German insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims in the insolvency proceedings separately, but can instead only enforce them in compliance with the restrictions of the German Insolvency Code. Therefore, secured creditors are generally not entitled to enforce any security interest outside the insolvency proceedings. In the insolvency proceedings, however, secured creditors have certain preferential rights (*Absonderungsrechte*). Depending on the legal nature of the security interest entitlement to enforce such security is either vested with the secured creditor or the insolvency administrator. In this context, it should be noted that the insolvency administrator generally has the sole right to realize any movable assets in his, her or the debtor's possession which are subject to preferential rights (e.g., liens over movable assets (*Mobiliarsicherungsrechte*) or security transfer of title (*Sicherungsübereignung*)) as well as to collect any claims that are subject to security assignment agreements (*Sicherungsabtretungen*). If the enforcement right is vested with the insolvency administrator, the enforcement proceeds, less certain contributory charges for (i) assessing the value of the secured assets (*Feststellungskosten*) and (ii) realizing the secured assets (*Verwertungskosten*) which, in the aggregate, usually add up to 9% of the gross enforcement proceeds plus VAT (if any), are disbursed to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. With the remaining unencumbered assets of the debtor the insolvency administrator has to satisfy the creditors of the insolvency estate (*Massegläubiger*) first (including the costs of the insolvency proceedings as well as any preferred liabilities incurred by the insolvency estate after the opening of formal insolvency proceedings). Thereafter, all other claims (insolvency claims (*Insolvenzforderungen*)), particularly claims of unsecured creditors, will be satisfied on a pro rata basis if and to the extent there is cash remaining in the insolvent estate (*Insolvenzmasse*) after the security interest and the preferential claims against the estate have been settled and paid in full. Therefore, the proceeds resulting from the realization of the insolvency estate of the debtor may not be sufficient to satisfy the holders of the Notes in full after the collateral has been realized and the senior secured creditors have been satisfied.

The right of a creditor to preferred satisfaction (*Absonderungsrecht*) may not necessarily prevent the insolvency administrator from using a movable asset that is subject to this right. The insolvency administrator must, however, compensate the creditor for any loss of value resulting from such use.

Other than secured and unsecured creditors, German insolvency law provides for certain creditors to be subordinated by law (including, but not limited to, claims made by shareholders (unless privileged) of the relevant debtor

for the return of funds or the payment of a consideration), while claims of a person who become a creditor of the insolvency estate only after the opening of insolvency proceedings (*Massegläubiger*) generally rank senior to the claims of regular, unsecured creditors. Claims of subordinated creditors in the insolvency proceedings (*nachrangige Insolvenzgläubiger*) are satisfied only after the claims of other unsubordinated creditors (including the unsecured insolvency claims) have been fully satisfied.

The insolvency estate shall serve to satisfy the liquidated claims held by the personal creditors against the debtor on the date the insolvency proceedings were opened. The following claims shall be satisfied ranking below the other claims of insolvency creditors in the order given herein, and in proportion to their amounts if ranking with equal status: (i) interest and penalty payments accrued on the claims of the insolvency creditors from the opening of the insolvency proceedings; (ii) costs incurred by individual insolvency creditors due to their participation in the proceedings; (iii) fines, regulatory fines, coercive fines and administrative fines, as well as such incidental legal consequences of a criminal or administrative offense binding the debtor to pay money; (iv) claims on the debtor's gratuitous performance of a consideration; and (v) claims for the restitution of shareholder loans (*Gesellschafterdarlehen*) or claims resulting from legal transactions corresponding in economic terms to such a loan.

While in ordinary insolvency proceedings the value of a German Domiciled Entity's assets will be realized by a piecemeal sale or, as the case may be, by a bulk sale of such German Domiciled Entity's business as a going concern, a different approach aimed at the rehabilitation of such German Domiciled Entity can be taken based on an insolvency plan (*Insolvenzplan*). Such plan can be submitted by the debtor or the insolvency administrator and requires, among other things and subject to certain exceptions, the consent of such German Domiciled Entity and the consent of each class of creditors in accordance with specific majority rules and the approval of the insolvency court (while a group of dissenting creditors or the debtor can—under certain circumstances—be crammed down). If the debtor is a German limited liability company (*Gesellschaft mit beschränkter Haftung*) ("GmbH"), a German stock corporation (*Aktiengesellschaft*) ("AG") or a European law stock corporation (*Societas Europaea*) ("SE"), the shares in the debtor can also be included in the insolvency plan, e.g., they can be transferred to third parties, including a transfer to creditors based on a debt-to-equity swap. Moreover, if the debtor has filed a petition for the opening of insolvency proceedings based on an insolvency reason other than illiquidity (i.e., imminent illiquidity or over-indebtedness), combined with a petition to initiate such process based on debtor-in-possession status and can prove that a restructuring of its business is not obviously futile, the court may grant a period of up to three months to utilize an insolvency plan for the debtor business (*Schutzschirm*). During this period, the creditors' rights to enforce security may—upon application of the filing debtor—be suspended. Under these circumstances, the insolvency court must appoint a custodian (*Sachwalter*) to supervise the process. The debtor is entitled to suggest an individual to be appointed as custodian with such suggestion being binding on the insolvency court unless the suggested person is obviously not eligible to become a custodian (i.e., is obviously not competent or impartial).

Under German insolvency law, an insolvency administrator may under certain circumstances avoid (*anfechten*) any transaction, performances or other acts that are deemed detrimental to insolvency creditors and which were effected prior to the commencement of formal insolvency proceedings during applicable voidable periods. Generally, if transactions, performances or other acts are successfully voided by the insolvency administrator, any amounts or other benefits derived from such challenged transaction, performance or act will have to be returned to the insolvency estate. The administrator's right to void transactions can, depending on the circumstances, extend to transactions having occurred up to ten years prior to the filing for the commencement of insolvency proceedings.

In the event of insolvency proceedings with respect to a German Domiciled Entity based on and governed by the insolvency laws of Germany, the payment of any amounts to the holders of the Notes as well as the granting of collateral or providing credit support for the benefit of the Notes could be subject to potential challenges (i.e. claw back rights) by an insolvency administrator under the rules of avoidance as set out in the German Insolvency Code. In case the validity or enforceability of a Notes Guarantee or collateral granted by a German Domiciled Entity is avoided successfully, the holders of the Notes may not be able to recover any amounts under the Notes Guarantee and/or the collateral and would be under an obligation to repay the amounts received or to waive the Notes Guarantee or the relevant security interests.

In particular, an act (*Rechtshandlung*) or a legal transaction (*Rechtsgeschäft*) (which term includes the granting of a guarantee, the provision of security and the payment of debt) detrimental to the creditors of the debtor may be voided according to the German Insolvency Code in the following cases:

- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction (*Befriedigung*) if such act was taken (i) during the last three months prior to the filing of the petition for the opening of insolvency proceedings, provided that the debtor was illiquid (*zahlungsunfähig*) at the time such act was taken and the creditor knew of such illiquidity (or of circumstances that clearly suggest that the debtor was illiquid) at such time, or (ii) after the filing of the petition for the opening of insolvency proceedings, if the creditor knew of the debtor's illiquidity or the filing of such petition (or of circumstances that clearly suggest such illiquidity or filing);

- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction (*Befriedigung*) to which such creditor was not entitled, or which was granted or obtained in a form or at a time to which or at which such creditor was not entitled to such security or satisfaction, if (i) such act was taken during the last month prior to the filing of the petition for the opening of insolvency proceedings or after such filing, (ii) such act was taken during the second or third month prior to the filing of the petition and the debtor was illiquid at such time or (iii) such act was taken during the second or third month prior to the filing of the petition for the opening of insolvency proceedings and the creditor knew at the time such act was taken that such act was detrimental to the other insolvency creditors (or had acknowledge of circumstances that clearly suggest such detrimental effect);

- a legal transaction by the debtor that is directly detrimental to the insolvency creditors or by which the debtor loses a right or the ability to enforce a right or by which a proprietary claim against a debtor is obtained or becomes enforceable, if it was entered into (i) during the three months prior to the filing of the petition for the opening of insolvency proceedings and the debtor was illiquid at the time of such transaction and the counterparty to such transaction knew of the illiquidity at such time or (ii) after the filing of the petition for the opening of insolvency proceedings and the counterparty to such transaction knew either of the debtor's illiquidity or of such filing at the time of the transaction;

- any act by the debtor without (adequate) consideration (e.g., whereby a debtor grants security for a third party debt, which might be regarded as having been granted gratuitously (*unentgeltlich*)), if it was effected in the four years prior to the filing of the petition for the opening of insolvency proceedings;

- any act performed by the debtor during the ten years prior to the filing of the petition for the opening of insolvency proceedings or at any time after the filing, if the debtor acted with the intention of prejudicing its insolvency creditors (*vorsätzliche Gläubigerbenachteiligung*) and the other party knew of such intention at the time of such act;

- any non-gratuitous contract concluded between the debtor and an affiliated party that directly operates to the detriment of the creditors can be voided unless such contract was concluded earlier than two years prior to the filing of the petition for the opening of insolvency proceedings or the other party had no knowledge of the debtor's intention to disadvantage its creditors as of the time the contract was concluded; in relation to corporate entities, the term "affiliated party" includes, subject to certain limitations, members of the management or supervisory board, general partners and shareholders owning more than 25% of the debtor's share capital, persons or companies holding comparable positions that give them access to information about the economic situation of the debtor, and other persons who are spouses, relatives or members of the household of any of the foregoing persons;

- any act that provides security or satisfaction (*Befriedigung*) for a shareholder loan made to the debtor or a similar claim if (i) in the case of the provision of security, the act took place during the ten years prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition or (ii) in the case of satisfaction, the act took place during the last year prior to the filing of the petition for the opening of the insolvency proceedings or after the filing of such petition; and

- any act whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party if (i) the satisfaction was effected in the last year prior to the filing of a petition for the opening of insolvency proceedings or thereafter and (ii) a shareholder of the debtor had granted security or was liable as a guarantor or surety (*Garant oder Bürge*) (in which case the shareholder must compensate the debtor for the amounts paid (subject to further conditions)).

In this context, "knowledge" is generally deemed to exist if the other party is aware of the facts from which the conclusion must be drawn that the debtor was unable to pay its debts generally as they fell due, that a petition for the opening of insolvency proceedings had been filed, or that the act was detrimental to, or intended to prejudice, the insolvency creditors, as the case may be. A person deemed to have knowledge of the debtor's intention to prejudice the insolvency creditors if he or she knew of the debtor's imminent illiquidity and that the transaction prejudiced the debtor's creditors. With respect to an "affiliated party," there is a general statutory presumption that such party had "knowledge."

The granting of security concurrently with the incurrence of debt may be qualified as a "cash transaction" and may as such be privileged—under certain circumstances—under the German Insolvency Code (*Bargeschäftsprivileg*) by not being subject to voidness rights.

In addition, a creditor who has obtained an enforcement order (*Vollstreckungstitel*) could possibly also void any security right or payment performed under the relevant security right according to the German Law of Voidness

(*Anfechtungsgesetz*) outside formal insolvency proceedings. The prerequisites vary to a certain extent from the rules described above and the voidable periods are calculated from the date a creditor exercises its rights of voidness in the courts.

A creditor of a German Domiciled Entity who benefits from a transaction that constitutes (or is considered to be) a repayment of the registered share capital of a German Domiciled Entity could, moreover, become personally liable under exceptional circumstances. This could be the case if, for example, the creditor were to act, in collusion with such German Domiciled Entity (*kollusives Zusammenwirken*), with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of *bonos mores* (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that, or had reason to enquire further whether such German Domiciled Entity was close to collapse (*Zusammenbruch*).

Restrictions on enforcement reflecting German corporate law

With the exception of the Company, each of the potential German Guarantors is incorporated in the form of a GmbH or in the form of a limited partnership (*Kommanditgesellschaft*) with a GmbH as general partner ("GmbH & Co. KG").

The granting of guarantees and security interests by GmbHs for the benefit of its direct or indirect parent companies (or for the benefit of direct or indirect subsidiaries of such parent companies which are not direct or indirect subsidiaries of the respective German Guarantor) is subject to sections 30 and 31 of the German Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*) ("GmbHG"). Sections 30 and 31 of the GmbHG prohibit a GmbH from disbursing its assets to its shareholders to the extent that the amount of the GmbH's net assets (i.e., assets minus liabilities and liability reserves) is or would fall below the amount of its stated share capital (*Unterbilanz/Vertiefung einer Unterbilanz*). Guarantees and security interests granted by a GmbH in order to guarantee or secure liabilities of a direct or indirect parent or sister company are considered disbursements under sections 30 and 31 of the GmbHG. Moreover, under section 64 sentence 3 of the GmbHG a managing director (*Geschäftsführer*) of a GmbH can be held personally liable in certain circumstances for payments to shareholders that would render the GmbH illiquid. The granting of guarantees and security interests for the benefit of direct or indirect parent or sister companies of the GmbH could be considered as such disbursements and payments to shareholders.

In relation to Guarantors incorporated as GmbH & Co. KGs, the capital maintenance and liquidity maintenance rules and principles described above for GmbHs apply, mutatis mutandis, also to the general partners of the GmbH & Co. KGs.

Therefore, in order to enable German GmbH and GmbH & Co. KG Guarantors to grant guarantees and security interests without the risk of violating German capital maintenance and/or liquidity maintenance provisions and to protect management from personal liability (as well as criminal prosecution), it is standard market practice for notes, related guarantees and related Security Documents to contain so called "limitation language" in relation to German GmbH and GmbH & Co. KG subsidiaries. Pursuant to such limitation language, the enforcement of the Notes Guarantees and the security interests to be granted by the German GmbH Guarantors and GmbH & Co. KG Guarantors will be contractually limited, reflecting the requirements under the capital maintenance rules imposed by sections 30 and 31 of the GmbHG and the liquidity maintenance rules imposed by section 64 sentence 3 of the GmbHG, respectively.

The Company, which is also expected to become a Guarantor, is incorporated in Germany in the form of a SE. The granting of guarantees and security interests by a SE for the benefit of its direct or indirect parent or sister companies is subject to the following limitations and restrictions:

Article 5 of the Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) (Council Regulation (EC) N0 2157/2001) ("Article 5 SE Regulation") in connection with Section 57 para 1 and para 3 of the German Stock Companies Act (*Aktiengesetz*) ("AktG") generally prohibits the granting of distributions and other benefits by a SE to its direct or indirect parent or sister companies, with the exception of the distribution of the balance sheet profit (*Bilanzgewinn*) or unless otherwise permitted by applicable German corporate law. Guarantees and security interests granted by a SE or its direct and indirect subsidiaries in order to guarantee or secure liabilities of a direct or indirect parent or sister company are considered disbursements under section 57 para 1 and para 3 of the AktG. Any guarantee to be granted and any Security Document to be entered into by the Company will, therefore, also contain so called "limitation language." Pursuant to such limitation language, the enforcement of any Notes Guarantee and any security interests to be granted by the Company will be contractually limited to the extent required to avoid a violation of the capital maintenance rules imposed by section 57 para 1 and para 3 of the AktG. Pursuant to Article 5 SE Regulation in connection with section 57 para 1 s. 3 of the AktG, the aforementioned prohibition is not applicable to guarantees and security interests that are granted while a domination agreement and/or profit transfer agreement exists between the SE and the entity on whose instructions the guarantees and security interests are granted. Nonetheless, even in case a respective domination agreement and/ or profit transfer agreement is in place, the granting of

guarantees and security interests by the Company and by its direct and indirect subsidiaries could be considered to be a violation of such restrictions, in which case such guarantees and security interests would be subject to a redemption claim (i) if the instructions given to the Company by the Issuer as the dominating entity to grant such guarantees and security interests constituted an unjustified and extreme infringement of the Company's own corporate interests and thus do not fall within the scope of benefits granted on the basis of legitimate instructions or (ii) if the loss compensation claims against the dominating entities resulting from the conclusion of the relevant domination agreement and/or profit transfer agreement would deemed to be as not fully recoverable.

Article 5 SE Regulation in connection with section 71a of the AktG provides that, in general, the granting of guarantees and security interests by a SE or its direct and indirect subsidiaries which serve the purpose of supporting the financing of the acquisition of shares in such SE is prohibited and, therefore, invalid. Pursuant to Article 5 SE Regulation in connection with section 71a para 1 of the AktG, the aforementioned prohibition is not applicable to guarantees and security interests that are granted while a domination agreement and/or profit transfer agreement exists between the SE and the entity on whose instructions the guarantees and security interests are granted. Nonetheless, even in case a respective domination agreement and/ or profit transfer agreement is in place, the granting of guarantees and security interests by the Company and by its direct and indirect subsidiaries to support the acquisition of the Company could considered to be a violation of such restrictions, in which case such guarantees and security interests would be void and unenforceable or subject to a redemption claim against the beneficiary, (i) if the instructions given to the Company by the Issuer as the dominating entity to grant such guarantees and security interests constituted an unjustified and extreme infringement of the Company's own corporate interests and thus do not fall within the scope of benefits granted on the basis of legitimate instructions or (ii) if the loss compensation claims against the dominating entities resulting from the conclusion of the relevant domination agreement and/or profit transfer agreement would deemed to be as not fully recoverable.

Moreover, similar to section 64 sentence 3 of the GmbHG, under Article 5 SE Regulation in connection with section 92 para 2 sentence 3 of the AktG a member of the board of directors (*Vorstandsmitglied*) of a SE can be held personally liable in certain circumstances for payments to shareholders that would render the SE illiquid. Therefore, the "limitation language" for the Notes Guarantee and the Security Documents in relation to security interests to be granted by the Company will contain certain enforcement restrictions to reduce the risk of a potential personal liability of tis board of directors resulting from such liquidity maintenance requirements.

It is intended to convert the Company into an AG, and, following completion of such conversion into an AG, to convert the Company into a GmbH. Upon the Upstream Effective Date, the Notes Guarantees and the security interests to be granted by the Company will be subject to capital maintenance rules that apply to GmbHs. Consequently, following the completion of the conversion into a GmbH, the enforcement limitations applicable German GmbH Guarantors will also be relevant for the Company.

German capital maintenance, liquidity maintenance and financial assistance rules are subject to evolving case law. We cannot assure you that future court rulings may not further limit the access of shareholders to assets of any German Guarantors, which can negatively affect the ability of the Issuer to make payments on the Notes or of the German Guarantors to make payments on their Notes Guarantees. Future court rulings may also further limit the enforceability of the Notes Guarantees and the security interests to be granted by the German Guarantors.

In addition, it cannot be ruled out that the case law of the German Federal Supreme Court regarding "destructive interference" (*existenzvernichtender Eingriff*) (i.e., a situation in which a shareholder deprives its company of the liquidity necessary for it to meet its own payment obligations) may be applied by courts with respect to the enforcement of any Notes Guarantee or security interests to granted by any German Guarantors. In such a case, the amount of proceeds to be realized in an enforcement process may be further reduced, even to zero. According to a decision of the German Federal Supreme Court, a security or guarantee agreement may be void due to tortious inducement of breach of contract if a creditor knows about the distressed financial situation of the debtor and anticipates that the debtor will only be able to grant collateral by disregarding the vital interests of its other business partners. It cannot be ruled out that German courts may apply this case law with respect to the granting of Notes Guarantees and/or security interests to be granted by any German Guarantors. Furthermore, the beneficiary of a transaction effecting a repayment of the stated share capital of the grantor of the guarantee or security interest could become personally liable under exceptional circumstances. The German Federal Supreme Court ruled that this could be the case if, for example, the creditor were to act with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of *bonos mores* (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that the grantor of the guarantee or security interest was close to collapse (*Zusammenbruch*), or had reason to enquire further with respect thereto.

Parallel debt

Under German law, certain "accessory" security interests such as pledges (*Pfandrechte*) require that the pledgee and the creditor of the secured claim be the same person. Such security interests cannot be held on behalf of third parties by persons who do not hold the secured claim. The holders of the Notes will not be party to the security documents relating to the Collateral. In order to permit the holders of the Notes to benefit from security under "accessory" Collateral, the Intercreditor Agreement will provide for the creation of a "parallel debt" in favor of the Security Agent. Pursuant to the parallel debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under, in particular, the Notes and the Notes Guarantees. The parallel debt is in the same amount and payable at the same time as the obligations of the Issuer and the Guarantors under the Notes and the Notes Guarantees (the "Principal Obligations"), and any payment in respect of the Principal Obligations will discharge the corresponding parallel debt and any payment in respect of the parallel debt will discharge the corresponding Principal Obligations. The pledges governed by German law will directly secure the parallel debt only. While the relevant provisions of the Intercreditor Agreement express that the Security Agent will have, pursuant to the parallel debt, a claim against the Issuer and the Guarantors for the full principal amount of the Notes, the parallel debt construct has not been tested in court under German law, and there is no certainty that it will eliminate or mitigate the risk of invalidity or unenforceability of the pledges governed by German law.

Recognition of the laws of New York in German proceedings

Although the choice of the laws of the State of New York to govern the Notes Guarantees should be recognized by the competent courts of the Federal Republic of Germany in a dispute before a German court, the German court would generally recognize the choice of the substantive laws of the State of New York only and would apply the laws of the Federal Republic of Germany with respect to procedural or other insolvency matters. Furthermore, a German court may refuse to apply and/or to enforce provisions governed by the laws of the State of New York, as it applies to the Notes Guarantees, if the respective provisions are contrary to German public policy (*ordre public*) or mandatory provisions under German law or the law of another jurisdiction must be applied regardless of the chosen law. Finally, a German court may not recognize the choice of laws of the State of New York if, or to the extent it is determined that, (i) the choice of laws of the State of New York is made with respect to any rights in rem (*dingliche Rechte*), (ii) there is no substantial connection between the relevant agreement (such as the Notes Guarantees) and the parties thereto, on the one hand, and the State of New York, on the other hand, or (iii) the choice of laws of the State of New York was made to evade mandatory provisions or public policy considerations of the laws of another jurisdiction.

Portugal

Certain Portuguese insolvency laws considerations

The Portuguese Guarantors are organized under the laws of Portugal and have their registered offices and substantially all of their operations located in Portugal. Consequently, any insolvency proceedings with regard to a Portuguese Guarantor are likely to be initiated in Portugal if the Portuguese Guarantor was held to have its "center of main interests" within the territory of Portugal at the time the application for the opening of insolvency proceedings is filed. Portuguese insolvency law would most likely govern such proceedings. The insolvency laws of Portugal and, in particular, the provisions of the Portuguese insolvency code (approved by Decree-Law no. 53/2004, of March 18, and generally termed "CIRE" (*Código da Insolvência e da Recuperação de Empresas*), as amended) may not be as favorable to your interests as creditors as the insolvency laws of other jurisdictions, including, *inter alia*, in respect of priority of creditors' claims, the ability to obtain post-petition interest as well as security interests and the duration of the insolvency proceedings, and hence may limit your ability to recover payments due on the Notes and/or any Notes Guarantees and/or any security interests by a Portuguese Guarantor to an extent exceeding the limitations arising under other insolvency laws.

The following is a brief description of certain aspects of the insolvency laws of Portugal.

As a general rule insolvency proceedings governed by the CIRE are applicable to all persons and entities, subject to certain exceptions, such as public entities, state-owned companies and insurance companies, credit institutions, financial companies, investment companies, which render services related with the holding of funds or securities on behalf of third parties, and collective investment schemes to the extent that the submission to the insolvency proceeding would be contradictory/incompatible with the special legal frameworks of such entities. These proceedings may lead either to the restructuring of the business (by the approval of an insolvency plan) or to the liquidation of the assets of the debtor (either in accordance with the statutory regime or through an insolvency plan). A debtor may apply for insolvency proceedings when it finds himself unable to meet its current obligations as they become due or when it expects that it will shortly be unable to do so. In such cases, insolvency proceedings are available as a type of legal protection that the debtor may request in order to avoid the attachment of its assets by its creditors. Where a debtor becomes insolvent, failing to

meet its current outstanding obligations on a regular basis, the debtor (or, in the case of a company, its directors) is under a legal obligation to file for insolvency proceedings.

Alternatively, an application to commence corporate insolvency proceedings may be initiated by any entity responsible for the debtor's debts, by any of the debtor's creditors or by the public prosecutor on behalf of the entities he or she legally represents. For this purpose, the applicant must show the grounds under which it is alleged that the debtor is insolvent, based on the verification of any of the evidentiary facts listed in the CIRE. The applicant must also include in the application the type and amount of the debt owed to it by the debtor and provide evidence to substantiate this.

Please note that in the case of legal entities, the debtor is also considered to be in an insolvency situation when, according to accounting criteria, the liabilities of the debtor clearly excess its assets (*balance sheet test*).

Upon a filing for insolvency proceedings, the court issues an insolvency declaration, and the creditors of the insolvent debtor (including secured creditors) have to claim the acknowledgement of all debts owed to them by the debtor, providing documentation to justify such debts, within a period of up to 30 days. Based on the documentation provided by the creditors and documentation held by the debtor, the insolvency administrator draws up a list of acknowledged creditors and classifies them according to the following categories established under law:

- Guaranteed credits, which are credits secured by *in rem* guarantees (*garantias reais*) including special statutory liens (*privilégios creditórios especiais*). Examples of such guaranteed credits include:real estate special statutory liens (such as state credits related with real estate property tax "IMI"), third parties credits (such as mortgages, income assignments and pledge) and movable assets special statutory liens (such as credits resulting of justice expenses incurred in the interest of the creditors);

- Privileged credits, which are credits secured by general statutory liens (*privilégios creditórios gerais*) over assets integrated in the insolvency estate up to the amount corresponding to the value of the assets granted in guarantee or the general statutory liens. Examples of such privileged credits include:labor, tax and social security debts as well as real estate general statutory liens;

- Common credits, which are all credits not included in any other category; and

- Subordinated credits, which are classified as such by virtue of the underlying credit agreement or pursuant to law. Examples of subordinated credits include credits held by parties in special relationships with the debtor, such as, in the case of an individual, credits held by his/her relatives; in the case of a legal entity, credits held by the administrators, group companies and controlling shareholders or shareholders in a group relationship. Certain subordinated creditors are not entitled to vote on the restructuring arrangement and usually subordinated creditors have very limited chances of collection, as a result of the ranking established by law.

The payment will be performed according to the credit ranking, being firstly paid the guaranteed credits, followed by privileged credits (in the event of liquidation, they are the first to collect payment against the assets on which their debt is secured or over which they have privileges in the order established by law), common credits and finally subordinated credits. If the assets of the insolvency estate are insufficient to fully pay all creditors, the payment to common creditors will be made by apportionment amongst all creditors and in proportion of their credits. The payment of subordinated credits will only take place after full payment of common credits.

The insolvency plan (including one that foresees a restructuring agreement) is binding on all creditors once it has been approved in accordance with the majorities stated in the CIRE. The insolvency plan must provide for creditors to be treated equally according to their ranking (unless differences are justified by objective circumstances or creditors agree to be treated differently).

Please note that payments described above are discounted for the payment of certain liquidation and insolvency expenses.

Insolvency proceedings are not compatible with other enforcement proceedings filed, or to be file against the debtor.

The CIRE provides that, upon the insolvency of a debtor, acts entered into or omitted within the two years prior to the beginning of the insolvency proceeding may be cancelled in favor of the insolvency estate if they: (i) are detrimental to the insolvency estate (i.e., actions that reduce, frustrate, obstruct, jeopardize or delay the payment to the insolvency estate's creditors), and (ii) have been carried out in bad faith. The insolvency administrator has six months to cancel these actions from the moment it becomes aware of them, but may, as a rule, never do so after a two year period

has elapsed from the declaration of insolvency. Bad faith for these purposes is the acknowledgment, as of the date of the transaction in question, that (i) the debtor was insolvent, (ii) insolvency proceedings had commenced against the debtor or (iii) the transaction in question would be detrimental to the creditors of the debtor and such debtor was in an imminent insolvency situation. There is a refutable presumption of "bad faith" if the transaction is effected in the two year prior to the commencement of insolvency proceedings and is made with certain related parties.

As an exception to the above rules, article 121 of the CIRE identifies certain actions that are automatically (*iuris et de iuri*) considered as hindering the insolvency estate and that may be cancelled irrespective of bad faith. These actions include (i) payments or other forms of debt extinction made in the six month period prior to the commencement of the insolvency procedure and carried out in unusual terms for standard market practice and that the creditor could not demand; (ii) payments or other forms of debt extinction made before the relevant credits had become due that occurred in the six month period prior to the commencement of the insolvency procedure or after such commencement but before the credits had become due; (iii) granting *in rem* security interests (*garantias reais*) to pre- existing credits or others that replace them in the six month period prior to the commencement of the insolvency procedure; (iv) granting *in rem* security interests (*garantias reais*) simultaneously with the secured obligation in the 60 day period prior to the commencement of the insolvency procedure; (v) granting personal guarantees in the six month period prior to the commencement of the insolvency procedure that do not relate to business transactions with a real interest to the debtor.

Under Portuguese law, there is no legal concept of "parallel debt" or "trusteeship" and its use in the context of an insolvency proceeding subject to the CIRE may lead to (i) the holders of the Notes not being ranked as guaranteed creditors since they do not have direct secured claims, (ii) may not have the ability to directly enforce the security interest, and (iii) a Portuguese insolvency court may not enforce the terms of intercreditor agreements, when allocating the proceeds, as in such allocation they are bound to comply with the rules set forth by the CIRE.

Portuguese guarantee and security limitations

Under Portuguese law, claims may become time-barred (20 years being the ordinary term set forth under article 309 of the Portuguese Civil Code) and may be or become subject to the defense of set-off or counterclaim.

The terms "enforceable," "enforceability," "valid," "legal," "binding" and "effective" (or any combination thereof) mean that all of the obligations assumed by the relevant party under the relevant documents are of a type enforced by Portuguese courts; the terms do not mean that these obligations will necessarily be enforced in all circumstances in accordance with their terms. Enforcement before the courts will, in any event, be subject to:

- the degree to which the relevant obligations are enforceable under their governing law;
- the nature of the remedies available in the courts; and
- the availability of defenses such as (without limitation) set-off, fraud, abuse of rights (*abuso de direito*), violation of public policy principles, duress, misrepresentation, undue influence, conflict of interests, force majeure, *exception non adimplenti contractus*, error, abatement and counterclaim.

As a general rule, under Portuguese law, any guarantee, pledge or mortgage must guarantee or secure another obligation to which it is ancillary, which must be clearly identified in the relevant guarantee or security agreement. Therefore, the guarantee or security interest follows the underlying obligation in such a way that the invalidity of the underlying obligation entails invalidity of the guarantee or security and termination of the underlying obligation entails termination of the guarantee or security. In the event that the security providers are able to prove that there are no existing and valid guaranteed obligations, Portuguese courts may consider that the security providers' obligations under the relevant guarantees or security are not enforceable.

Pursuant to Portuguese law, the provision of the Notes Guarantees or Collateral to guarantee third parties debts is not allowed, unless (i) the company has a justified corporate interest in the granting of the Notes Guarantees and/or of the Collateral or (ii) the company is in a group or control relationship with the entities whose obligations are being secured.

In addition, the obligations under the Notes Guarantees or Collateral granted by the Portuguese Guarantors shall not extend to any use of the proceeds of the Notes for the purpose of acquiring shares representing the share capital of such Guarantor or shares representing the share capital of the Parent Guarantor, or refinancing a previous debt incurred for the acquisition of shares representing the share capital of such Guarantor or shares representing the share capital of its Parent Guarantor, i.e. said obligations cannot include granting of the Notes Guarantees or Collateral which would constitute unlawful financial assistance pursuant to article 322 of the Portuguese Companies Code, approved by Decree Law 262/86 of September 2 as amended (*Código das Sociedades Comerciais*). In this respect, guarantee limitation

language shall be included in such Notes Guarantees or Collateral to ensure that in no case can any Notes Guarantees or Collateral granted by a Portuguese Guarantor secure repayment of the above- mentioned funds, which could significantly reduce, even to zero, the amount that can be recovered by the persons that benefit from such Notes Guarantees or Collateral, including the holders of the Notes.

Guarantees or indemnities granted in breach of financial assistance limitations will be considered null and void, and may trigger liability of the relevant directors of the companies approving or executing the infraction.

The obligations under certain Notes Guarantees or Collateral granted by the Portuguese Guarantors will be limited to an agreed maximum amount. This specific limitation will apply to all indebtedness so guaranteed and/or secured on an aggregate basis by such Notes Guarantees or Collateral and, as a result, the Portuguese Guarantors will not have a direct obligation to repay any amounts to the holders of the Notes or the Security Agent under such Notes Guarantees or Collateral once the relevant maximum secured amount has been reached, as applicable.

The security interests in the Collateral that will secure the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Note Guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent. It should be noted that Portuguese law does not recognize the concept of parallel debt or trusteeship. The Indenture will provide (along with the Intercreditor Agreement) that only the Security Agent has the right to enforce the Security Documents in its capacity as agent (*mandatário com representação*) and joint and several creditor (*credor solidário)* and that the holders of the Notes will not have direct security interests and that therefore will not be entitled to take enforcement action in respect of the Notes Guarantee or Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent in respect of the Notes Guarantee and/or Collateral. Notwithstanding the foregoing, if enforcement of any security interest in Portugal was to be carried out by the Security Agent, it may be necessary to prove that the Security Agent is duly and expressly empowered for such purpose under the Indenture or the Intercreditor Agreement.

Finally, it should be noted that the Portuguese Guarantors will be entitled to claim for themselves immunity from suit, execution, attachment or other legal process in respect of its obligations under the Note Guarantees to the extent that their assets are covered by the immunities legally set forth, which include, but are not limited to, assets that are part of the public domain of the Portuguese Republic ("*domínio público do Estado*") or allocated to public service purposes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the Purchase Agreement to be dated as of April 24, 2015, the Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase the Notes from the Issuer.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. Sales of the Notes by the Initial Purchasers in the United States may be made through affiliates of the Initial Purchasers who are qualified broker-dealers under applicable law.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Purchase Agreement provides that the Issuer and the Guarantors will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. The Issuer and each Guarantor has agreed, subject to certain limited exceptions, not to offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any securities of, or guaranteed by, the Issuer that are substantially similar to the Notes during the period from the date of the Purchase Agreement through and including the date that is 60 days after the Issue Date without the prior written consent of one of the representatives of the Initial Purchasers.

The Notes and the Notes Guarantees have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except to QIBs in reliance on Rule 144A and outside the United States in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Important Information about this Offering Memorandum*" and "*Transfer Restrictions*."

The Initial Purchasers have represented, warranted and agreed that they:

- have only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by them in connection with the issuance or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and

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

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes and the Notes Guarantees may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes and the Notes Guarantees may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase Notes in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this offering memorandum and resale of the Notes. See "*Important Information about this Offering Memorandum*" and "*Transfer Restrictions*."

The Notes and the Notes Guarantees are a new issue of securities for which there currently is no market. We intend to list the Notes on the Official List of the Irish Stock Exchange and to trade the Notes on the Global Exchange Market thereof; however, we cannot assure you that the Notes will be approved for listing or that such listing will be maintained.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such

market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you.

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the Issue Date, which will be three business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is referred to as "T + 3").

In connection with the Offering, the Stabilizing Manager, or a person acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager may bid for and purchase Notes in the open markets for the purpose of pegging, fixing or maintaining the price of the Notes. The Stabilizing Manager may also over- allot the Offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager may bid for and purchase Notes in market- making transactions as permitted by applicable laws and regulations. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes.

These stabilizing transactions and covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions may begin on or after the date on which adequate public disclosure of the terms of the Offering is made and, if commenced, may be discontinued at any time at the sole discretion of the Stabilizing Manager. If these activities are commenced, they must end no later than the earlier of 30 days after the Issue Date of the Notes and 60 days after the date of the allotment of the Notes. These transactions may be effected in the over-the-counter market or otherwise.

The Initial Purchasers and/or their respective affiliates from time to time have provided, and may in the future provide, commercial lending, investment banking, hedging, consulting and financial advisory services to the Issuer, the Guarantors and their subsidiaries and affiliates for which they have received, and in the future may receive, customary fees and expenses. In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. The Initial Purchasers and/or their affiliates with a lending relationship with the Group may hedge their credit exposure to the Group consistent with their customary risk management policies. Moreover, the Initial Purchasers and their affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long or short positions in such securities and instruments. Furthermore, the Initial Purchasers and/or their affiliates are mandated lead arrangers and lenders under the Revolving Credit and L/G Facilities Agreement and/or the Cash Liquidity Facility Agreement which will be made available to the Issuer and certain of its subsidiaries on or about the Issue Date.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Weil, Gotshal & Manges LLP, as to matters of U.S. federal, New York, English and German law and by Cuatrecasas, Gonçalves Pereira, RL, as to matters of Portuguese law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by White & Case LLP, as to matters of U.S. federal, New York, English and German law and by Vieira de Almeida & Associados, as to matters of Portuguese law.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company as of and for the financial years ended March 31, 2012, 2013 and 2014 prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315a(1) of the German Commercial Code (*Handelsgesetzbuch*) have been audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Hamburg, as stated in their audit opinions included in this offering memorandum. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, Germany.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is organized under the laws of Germany and the Guarantors are organized under the laws of Germany and Portugal. The Security Documents relating to the Collateral will be governed by the laws of Germany or Portugal. The Indenture and the Notes will be governed by New York law. The Intercreditor Agreement will be governed by the law of England and Wales. None of the directors of the Issuer and the Guarantors and none of the members of the Executive Board of the Company are, and a majority of the members of the Supervisory Board of the Company are not, residents of the United States. Most of the assets of the Issuer and the Guarantors are located outside the United States, and therefore any judgment obtained in the United States against the Issuer or a Guarantor, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liability provisions under U.S. federal or state securities laws, may not be collectible in the United States.

If a judgment is obtained in a U.S. court against the Issuer or a Guarantor, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for Germany and Portugal, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment there or elsewhere outside the United States.

Germany

There is doubt as to the enforceability in Germany of civil liabilities based on federal or state securities laws of the United States, either in an original action or in an action to enforce a judgment obtained in U.S. federal or state courts. The United States and the Federal Republic of Germany currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. The enforceability of final judgments therefore may depend on the laws of the relevant U.S. state and federal laws of the United States. Consequently, a final judgment for payment given by any federal or state court in the United States, whether or not predicated solely upon U.S. federal or state securities laws, would not automatically be enforceable in Germany. A final judgment by a U.S. court, however, may be recognized and enforced in Germany in an action before a court of competent jurisdiction in accordance with the proceedings set forth by the German Code of Civil Procedure (*Zivilprozessordnung*). In such an action, a German court generally will not reinvestigate the merits of the original matter decided by a U.S. court, except as noted below.

German courts will, in particular, not recognize and enforce such judgments if any of the reasons for excluding enforceability set forth in section 328(1) of the German Code of Civil Procedure exist:

- if, pursuant to German law, the courts in the country of the court having rendered the foreign judgment did not have jurisdiction;
- if process has not been duly served or has not been served in a timely fashion to permit a defense, provided that the defendant did not actively participate in such process and pleads accordingly;
- if the judgment is incompatible with a prior judgment rendered by a German court or by a foreign court which is to be recognized in Germany;
- if the proceeding resulting in the judgment to be recognized is incompatible with a previously pending (*rechtshängig*) proceeding in Germany;
- if a recognition of the judgment would obviously be incompatible with fundamental principles of German law, in particular, if the recognition would be incompatible with the civil rights under the German Constitution (*Grundgesetz*); and
- if reciprocity is not ensured (i.e., the courts of the country where the judgment was issued would not recognize and enforce a comparable judgment by a German court in equivalent circumstances).

Subject to the foregoing, holders of the Notes may be able to enforce judgments in civil and commercial matters obtained from U.S. courts in Germany. There is some German case law to the effect that reciprocity of the recognition of judgments is ensured in relation to claims relating to assets (*vermögensrechtliche Ansprüche*) with regard to various U.S. states. We cannot, however, assure you that attempts to enforce judgments in Germany will be successful. In addition, the recognition and enforcement of punitive damages are usually denied by German courts as incompatible with the substantial foundations of German law. Moreover, a German court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. Consequently, judgments awarding monetary damages under civil liabilities provisions of the U.S. federal securities laws

may not be enforceable to the extent they provide for a compensation that would qualify as being of a penal or punitive nature.

German civil procedure differs substantially from U.S. civil procedure in a number of respects. In so far as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on common law provided for pre-trial discovery, a process by which parties to the proceedings may, prior to trial, compel the production of documents by adverse or third parties and/or the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under German law.

In addition, it may also not be possible for investors to effect service of process within Germany upon the Issuer, the German Guarantors or those persons under the Convention on Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 and the German law implementing such convention if such service were deemed to infringe German sovereignty or security, which may be the case if such service violated the substantial foundations of German law, in particular the German Constitution.

Portugal

The Portuguese Guarantors are organized under the laws of Portugal with limited liability. The directors and the executive officers of the Portuguese Guarantors are non-residents of the United States and a significant portion of the assets of such persons are located outside the United States. As a result, in order to enforce in Portugal a judgment entered in another jurisdiction, the service of process on such persons or the Portuguese Guarantors outside Portugal must be made in accordance with the Portuguese Code of Civil Procedure. An investor may also experience difficulty in effecting service of process on or enforcing judgments against such persons or the Portuguese Guarantors based on civil liability provisions of the U.S., Federal and state securities laws or other laws.

The United States and Portugal are not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments. In the absence of any such treaty such judgment will be recognized and enforced in Portugal according to the procedures set out in Portuguese Code of Civil Procedure for the recognition of foreign judgments provided that it meets the following requirements:

- the judgment must be final, translated into Portuguese and apostilled without doubts as to the authenticity of the document and the contents of the judgment;

- the judgment shall not be contrary to Portuguese public policy and the obligation that the petitioner is attempting to execute has to be lawful in Portugal;

- there shall not be a pending proceeding between the same parties and in relation to the same issues in Portugal;

- there shall not be a judgment rendered between the same parties and for the same cause of action in Portugal or in another country;

- the matters under discussion shall not be related to matters in which the Portuguese courts consider themselves exclusively competent, and the competency of such foreign courts shall not have been obtained by unlawfully circumventing applicable rules;

- the rights of defense of the defendant should have been protected when rendering the foreign judgment (*princípio do contraditório*), including but not limited to a proper service of process carried out with sufficient time for the defendant to prepare its defense and appear before the courts and notification (*citação*), and with respect for the principle of equal treatment of the parties; and

- the request of recognition of a judgment rendered by a court of competent jurisdiction in the United States may be challenged if the party against whom the judgment was rendered is a Portuguese citizen or a Portuguese company and the result of the judgment would be more favorable to said party if the U.S. court had applied Portuguese law (assuming that the Portuguese law would be applicable according to the Portuguese rules of conflict of laws).

Portuguese civil procedure differs substantially from U.S. civil procedure in a number of respects. In so far as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on common law provided for pre-trial discovery, a process by which parties to the proceedings may, prior to trial, compel the production of documents by adverse or third parties and/or the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under Portuguese law.

LISTING AND GENERAL INFORMATION

Listing Information

Application has been made to admit the Notes to listing on the Official List of the Irish Stock Exchange and for trading on the Global Exchange Market of that exchange, in accordance with the rules and regulations of such exchange.

For so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market of that exchange, electronic copies of the following documents may be inspected and obtained at the specified office of the Listing Agent in Luxembourg during normal business hours:

- the organizational documents of the Issuer and Guarantors;
- the consolidated financial statements included in this offering memorandum;
- our most recent audited consolidated financial statements, and any interim quarterly financial statements published by us;
- the form of the Notes;
- the Indenture governing the Notes and the Notes Guarantees;
- the Intercreditor Agreement; and
- the Security Documents.

We have appointed Deutsche Bank Luxembourg S.A. as listing agent and registrar and Deutsche Trustee Company Limited as trustee, paying agent and transfer agent to make payments on, when applicable, and transfers of, the Notes.

We reserve the right to vary such appointments in accordance with the terms of the Indenture and will publish notice of such change of appointment in a newspaper having a general circulation in Ireland (which is currently expected to be the *Irish Times*) or on the official website of the Irish Stock Exchange (*www.ise.ie*).

Litigation

Except as disclosed elsewhere in this offering memorandum, the Issuer is not involved and has not been involved during the twelve months preceding the date of this offering memorandum, in any litigation, arbitration or administrative proceedings which would, individually or in the aggregate, have a material adverse effect on its results of operations, condition (financial or other) or general affairs and, so far as it is aware, having made all reasonable inquiries, there are no such litigation, arbitration or administrative proceedings pending or threatened.

No Material Adverse Change

The Issuer was acquired indirectly by Centerbridge as an acquisition vehicle to facilitate the Transactions and the Issuer's activities have related only to entering into contracts in connection with the Transactions. Except as disclosed in this offering memorandum:

(a) there has been no material adverse change in the Issuer's or the Company's prospects since March 31, 2014 (being the latest available audited financial information of the Company); and

(b) there has been no significant change in the Issuer's or the Company's financial or trading position since December 31, 2014 (being the latest available financial information of the Company).

Clearing Information

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Clearstream and Euroclear under common codes 122380874 and 122380939, respectively. The international securities identification number ("ISIN") for the Notes sold pursuant to Regulation S is XS1223808749 and the ISIN for the Notes sold pursuant to Rule 144A is XS1223809390.

Legal Information

Issuer

The Issuer is a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under the laws of Germany. It is registered with the commercial register of the local court (*Amtsgericht*) of Munich under registration number HRB 215516. Senvion Holding GmbH has a share capital of €25,000. The managing directors of Senvion Holding GmbH are Stefan Kowski and Deepak Mishra. According to section 4.1 of its articles of association, its corporate purpose is the acquisition, holding, management and/or sale of interests in affiliated entities in Germany and abroad. The company is entitled to support and to render consulting services and any other form of services to affiliated entities. Following the Issue Date, the Issuer can be contacted under: Überseering 10, 22297 Hamburg, Germany, and the telephone number +49 40 5555 090 3051.

The Guarantors

Germany

Rapid TopCo GmbH (formerly Blitz 14-488 GmbH) is a German limited liability company (*GmbH*) incorporated under the laws of Germany. It is registered with the local court (*Amtsgericht*) of Munich under registration number HRB 215540. Rapid TopCo GmbH has a share capital of €25,000. The managing directors of Rapid TopCo GmbH are Stefan Kowski and Deepak Mishra. According to section 4.1 of its articles of association, its corporate purpose is the acquisition, holding, management and/or sale of interests in affiliated entities in Germany and abroad. The company is entitled to support and to render consulting services and any other form of services to affiliated entities.

Rapid MidCo GmbH (formerly Blitz 14-489 GmbH) is a German limited liability company (*GmbH*) incorporated under the laws of Germany. It is registered with the local court (*Amtsgericht*) of Munich under registration number HRB 215532. Rapid MidCo GmbH has a share capital of €25,000. The managing directors of Rapid MidCo GmbH are Stefan Kowski and Deepak Mishra. According to section 4.1 of its articles of association, its corporate purpose is the acquisition, holding, management and/or sale of interests in affiliated entities in Germany and abroad. The company is entitled to support and to render consulting services and any other form of services to affiliated entities.

Senvion SE (formerly REpower Systems SE) is a European law stock corporation (*Societas Europaea*) incorporated on June 15, 2011 under the laws of Germany. It is registered with the local court (*Amtsgericht*) of Hamburg under registration number HRB 118644. The registered office of Senvion SE is at Überseering 10, 22297 Hamburg, Germany. Senvion SE has a share capital of €9,220.179. The members of the executive board of Senvion SE are Andreas Nauen, Lars Rytter and Russell Stoddart. According to section 2.1 of its articles of association, its corporate purpose is the development, production and marketing of wind turbines and other products in the field of regenerative energies, particularly wind turbines, and the provision of associated services of all kinds.

Portugal

Ria Blades S.A. is a share limited liability company organized under the laws of Portugal. It is registered with the commercial registry department of Vagos under the number 508254426 and has the same taxpayer number. The registered office of Ria Blades S.A. is Parque Empresarial de Sosa, Rua da Barreira 25, Salgueiro, 3840-346 Vagos, parish of Sosa and council of Vagos, Portugal. Ria Blades S.A. has a share capital of €50,000. The members of the board of directors of Ria Blades S.A. are Paulo Guilherme Pinho Ferreira da Silva, Lars Rytter and André Marcel Rose. According to article 3 no. 1 of its articles of association, its corporate purpose is the production and commercialization of blades for wind turbines, production of equipments and components for wind turbines and for other equipment tailored for the production of renewable energy, and it is also authorized to hold stakes in other companies, consortium, joint ventures and other entities or associations.

Senvion Indústria, S.A. is a share limited liability company organized under the laws of Portugal. It is registered with the with the commercial registry department of Oliveira de Frades under the number 507948262 and has the same taxpayer number. The registered office of Senvion Indústria, S.A. is Parque Empresarial de Sosa, Rua da Barreira 25, Salgueiro, 3840-346 Vagos, parish of Sosa and council of Vagos, Portugal. Senvion Indústria, S.A. has a share capital of €50,000. The members of the board of directors of Senvion Indústria, S.A. are Paulo Guilherme Pinho Ferreira da Silva, Lars Rytter, Torben Menke and José Salvador Esteves da Costa. According to article 3 no. 1 of its articles of association, its corporate purpose is the management of shareholdings in other companies as an indirect way of pursuing economic activities of construction and exploitation of industrial units for the production and final start-up of components of wind turbines, being also able to provide technical services of administration and management to its subsidiaries, and also authorized to hold stakes in other companies, consortium, joint ventures and other entities or associations.

Senvion Portugal, S.A. is a share limited liability company organized under the laws of Portugal. It is registered with the commercial registry department of Oliveira de Frades under the number 507013794 and has the same taxpayer number. The registered office of Senvion Portugal, S.A. is Zona Industrial de Oliveira de Frades, lote 1, 3680 - 170 Oliveira de Frades, parish of Oliveira de Frades, Souto de Lafões and Sejães, and council of Oliveira de Frades, Portugal. Senvion Portugal S.A. has a share capital of €100,000. The members of the board of directors of Senvion Portugal, S.A. are Andreas Nauen, José Salvador Esteves da Costa and Lars Rytter. According to article 2 of its articles of association, its corporate purpose is the production, final start-up and assistance to wind farms and the respective commercialization, installation and maintenance of wind systems, construction of wind farms, civil works, engineering services and sale of wind equipment, and is also authorized to hold stakes in other companies, consortium, joint ventures and other entities or associations.

Power Blades, S.A. is a share limited liability company organized under the laws of Portugal. It is registered with the with the commercial registry department of Vagos under the number 507596366 and has the same taxpayer number. The registered office of Power Blades, S.A. is Parque Empresarial de Sosa, Rua da Barreira 25, Salgueiro, 3840-346 Vagos, parish of Sosa and council of Vagos, Portugal. Power Blades, S.A. has a share capital of €50,000. The members of the board of directors of Power Blades, S.A. are Lars Rytter, Andre Marcel Rose, Paulo Guilherme Pinho Ferreira da Silva, Ramesh Gopalakrishnan and José Salvador Esteves da Costa. According to article 2 of its articles of association, its corporate purpose is production and commercialization of blades for wind turbines, production of equipments and components for wind turbines and for other equipment tailored for the production of renewable energy, and it is also authorized to hold stakes in other companies, consortium, joint ventures and other entities or associations.

Consents

We have obtained all necessary consents, approvals and authorizations in the jurisdiction of its incorporation in connection with the issue and performance of the Notes and the issue and performance of the Notes Guarantees. The issuance of the Notes has been authorized by resolutions of the Issuer's Board of Directors, dated March 25, 2015. The shareholders' meeting of each of the Parent Guarantor and MidCo authorized each entity's Notes Guarantee by resolutions each dated March 25, 2015.

Statement

The Issuer accepts responsibility for the information contained in this offering memorandum. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum.

INDEX TO THE FINANCIAL STATEMENTS

The following English-language consolidated financial statements of Senvion SE (F-56 - F-108, F-110 - F-161 and F-163 - F-214) are translations of the respective German-language consolidated financial statements of Senvion SE.

Senvion SE,
Hamburg
Unaudited Interim Consolidated Financial Statements
as of and for the nine months period ended
December 31, 2014

Consolidated statement of financial position

	Notes	2014/12/31	2014/03/31
		EUR	EUR
Assets			
Current assets			
Liquid funds	4.1.1	346,271,266	269,924,033
Gross amount due from customers for contract work as an asset	4.1.2	224,103,460	362,132,930
Trade accounts receivable	4.1.3	144,720,805	155,490,878
Receivables from related parties	4.1.4	24,984,121	23,575,480
Inventories	4.1.5	285,572,055	236,365,116
Receivables from income taxes		1,697,714	1,901,764
Other financial assets	4.1.6	2,891,528	9,419,382
Other miscellaneous assets	4.1.6	130,237,464	99,317,279
		1,160,478,413	**1,158,126,862**
Assets of disposal group classified as held for sale	**4.3**	**12,646,272**	**13,293,159**
Total current assets		**1,173,124,685**	**1,171,420,021**
Non-current assets			
Other intangible assets	4.2.1	118,038,254	104,075,442
Goodwill		15,632,175	15,632,175
Property, plant and equipment	4.2.2	205,915,323	201,221,894
Other financial investment		66,000	66,000
Loans granted	4.2.3	2,893,333	13,231,089
Deferred taxes	4.2.4	6,604,716	8,033,167
Total other non-current assets		4,959,741	7,396
Total non-current assets		**354,109,542**	**342,267,163**
Total assets		**1,527,234,227**	**1,513,687,184**

	Notes	2014/12/31	2014/03/31
		EUR	EUR
Shareholders` equity and liabilities			
Current liabilities			
Short-term loans and current portion of long-term loans	7.2.	8,088,807	8,304,839
Trade accounts payable		361,959,111	331,135,526
Liabilities to related parties		8,133,000	3,508,425
Advance payments received	4.4.1	157,518,492	153,418,261
Gross amounts due to customers for contract work as a liability	4.1.2	17,077,575	20,747,367
Provisions	4.4.2	128,770,480	150,690,471
Deferred income	4.4.3	19,000,340	29,222,288
Income tax liabilities	4.4.4	9,793,998	4,907,593
Other financial liabilities	4.4.5	19,081,853	29,835,286
Other miscellaneous liabilities	4.4.5	26,179,387	15,969,858
Total current liabilities		**755,603,043**	**747,739,914**
Liabilities of disposal group classified as held for sale	**4.3**	**468,990**	**3,242,881**
Non-current liabilities			
Long-term loans	4.5	16,327,772	21,889,393
Deferred taxes	4.2.4	100,608,731	97,106,165
Other non-current financial liabilities	7.2	1,000,000	11,102,011
Total non-current liabilities		**117,936,503**	**130,097,569**
Equity			
Subscribed capital	4.6.1	9,220,179	9,220,179
Additional paid-in capital	4.6.2	299,220,430	303,675,502
Other reserves		3,411,586	3,425,016
Revaluation reserve		776,000	776,000
Currency translation		2,443,113	1,002,071
Cash flow hedging reserve		192,473	1,646,945
Retained earnings		335,137,187	311,208,716
Equity attributable to shareholders of the parent company		**646,989,382**	**627,529,413**
Non-controlling interests	4.6.3	6,236,309	5,077,407
Total equity		**653,225,691**	**632,606,820**
Total equity and liabilities		**1,527,234,227**	**1,513,687,184**

Consolidated income statement

	Notes	2014/04/01 - 2014/12/31	2013/04/01 - 2013/12/31
		EUR	EUR
Revenues	5.1	1,372,170,918	1,197,181,063
Changes in work in progress		17,253,714	32,770,996
Work performed by the entity and capitalized		26,006,613	15,061,512
Total performance		**1,415,431,245**	**1,245,013,571**
Other operating income	5.2	23,881,892	27,870,944
Cost of materials/cost of purchased services		−1,059,857,037	−948,230,868
Personnel expenses	5.3	−153,498,930	−145,430,160
Depreciation of property, plant and equipment and amortization of intangible assets		−41,356,675	−29,005,631
Other operating expenses	5.4	−131,178,259	−114,153,974
Result from operating activities before exceptional items from reorganization		**53,422,236**	**36,063,882**
Exceptional items from reorganization	5.5	0	−30,171,904
Result from operating activities		**53,422,236**	**5,891,978**
Interest and similar financial income	5.6	1,343,359	835,076
Interest and similar financial expenses	5.6	−14,641,318	−10,295,886
Result before income taxes		**40,124,277**	**−3,568,832**
Income taxes	4.2.4	−16,771,520	5,848,739
Profit for the period from continuing operations		**23,352,757**	**2,279,907**
Profit / (loss) for the period from discontinued operations	4.3	1,068,709	−473,657
Net income for the period		**24,421,466**	**1,806,250**
Share of net income for the period attributable to non-controlling interests		492,995	−218,497
Continuing operations		0	0
Discontinued operations		492,995	−218,497
Share of net income for the period attributable to shareholders of the parent company		23,928,471	2,024,747
Continuing operations		23,352,757	2,279,907
Discontinued operations		575,714	−255,160

Consolidated statement of comprehensive income

	2014/04/01 - 2014/12/31	2013/04/01 - 2013/12/31
	EUR	EUR
Net income for the period	**24,421,466**	**1,806,250**
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)		
Other expenses/income from cash flow hedges	−2,051,731	4,428,265
Deferred taxes on other expense/income from cash flow hedges	597,259	−1,289,068
Income/expenses of cash flow hedges after tax	**−1,454,472**	3,139,197
Currency translation	2,106,949	1,305,098
Other comprehensive income	**652,477**	**4,444,295**
Total comprehensive income	**25,073,943**	**6,250,545**
Share of net income for the period attributable to non-controlling interests from discontinued operations	1,158,902	−450,454
Share of net income for the period attributable to shareholders of the parent company	23,915,041	6,700,999

Consolidated statement of cash flows

	Notes	2014/04/01 - 2014/12/31	2013/04/01 - 2013/12/31
	9	EUR	EUR
Cash flow from operating activities			
Profit before income taxes		41,192,986	−4,042,489
Adjustments for:			
Depreciation on property, plant and equipment, amortization of intangible assets and write-offs on financial assets		41,356,675	29,005,631
Interest income		−1,343,359	−835,076
Interest expenses		14,641,318	10,295,886
Increase/decrease in provisions		−21,919,991	35,953,769
Profit/loss from sales of property, plant and equipment, intangible and other long-term assets		32,555	1,370,604
Change in working capital		97,717,423	4,376,654
Interest received		1,343,359	835,076
Interest paid		−21,345,738	−7,174,736
Income tax paid		−11,385,424	5,290,696
Cash flow from operating activities*		**140,289,804**	**75,076,015**
Cash flow from investing activities			
Cash receipts from the sale of property, plant and equipment, intangible and other long-term assets		1,441,227	1,051,859
Cash payments for the purchase of intangible assets		−29,669,691	−16,238,559
Cash payments from purchase of property, plant and equipment and other long-term assets		−31,141,515	−32,031,868
Acquisition of subsidiary: Net of cash acquired		102,376	0
Cash flow from investing activities**		**−59,267,603**	**−47,218,568**
Cash flow from financing activities			
Cash repayments of amounts borrowed		−5,561,621	−5,743,831
Cash flow from financing activities		**−5,561,621**	**−5,743,831**
Increase/decrease in cash and cash equivalents		**75,460,580**	**22,113,616**
Cash and cash equivalents at the beginning of the period		268,521,022	231,376,206
Cash and cash equivalents at the end of the period		**343,981,602**	**253,489,822**
Liquid funds		346,271,266	256,338,144
Cash displayed in "Assets of disposal group classified as held for sale"		5,799,143	5,489,692
Short-term bank liabilities		−8,088,807	−8,338,014
Cash and cash equivalents at the end of the period		**343,981,602**	**253,489,822**

*	thereof from discontinued operations	−1,105,796	1,162,854
**	thereof from discontinued operations	3,111	−8,062

Consolidated statement of changes in shareholders' equity

EUR	Subscribed capital	Additional paid-in capital	Currency translation*	Reserve for cash flow hedges	Revaluation reserve	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at 2013/04/01	**9,220,179**	**303,675,502**	**−877,174**	**−235,230**	**776,000**	**287,398,385**	**599,957,662**	**8,911,336**	**608,868,998**
Net income for the period						2,024,747	2,024,747	−218,497	1,806,250
Other income/expense from cash flow hedges				4,428,265			4,428,265		4,428,265
Deferred taxes on other income/expense from cash flow hedges				−1,289,068			−1,289,068		−1,289,068
Currency translation			1,537,055				1,537,055	−231,957	1,305,098
Comprehensive Income			1,537,055	3,139,197		2,024,747	6,700,999	−450,454	6,250,545
Balance at 2013/12/31	**9,220,179**	**303,675,502**	**659,881**	**2,903,967**	**776,000**	**289,423,132**	**627,529,413**	**5,077,407**	**615,119,543**

Due to rounding differences, figures in the consolidated statement of changes in equity may deviate by 1 euro from those displayed in the consolidated statement of financial position and the consolidated income statement.

* Thereof from discontinued operations as of 31 December 2013: 841 k EUR

Consolidated statement of changes in shareholders' equity (Continued)

EUR	Subscribed capital	Additional paid-in capital	Currency translation*	Reserve for cash flow hedges	Revaluation reserve	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at 2014/04/01	**9,220,179**	**303,675,502**	**1,002,071**	**1,646,945**	**776,000**	**311,208,716**	**627,529,413**	**5,077,407**	**632,606,820**
Net income for the period						23,928,471	23,928,471	492,995	24,421,466
Other income/expense from cash flow hedges.....				−2,051,731			−2,051,731		−2,051,731
Deferred taxes on other income/expense from cash flow hedges.....				597,259			597,259		597,259
Currency translation.....			1,441,042				1,441,042	665,907	2,106,949
Comprehensive Income			1,441,042	−1,454,472		23,928,471	23,915,041	1,158,902	25,073,943
Business combination under common control		−4,455,072					−4,455,072		−4,455,072
Balance at 2014/12/31	**9,220,179**	**299,220,430**	**2,443,113**	**192,473**	**776,000**	**335,137,187**	**646,989,382**	**6,236,309**	**653,225,691**

Due to rounding differences, figures in the consolidated statement of changes in equity may deviate by 1 euro from those displayed in the consolidated statement of financial position and the consolidated income statement.

* Thereof from discontinued operations as of 31 December 2014: 1.471 k EUR

Notes to the interim consolidated financial statements

for the nine months period from

April 1, 2014—December 31, 2014

1 Introduction

The Senvion Group (Senvion) with Senvion SE (hereinafter Senvion or the Group), Überseering 10, 22297 Hamburg, Federal Republic of Germany, as its parent company, operates in the area of manufacturing and selling wind energy turbines as well as developing and providing turnkey wind farms.

The interim consolidated financial statements as of 31 December 2014 were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The IFRS comprise the International Financial Reporting Standards and International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB) with consideration of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC).

The interim consolidated financial statements as of 31 December 2014 were prepared in accordance with IAS 34.

On 3 February 2015, the management board authorised the interim consolidated financial statements as of 31 December 2014 for issue.

Our revenues and results of operations derived from our business are subject to fluctuations during the year. Wind turbine sales in the regions in which we currently sell our WTGs are affected by seasonal variations and the timing of government incentives. For example, the number of wind farms constructed and connected to an electricity grid is usually higher in the months before the cut-off dates for decreases in FITs, which typically results in increased business in Q3 of our financial year. In addition, weather conditions in some of the areas where we operate also lead to seasonal influences on our business. For example, in Canada, cold weather conditions generally prevent the installations of our products during the winter months, whereas production for spring and summer installations takes place to a certain extent in winter and thus leads to strong revenues in Q4 of our financial year. In addition, due to the project- driven nature of our business, our revenues in any period can be influenced by large orders. This information is provided to allow for a better understanding of the results, however, management has concluded that this is not `highly seasonal' in accordance with IAS 34.

Individual items of the consolidated statement of financial position and the income statement have been summarized to improve the clarity of presentation. These items are explained in the notes. The consolidated financial statements are prepared with the euro as the presentation currency. The income statement is presented using the nature of expense method. Unless otherwise stated, all figures in the notes are accurate to the nearest thousand (k EUR) using commercial rounding.

As permitted under IAS 1, the company presents its statement of comprehensive income by presenting the income statement as a separate statement.

The consolidated financial statements are prepared on a historical cost basis, except for derivative financial instruments, which are measured fair value as of the reporting date.

2 Consolidation

2.1 Principles of consolidation

These consolidated financial statements include all significant directly or indirectly controlled German and foreign subsidiaries.

Subsidiaries are consolidated from the date of acquisition, being the date on which Senvion obtained control, and continue to be consolidated until the date when such control ceases. Control is achieved when Senvion is exposed, or has rights, to variable returns from its involvement with investee and has the ability to affect those returns through its power over the investee. Specifically, Senvion controls an investee if and only if Senvion has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When Senvion has less than a majority of the voting or similar rights of an investee, Senvion considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Senvion re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. Profit or loss and each component of other comprehensive income (OCI) are attributed to the shareholders of the parent company of the Group and to the non-controlling interests.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If Senvion loses control over a subsidiary it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate

2.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and

reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Business combinations under common control are not in the scope of IFRS 3. A business combination under common control is a transaction whereby the Group acquires a business which is ultimately controlled by the same party before and after the transaction. The Group is applying the pooling of interest method to account for business combinations under common control. Assets and liabilities of the transferred business are recorded on the basis of their carrying amounts in the most recent consolidated financial statements of the transferring party. Comparative financial information for periods before the transaction took place is not adjusted.

2.3 Scope of consolidation

2.3.1 Fully consolidated companies

The consolidated group includes Senvion SE as well as the following German and international companies which are fully consolidated in the consolidated financial statements:

	Share in %
Project companies	
Senvion Betriebs- und Beteiligungsgesellschaft mbH (formerly REpower Betriebs- und Beteiligungs GmbH), Rendsburg , Germany	100.00
Senvion Windpark Betriebs GmbH (formerly REpower Windpark Betriebs GmbH), Hamburg, Germany	100.00
Senvion Investitions- und Projektierungs GmbH & Co.KG, Rendsburg (formerly REpower Investitions- und Projektierungs GmbH & Co. KG), Rendsburg, Germany	100.00
Windpark Blockland GmbH & Co. KG, Hamburg, Germany	100.00
Yorke Peninsula Wind Farm Project Pty Ltd, Melbourne, Australia	80.00
Production and services companies	
PowerBlades GmbH, Bremerhaven, Germany	100.00
Senvion Deutschland GmbH, Hamburg, Germany	100.00
REpower North (China) Ltd., Baotou, PR China	53.87
PowerBlades S.A., Vagos, Portugal	100.00
Ventipower S.A., Oliveira de Frades, Portugal	100.00
RiaBlades S.A., Vagos, Portugal	100.00
Ventinveste Indústria, SGPS, S.A., Oliveira de Frades, Portugal	100.00
RETC Renewable Energy Technology Center GmbH, Hamburg, Germany	100.00
Senvion India Ltd, Pune, India (formerly REpower India Ltd., Pune, India)	100.00
PowerBlades Industries Inc., Québec, Canada	100.00
Sales companies	
Senvion France S.A.S. , Courbevoie, France	100.00
Senvion Italia S.r.l., Milan, Italy	100.00
RECA Holdings Pty Ltd, Melbourne, Australia	100.00
Senvion Australia Pty Ltd., Melbourne, Australia	100.00
Senvion (Beijing) Trading Co. Ltd. (formerly REpower Wind Systems Trading), Beijing, PR China	100.00
Senvion USA Corp., Denver, U.S.A.	100.00
Senvion Canada Inc., Montreal, Canada	100.00
Senvion Benelux b.v.b.a., Ostend, Belgium	100.00
Senvion UK Ltd., Edinburgh, UK	100.00
Senvion Polska, Sp.z o.o., Warsaw, Poland	100.00
Senvion Portugal S.A., Porto, Portugal	100.00
Senvion Scandinavia AB, Stockholm, Sweden	100.00
Senvion Romania SRL, Bucharest, Romania	100.00
Senvion Austria GmbH, Ernstbrunn, Austria	100.00
Senvion Netherlands B.V., Nijkerk, Netherlands	100.00
Senvion Turkey Rüzgar Türbinleri Limited Şirketi, Istanbul, Turkey	100.00
Shelf or shell companies	
WEL Windenergie Logistik GmbH, Schloß Holte-Stukenbrock, Germany	100.00

2.3.2 Changes in the scope of consolidation

The group adopted IFRS 10 *Consolidated financial statements* in the current financial period. The change from IAS 27 to IFRS 10 had no impact on the scope of consolidation of the group.

As part of the expansion of its service and marketing activities, Senvion SE established Senvion Netherlands B.V., headquartered in Nijkerk, Netherlands, in April 2014.

As part of the expansion of its service and marketing activities, Senvion SE established Senvion Turkey Rüzgar Türbinleri Limited Şirketi, headquartered in Istanbul, Turkey, in June 2014.

On 31 March 2014, Senvion entered into a share purchase agreement with Valum Holding B.V., Amsterdam, Netherlands (a subsidiary of the ultimate parent), for the acquisition of 80% of the interest in Yorke Peninsula Wind Farm Project Pty. Ltd, Melbourne, Australia. The contract, which was contingent upon approval of the financing parties of the syndicated credit facility, became effective in June 2014.

As York Peninsula Wind Farm Project Pty. Ltd, Melbourne, Australia, was previously controlled by Valum Holding B.V., Amsterdam, Netherlands, a 100% subsidiary of Suzlon Energy Ltd, Pune, India, which also owns 100% of the shares in Senvion SE indirectly through its subsidiaries, the transfer was considered to be a business combination under common control.

Therefore, the assets and liabilities of Yorke Peninsula Wind Farm Project Pty. Ltd were recognised at their carrying value recognised prior to the transaction in the consolidated IFRS financial statements of the ultimate parent entity of Senvion SE. The difference between the consideration transferred and the net assets recognised as of transfer date were recognised directly in equity. Comparative financial information for periods before the transaction was not adjusted.

The following table shows the carrying amounts of assets and liabilities recorded as of transaction date:

	1 June 2014 Carrying Amounts
	kEUR
Other current assets	3
Intangible assets	333
Trade accounts payable	528
Net assets acquired	−192
Cost of acquisition	4,263
Amounts recorded directly in Equity	4,455

The cost of acquisition was offset against an outstanding receivable of Suzlon Energy Ltd, Pune, India. The net profit of the group for the 9-months period ended 31 December 2014 include a net loss of kEUR 1 and no revenue from York Peninsula Wind Farm Project Pty. Ltd.

The entity Repower Northern Europe A/S, Aarhus was liquidated with effect from 30 September 2014 and is no longer part of the scope of consolidation. The deconsolidation took place at the same date.

3 Accounting policies

The accounting policies applied in the consolidated financial statements for the first nine months of financial year 2014/15 were adjusted to reflect the new standards, as stated in note 3.20.

3.1 Liquid funds

Cash and Cash equivalents include cash at bank and in hand and short-term deposits with an original maturity of three months or less. The cash equivalents are subject to an insignificant risk of changes in value.

3.2 Receivables and other financial assets

Trade receivables, receivables from related parties and other primary financial assets designated to the loans and receivables category are carried at fair value plus transaction costs on initial recognition. Subsequent measurement is at amortized cost using the effective interest rate method. Valuation allowances for impairment are determined on the basis of empirical values and individual risk assessments. Valuation allowances on trade receivables are reported in an

allowance account for impairments are recognized via an allowance account or in the form of a direct write-down of the carrying amount of the receivable depending on the reliability of the assessment of the risk of impairment. An impairment loss is recognized when the carrying amount of a financial asset is higher than the present value of the expected future cash flows.

An impairment test is performed at each reporting date and on an ongoing basis throughout the year. The following triggers, amongst other things, may provide objective evidence of impairment:

- Significant financial difficulty of the obligor;
- The lender granting a concession to the borrower for economic or legal reasons relating to the borrower's financial difficulty;
- Likely insolvency or need for restructuring on the part of the borrower;
- Loss of an active market for the financial asset due to financial difficulties.

3.3 Inventories

Inventories comprise raw materials and supplies and work in progress. Raw materials and supplies are carried at the lower of cost or net realizable value. Work in progress is measured at the lower of cost or net realisable value. Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted average cost basis and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. In addition to material and production overheads, manufacturing costs comprise overheads attributable within the meaning of IAS 2, but not financing costs.

3.4 Property, plant and equipment

Property, plant and equipment is stated at cost and depreciated on a straight-line basis over their useful life. Cost includes all expenses for purchasing the assets, insofar as these can be reliably calculated or estimated. The manufacturing costs of internally generated equipment comprise direct costs as well as attributable overheads.

The assessment of depreciation is based on the following estimated useful lives:

	Useful life in years
Buildings	25 - 50
Technical equipment, plant and machinery	5 - 12
Office and operating equipment	3 - 14

3.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Capitalized development costs comprise all direct costs and overheads attributable to the development process. Development costs that account for customer specific production orders are recorded in capitalized orders. Financing costs are not capitalized.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Acquired intangible assets are amortized on a straight line basis. Amortization of capitalised development cost is recognized on the basis of volume or on a straight line basis. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. If the volume of wind turbines benefiting from the respective development cost can be estimated with reasonable assurance, amortization is recognised on the basis of quantity of produced wind turbines.. For all other development costs, amortization is recognized on a straight-line basis from the start of production for the expected product lifetime of the developed models or technologies.

	Useful life in years
Capitalized development costs	5*
Licences, software	3

* in years or according to quantity

3.6 Impairment of property, plant and equipment and intangible assets

Senvion SE performs impairment testing for items of property, plant and equipment and intangible assets.

In accordance with IAS 36, annual goodwill impairment testing is performed at the level of the cash generating units (or group of cash-generating units) to which goodwill is allocated in the Group's internal reporting system (impairment-only approach).

These cash generating units generally correspond to the individual Group companies. This does not include Group companies whose cash inflows are not independent from other group entities. In such cases, the Group companies in question form a group of cash-generating units for impairment testing purposes.

The recoverable amount is calculated on the basis of the value in use. The annual impairment test is performed as of 31 December 2014 (Prior period: 31 March 2014). Value in use is calculated on the basis of the budget for the last quarter of the current year and the next three years. The discount rate of 6.5% (previous period: 6.5%) is calculated using the WACC (weighted average cost of capital) approach. The beta factor applied in the calculation and the ratio of the fair value of equity to debt were determined by reference to a corresponding peer group. The significant assumption underlying the budget is the projected number of turbines installed and sold in the respective period. This assumption is based both on the existing order backlog including work in progress as of 31 December 2014 as well as forecasted sales. The growth rate used to extrapolate cashflow projections beyond the three year period was 1.0% (previous year: 1.0%).

Impairment is recognized for other intangible assets and property, plant and equipment if certain events or developments result in the carrying amount of the asset no longer being covered by the expected proceeds of disposal or the discounted net cash flows from continued use. If the recoverable amount of individual assets cannot be calculated, the cash flow is calculated for the next highest group of assets for which such a cash flow can be calculated. Impairment losses are reversed if the reasons for their recognition no longer apply in subsequent periods.

Impairment cannot be reversed in excess of the carrying amount that would have applied if no impairment had been recognized. Goodwill impairment will not be reversed.

Impairment losses totalling 35 k EUR were recognised on software and other licences in the first nine months of the financial year 2014/15. Under property, plant and equipment, no impairment losses were recognised in the financial year 2014/15.

3.7 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition and the sale is expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. Property and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

The activities of REpower North (China) Ltd. are displayed as a discontinued operation in this financial information (refer to Note 4.3).

3.8 Loans granted

Loans granted which are allocated to the loans and receivables category are carried at fair value on initial recognition. Subsequent measurement is at amortized cost using the effective interest rate method.

3.9 Provisions

Provisions are recognized in accordance with IAS 37. These relate to legal or constructive obligations for which settlement is probable to result in an outflow of financial resources and whose amount can be reliably estimated.

Warranty provisions are recognized both for known individual risks and for general risks. Specific technical warranty risks can be individually quantified by comprehensive documentation and are taken into consideration in the form of individual provisions. The economic risk and the level of provisioning are evaluated on an ongoing basis in coordination with the technical departments, taking existing risks into account.

Provisions are recognized for general risks on the basis of experience. The system for recognizing general warranty provisions is as follows: for turbines erected, provisions are recognized for the anticipated future costs per year of the warranty for the entire contractual warranty period. The anticipated costs are determined on the basis of past experience and reviewed on an ongoing basis. Due to the uncertainty involved the estimated costs, and hence the amount of the provisions, may differ from actual costs.

3 Accounting policies

3.10 Liabilities

Trade accounts payable are measured at amortised cost using the effective interest rate method.

3.11 Revenue recognition

Revenue includes all revenues from the sale of wind energy turbines, license revenues, electricity revenues and revenues from service and maintenance contracts.

Wind Turbines

Revenue from the sale of wind turbines includes the production, delivery and installation of wind turbines. To a limited degree Senvion sells single components and spare parts of wind turbines.

The production, delivery and installation of wind turbines consist principally of fixed price contracts. If the outcome of such a contract can be reliably measured, in accordance with IAS 11, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method). The outcome of a construction contract can be estimated reliably when:

- The total contract revenue can be measured reliably
- It is probable that the economic benefits associated with the contract will flow to the entity
- The costs to complete the contract and the stage of completion can be measured reliably
- The contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates

When the outcome of a construction cannot be estimated reliably (generally during early stages of a contract), contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable. In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on the proportion of total contract costs incurred to date and the estimated costs to complete. Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue, and they can be reliably measured.

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; costs of design, and technical assistance that is directly related to the contract.

Single components and spare parts

Revenue from single components and spare parts are recognized in accordance with IAS 18. They are regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, revenue is recognised only when all the significant conditions are satisfied.

License, electricity and service and maintenance

Revenues from licenses and electricity are also treated according to IAS 18. License revenues are generated from volume-based licenses. Revenues from service and maintenance contracts are recognised as the respective services are rendered; advance payments are deferred.

Interest income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

3.12 Income tax expense

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either

treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

3.13 Borrowing costs

If borrowing costs cannot be allocated to qualifying assets in accordance with IAS 23, they are expensed and not included in cost.

3.14 Government grants (investment subsidies)

Government grants are recognized depending on the nature of the subsidized expenses. Insofar as subsidies relate to capitalized assets, the grants received serve to reduce the cost of the subsidized assets. Grants provided as an expenditure allowance are recognized in the income statement of the financial year in which the subsidized expenses are incurred.

3.15 Transactions in foreign currencies

The Group's financial statements are presented in Euros, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by Senvion and the subsidiaries at their respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Euro at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

3.16 Exceptional items from reorganization

Senvion discloses exceptional items by virtue of their nature, size or incidence to allow a better understanding of the underlying trading performance of the Group.

3.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability or equity instrument of another entity. As a matter of principle, financial instruments are recognized as soon as a Senvion company becomes a party to a financial instrument. Financial assets are recognized on delivery, i.e. the date of order fulfilment. Derivative financial instruments are recognized at the trade date. Financial assets and financial liabilities are generally reported separately; they are only offset if the reporting entity has a right to offset and the intention to settle on a net basis.

Financial instruments consist of cash and cash equivalents, receivables, equity instruments held in other companies (i.e. shares in project corporations) and other financial assets as well as financial liabilities and loans, insofar as these are based on contracts. The initial recognition of financial assets is at fair value plus directly attributable

transaction costs, insofar as the financial assets are not recognized at fair value through profit and loss. Subsequent measurement is at fair value or amortized cost using the effective interest rate, depending on the designation of the individual financial instruments to the IAS 39 categories.

Financial liabilities are carried at fair value less transaction costs on initial recognition and at amortized cost using the effective interest rate method in subsequent measurement.

Financial assets are derecognized if the rights to the cash flows resulting from the assets have expired or substantially all of the risks have been transferred to a third party such that the criteria for derecognition are met. Financial liabilities are derecognized if the relevant obligations have expired or been cancelled.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments are employed to hedge foreign exchange and interest rate risks. Derivative financial instruments are carried at fair value. The recognition of changes in the fair value of derivative financial instruments depends on whether these instruments are deployed as hedging instruments and the conditions for hedge accounting in accordance with IAS 39 are met.

If these conditions are not met despite the existence of a hedging relationship, the derivative financial instruments are allocated to the category "at fair value through profit and loss" and the changes in fair value are recognized directly in income.

The effective portion of the change in the fair value of a derivative financial instrument which was classified as a hedging instrument and which meets the definition of a cash flow hedge is recognized in other comprehensive income, net of tax. The ineffective portion is recognized in profit or loss. The effective portion is recognized in profit or loss when the hedged item is also recognized in profit or loss.

The group measures financial instruments such as derivatives at fair value at each reporting date. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in the note 7.2 and 7.3.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.18 Use of assumptions

The preparation of these interim consolidated financial statements requires the Group's management to make estimates and assumptions that form the basis for the value of assets and liabilities and revenue and expenses in the financial year. Key estimates and assumptions relate to impairment tests (see note 3.6), warranty provisions (see note 4.4.2), the realisation of revenue according to the percentage of completion method (see note 4.1.2) and income taxes (see note 4.2.4) and are described below:

- Impairment tests

The recoverable amount used in the impairment test is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units are disclosed and further explained in Note 3.6.

- Warranty provisions

Specific warranty provisions include expenses for material and labour, which will be incurred to repair individual defects which fall within the respective warranty period. The amount of cost provided is subject to estimates, such as the population of affected turbines as well as the severance and complexity of technical defects.

General warranty provisions are accounted for based on a historical 5 year average cost rate per turbine class.

- Revenue according to the percentage of completion method

The percentage of completion and the revenue to recognise are determined on the basis of a large number of estimates, such as estimated future cost to complete a project. Consequently, the group has implemented an internal financial budgeting and reporting system to adequately measure incurred and future cost required to completion. The group reviews monthly the estimates of contract revenue and contract costs as the contract progresses.

- Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised.

3.19 New accounting standards and their application

The new standards on consolidation (IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", and the resulting changes to IAS 27 "Separate Financial Statements", and IAS 28 "Investments in Associates") have been applicable since 1 April 2014. Their initial application had no effects on the Senvion Group's net assets, financial position and result of operations. Also the first-time adoption of other amended standards had no impact on the financial statements of the group.

The following standards and interpretations published by the IASB and IFRIC are not yet mandatory because they have not yet been endorsed by the EU or the date of their first mandatory application has not yet been reached:

Standards / interpretations	Mandatory application	Endorsement by European Commission	Expected Effects

IFRS 9, IFRS 7 and IAS 39.....	Amendment in November 2013 with regard to hedge accounting, impairment, disclosures on the transition to IFRS 9 and amendments to IFRS 7, and classification and measurement of financial assets and liabilities	Expected: 1 January 2018	No	Effects are still analysed
IFRIC 21	Levies	17 June 2014	Yes	No effects
IFRS 14.....	Regulatory deferral accounts	Expected: 1 January 2018	No	No effects
IFRS 15.....	Revenue from Contracts with Customers	Expected: 1 January 2017	No	Effects are still analysed
Annual Improvements .	Improvements to IFRS (2010 - 2012)	1 July 2015	Yes	No material effects
Annual Improvements .	Improvements to IFRS (2011 - 2013)	1 July 2015	Yes	No material effects
Annual Improvements .	Improvements to IFRS (2012 - 2014)	Expected: 1 January 2016	No	No material effects

4 Consolidated statement of financial position

4.1 Total current assets

4.1.1 Liquid funds

As in the previous period, there were no restrictions on access to liquid funds in the period under review.

4.1.2 Gross amount due from/to customers for contract work as an asset/as a liability

This item is used to report work in progress which is recognized using the percentage-of-completion method in accordance with IAS 11. Advance payments on the contracts recognized are deducted directly.

	2014/12/31	2014/03/31
	k EUR	k EUR
Receivables	1,400,287	1,436,044
Less advance payments received	−1,193,261	−1,094,658
	207,026	**341,386**

The net amount of 207,026 k EUR (previous year: 341,386 k EUR) presented consists of gross amounts due from customers for contract work as an asset with an amount of 224,103 k EUR (previous year: 362,133 k EUR) and as a liability with an amount of 17,077 k EUR (previous year: 20,747 k EUR).

Bad debt allowances on gross amounts due from customers for contract work as an asset were recognized in an amount of 4.274 k EUR (previous year: 0 k EUR).

The contract revenue for the first nine months of the financial year 2014/2015 and the aggregate amount of costs incurred to date were as follows:

	2014/04/01 - 2014/12/31	2013/04/01 - 2013/12/31
	k EUR	k EUR
Contract revenue for the period	1,216,721	1,056,739

	2014/12/31	2013/12/31
	k EUR	k EUR
Aggregated amount of costs incurred to date	−1,142,243	−1,075,907

4.1.3 Trade accounts receivable

Trade accounts receivable primarily relate to receivables from customers for the delivery of wind turbines.

	2014/12/31	2014/03/31
	k EUR	k EUR
Trade accounts receivable (after bad debt allowances)	144,721	155,491

In the first nine months of the financial year 2014/15, additions to specific valuation allowances of 14,943 k EUR were recognized on trade accounts receivable (previous year: 1,541 k EUR). The additions in the first nine months of the financial year 2014/15 mainly result from uncertainties regarding the recoverability of the VAT portion of accounts receivable from customers in Poland.

	2014/12/31	2014/03/31
	k EUR	k EUR
Changes in bad debt allowances		
At the start of the fiscal year	6,220	10,800
Reversals and utilizations	−1,302	−6,121
Additions	14,943	1,541
At the end of the reporting period	**19,861**	**6,220**

The maturity structure of trade accounts receivable was as follows:

	As of the end of the reporting period past due as follows

		Not past due as of the end of the reporting period	Less than 30 days	Between 30 and 180 days	More than 180 days
as of 2014/12/31					
Trade accounts receivable before bad debt allowances (k EUR)	**164,582**	127,087	14,291	11,917	11,287
Bad debt allowances (k EUR)	**19,861**	5,798	1,184	6,941	5,938
Trade Accounts receivable after bad debt allowances (k EUR)	**144,721**	121,289	13,107	4,976	5,349
as of 2014/03/31					
Trade accounts receivable before bad debt allowances (k EUR)	**161,711**	129,139	9,783	10,399	12,390
Bad debt allowances (k EUR)	**6,220**	0	0	454	5,766
Trade Accounts receivable after bad debt allowances (k EUR)	**155,491**	129,139	9,783	9,945	6,624

In the case of the trade accounts receivable that were neither impaired nor overdue, there was no evidence of the debtors being unable to meet their payment obligations as of the reporting date. Further information on the treatment of financial risks can be found in 7.2 “Information on the nature and extent of risks associated with financial instruments”.

Senvion requires collateral from its customers depending on the outcome of credit checks. Collateral is generally requested after signature of the purchase contract in the form of bank guarantees or Group warranties for the purchase price less any advance payments made. Accordingly, the nominal value of the collateral received typically exceeds the current level of accounts receivable. As of 31 December 2014, the value of the collateral received was 2,539 m EUR (previous year: 2,134 m EUR).

There were no trade accounts receivables whose terms were renegotiated and that would otherwise have been overdue or impaired, either at the current reporting date or in the previous year.

4.1.4 Receivables from related parties

This item is composed as follows:

Receivables from related parties	2014/12/31	2014/03/31
	k EUR	k EUR
Suzlon Energy Australia Pty Ltd.	24,781	23,175
Other	203	400
	24,984	**23,575**

4.1.5 Inventories

As of 31 December 2014, valuation allowances on inventories amounted to 8,423 k EUR (previous year: 5,293 k EUR). Expenses for raw materials and supplies amounted to 721,884 k EUR in the period under review (previous year period: 719,906 k EUR).

	2014/12/31	2014/03/31
	k EUR	k EUR
Raw materials and supplies	231,387	199,433
Work in progress	54,185	36,932
	285,572	**236,365**

4 Consolidated statement of financial position

4.1.6 Other current assets

This item is composed as follows:

	2014/12/31	2014/03/31
	k EUR	k EUR
Other miscellaneous assets		
Receivables from other taxes	60,864	45,477
Advance payments on inventories	29,414	17,943
Deferred financing fees for guarantees	3,662	700
Others	36,297	35,197
	130,237	**99,317**
Other financial assets		
Derivative financial instruments	1,358	7,542
Others	1,534	1,877
	2,892	**9,419**
Other current assets	**133,129**	**108,736**

4.2 Total non-current assets

4.2.1 Other intangible assets

In the first nine months of the financial year 2014/15, research and development costs amounted to 39,530 k EUR (previous year period: 29,870 k EUR).

Of the development costs 26,007 k EUR were capitalized (previous period 15,062 k EUR). Amortization of capitalized development costs amounted to 12,016 k EUR in the first nine months of financial year 2014/15 (previous year period: 4,365 k EUR).

The development of other intangible assets is shown in the consolidated statement of changes in non-current assets.

4.2.2 Property, plant and equipment

Land and buildings relate primarily to the Group's own production sites and administrative buildings.

Technical equipment and machinery primarily relates to facilities for the production of wind turbines. No own work was capitalised in either the current year or the previous year.

At the reporting date, assets under construction relate primarily to expenses for the construction of rotor blade moulds. Land and buildings of Senvion—unchanged to prior reporting period—in the amount of 46,678 k EUR serve as collateral in the financial year (see also note 4.5.).

The development of property, plant and equipment is shown in the consolidated statement of changes in non-current assets.

Government grants

In the first nine months of financial year 2014/15, Senvion received grants totalling 1,749 k EUR within Germany (previous year period: 2,692 k EUR).

The funds received primarily relate to development projects for the optimisation of turbine components.

Furthermore Senvion was granted 263 k EUR (previous year period: 112 k EUR) from the European Union for pre-financing research projects.

Outside Germany, Senvion received subsidies in the amount of 4 k CAD in Canada and subsidies of 6 k GBP in Great Britain. These grants are related to staff development.

4.2.3 Loans granted

This item includes loans granted to wind farm project companies. In the case of interest-bearing loans, the interest rates are between 2.25% and 6.00% p.a. (previous year: between 2.05% and 6.56% p.a.).

4.2.4 Income taxes

Current income tax expense in the individual countries and deferred taxes are reported as income taxes. Income tax expense is composed as follows:

	2014/04/01 - 2014/12/31	2013/04/01 - 2013/12/31
	k EUR	k EUR
Deferred taxes	−5,577	5,941
thereof: temporary differences	5,578	2,060
thereof: tax loss carryforwards	−11,155	3,881
Current income taxes	−8,681	−4,043
Current income taxes for previous years	−2,514	3,951
Income taxes	**−16,772**	**5,849**

In 2014, the corporation tax rate for companies in Germany was 15% plus the solidarity surcharge of 5.5% of this amount, meaning that the total corporation tax rate was 15.825% equal to the previous year. Including trade tax, the total tax rate was 29.11% (previous year: 29.11%).

With regard to minimum taxation, the utilization of tax loss carryforwards in Germany is restricted. There are no restrictions for a positive basis of assessment of up to 1 m EUR. No more than 60% of any amounts exceeding this level may be reduced by offsetting against existing tax loss carryforwards in the period. Unused tax loss carryforwards are carried forward to the next period. There are no temporary restrictions to carry forward unused tax losses.

The effects of different tax rates in Germany and abroad compared with the tax rate of the Group parent are presented under tax rate differences in the following reconciliation:

	2014/04/01 - 2014/12/31	2013/04/01 - 2013/12/31
	k EUR	k EUR
IFRS profit / (loss) before income tax from continuing operations	**40,124**	**−3,569**
Expected tax expense	11,680	−1,039
Income taxes for previous year	2,514	−3,951
Non-deductible operating expenses	924	1,134
Additions to/reductions in trade income tax (GewSt)	276	156
Different tax rates	−467	−166
Valuation adjustment of deferred taxes on tax loss carryforwards	1,751	0
Other tax effects	94	−1,983
Actual income tax expenses	**16,772**	**−5,849**

The non-deductible operating expenses primarily result from special features of the tax regulations of the country of residence of the international companies.

Income tax expense from the valuation adjustment of tax loss carryforwards mainly relate to Senvion SE, Senvion Holding Pty Ltd and Senvion Australia Pty Ltd., Australia. The reduction in loss carryforwards at the Australian companies is due to an agreement reached with the Australian tax authorities as part of a mutual agreement procedure.

Deferred tax assets and deferred tax liabilities are composed as follows as of the reporting date:

	2014/12/31	2014/03/31
	k EUR	k EUR

Deferred tax assets		
Tax loss carryforwards	7,498	18,653
Provisions	3,610	1,656
Inventories and receivables	34,751	609
Property, plant and equipment	0	542
Other	1,888	2,095
Total deferred tax assets	**47,747**	**23,555**
Offsetting	−41,142	−15,522
Deferred tax assets after offsetting	**6,605**	**8,033**
Deferred tax liabilities		
Future accounts receivable/liabilities from contract orders	108,733	79,915
Development costs	31,246	28,004
Property, plant and equipment	275	712
Other	1,497	3,997
Total deferred tax liabilities	**141,751**	**112,628**
Offsetting	−41,142	−15,522
Deferred tax liabilities after offsetting	**100,609**	**97,106**

Deferred taxes include deferred tax liabilities of 79 k EUR (previous year: 676 k EUR deferred tax liabilities) for temporary differences recognised in other comprehensive income.

Deferred taxes on tax loss carry forwards are recognized in the amount of the expected utilizable tax losses of the German and international Group companies. The key factor for determining the value of deferred tax assets is the estimated reversal of the measurement differences and the usability of the tax loss carry forwards which led to deferred tax assets. This depends on the occurrence of future taxable profit during the periods in which tax measurement differences are reversed and tax loss carry forwards can be utilized and on the reversal of temporary differences. According to the current status, tax loss carry forwards can be carried forward without restriction in subsequent years in almost all countries where tax loss carry forwards occur. Exceptions include the tax loss carry forwards of RiaBlades S.A., Portugal, which amounted to 4,451 k EUR (previous year: 6,830 k EUR). The tax loss carry forwards forfeit 2015-2017, subject to the companies recording positive earnings.

No deferred tax assets were recognised on corporation tax losses totalling 7,437 k EUR (previous year: 7,451 k EUR) as well as trade tax losses of 171 k EUR (previous year: 203 k EUR) due to the lack of prospects for offsetting in the near future.

4.3 Non-current assets held for sale and discontinued operations

The assets and liabilities of REpower North (China) Ltd. are recognised as held for sale as a consequence of the initiated sales activities of the shares in REpower North (China) Ltd. In financial year 2012/13, the sales process failed after the buyer unexpectedly withdrew from the firm purchase commitment, which was beyond the group's control. The group continued to classify the assets and liabilities of Repower North (China) Ltd. as held for sale as of 31 March 2014, after liquidation measures were initiated whilst the group had simultaneously continued to identify other potential buyers throughout the period. A letter of intent regarding a potential sale has been signed in January 2015.

The company produces Senvion wind turbines for the north Chinese market.

A condensed cash flow statement of REpower North (China) Ltd is shown below.

	2014/04/01 - 2014/12/31	2013/04/01 - 2014/3/31
	k EUR	k EUR
Cash flow from operating activities	−1,106	1,163
Cash flow from investing activities	3	−8
Total cash flows	**−1,103**	**1,155**

As of 31 December, 2014, the assets and liabilities of REpower North (China) Ltd are composed as follows:

	2014/12/31	2014/03/31
	k EUR	k EUR
Assets of disposal group classified as held for sale		
Inventories	5,936	5,091

Liquid Funds	5,799	6,902
Other current assets	8,202	8,591
Impairment of disposal of group classified as held for sale due to liquidation measurements	−7,291	−7,291
	12,646	**13,293**
Liabilities of disposal group classified as held for sale		
Advance payment received	356	612
Provision and other liabilities	113	2,631
	469	**3,243**
Cumulative other comprehensive income associated with the discontinued operations		
Currency translation differences	2,731	1,288

Impairment of assets of disposal group classified as held for sale was recorded in financial year 2013/14 based on the measures taken in the liquidation of the company.

For the first nine months of the fiscal year 2014/15 the profit/loss from discontinued operations and the profit/loss from marking-to-market of the assets held for sale are composed as follows:

	2014/04/01 - 2014/12/31	**2013/04/01 - 2013/12/31**
	k EUR	**k EUR**
Income	3,293	3,171
Expenses	2,225	3,645
Earnings before taxes from discontinued operations	**1,068**	**−474**
Taxes	0	0
Earnings after taxes from discontinued operations	**1,068**	**−474**

4 Consolidated statement of financial position

4.4 Total current liabilities

4.4.1 Advance payments received

Advance payments from customers for orders for which no production work has been carried out are reported as advance payments received.

4.4.2 Provisions

Provisions developed as follows in the year under review:

	As of 2014/04/01	Additions	Utilization	Reversal	As of 2014/12/31
	k EUR	k EUR	k EUR	k EUR	k EUR
Specific warranty provisions	100,297	21,441	−29,686	0	92,052
General warranty provisions	44,060	23,036	−32,319	−430	34,347
Warranty provisions	**144,357**	**44,477**	**−62,005**	**−430**	**126,399**
Other provisions	6,333	1,131	−4,743	−350	2,371
Total provisions	**150,690**	**45,608**	**−66,748**	**−780**	**128,770**

Other provisions primarily relate to provisions for legal disputes arising from sourcing transactions, for which specific information has not been disclosed in accordance with IAS 37.92.

4.4.3 Deferred income

Prepayments for revenue from service and maintenance are mainly reported as deferred income. Straight-line amortization is applied for these deferred positions over the entire term of the rendered service.

4.4.4 Income tax liabilities

Income tax liabilities primarily relate to current taxes for the financial year and previous years.

4.4.5 Other current liabilities

Other current liabilities are composed as follows:

	2014/12/31	2014/03/31
	k EUR	k EUR
Other financial liabilities		
Liabilities to employees	17,121	21,558
Derivative financial instruments	623	5,966
Other	1,338	2,311
	19,082	**29,835**
Miscellaneous other liabilities		
Liabilities from other taxes	19,074	8,156
Social security liabilities	1,380	1,290
Other	5,725	6,524
	26,179	**15,970**
Other current liabilities	**45,261**	**45,805**

4.5 Long-term loans

Long-term loans totalling 16,328 k EUR (previous year: 21,889 k EUR) relate to liabilities to banks. The interest rate for bank loans remained unchanged between 3.64% and 5.5% p.a.

On 31 March 2014, Senvion took out a new syndicated line of credit for 850,000 k EUR which replaced the financing provided by the syndicated line of credit for 750,000 k EUR. This contract became effective on 7 April 2014. 820,000 k EUR of the new syndicated credit line can be utilised in the form of guarantees and 30,000 k EUR as a cash loan until 31 March 2017. Transaction costs incurred for the new syndicated credit line of 10,937 k EUR are deferred over the term of the new agreement. As of 31 March 2014 short term deferred financing fees amounted to 3,662 k EUR (previous year: 700 k EUR) and long term deferred financing fees amounted to 4,833 k EUR(previous year: 0 k EUR) The syndicated line of credit was secured by way of rights from registered patents and patent applications of Senvion. In addition to rights from registered patents and patent applications of Senvion which have been assigned to date, the banking syndicate received a blanket assignment of outstanding receivables of Senvion as well as an assignment of finished goods and work in progress and raw materials and supplies by way of additional security. Furthermore, the line of credit agreement contains rights of termination for the lender that become valid as soon as regulated defaults occur. These breaches of contract may include the conclusion of control and profit transfer agreements, failure to comply with certain financial covenants, or a change of control. Furthermore, dividend payments are permitted only to a limited extent. For details regarding the utilization of the line of credit please refer to note 7.2 Liquidity risk.

4.6 Total equity capital

The change in equity components is shown in the consolidated statement of changes in shareholder's equity.

4.6.1 Subscribed capital

At 31 December 2014 unchanged to the previous year, the share capital of Senvion amounted to 9,220,179 EUR and was divided into 9,220,179 no-par value ordinary bearer shares, each with a notional interest in the share capital of 1.00 EUR.

4.6.2 Additional paid-in capital

The additional paid-in capital results from the initial public offering of Senvion in 2002. In the year under review, 299,220 k EUR was reported under this item (previous year: 303,675 k EUR).

The decrease in capital reserves by 4,455 k EUR is due to the acquisition of 80% of the shares in Yorke Peninsula Wind Farm Project Pty. Ltd, Melbourne, Australia from a Suzlon group company. As this is a business combination under common control the difference between the consideration transferred and the balance of the carrying amount of the transferred assets and liabilities was offset against additional paid-in capital.

4.6.3 Non-controlling interests

Non-controlling interests relate to the shares held by third parties in international Group companies. These mainly include shares of third parties in the period under review in REpower North (China) Ltd.

5 Income statement disclosures

5.1 Revenues

In the first nine month of the financial year 2014/15 and the prior period, the operations of companies of Senvion related almost exclusively to the development and manufacture of wind turbines and wind turbine projects.

	2014/04/01 - 2014/12/31	2013/04/01 - 2013/12/31
	k EUR	k EUR
Revenue from sale of wind turbines	1,216,721	1,056,739
Service/maintenance and material sales	138,058	126,692
License revenues	6,063	886
Electricity revenues	675	973
Other	10,654	11,891
	1,372,171	**1,197,181**

5.2 Other operating income

Other operating income is composed as follows:

	2014/04/01 - 2014/12/31	2013/04/01 - 2013/12/31
	k EUR	k EUR
Currency translation gains	7,541	10,473
Insurance payments/compensations	6,354	3,391
Income from hedging transactions	5,678	4,777
Investment subsidies, research and development subsidies	2,015	2,238
Income from reversal of bad debt allowances	825	852
Income from reversal of provisions	780	3,216
Gain on disposal of non-current assets	67	51
Other	622	2,873
	23,882	**27,871**

5.3 Personnel expenses

	2014/04/01 - 2014/12/31	2013/04/01 - 2013/12/31
	k EUR	k EUR
Wages and salaries	128,980	122,159
Social security contributions	24,519	23,271
	153,499	**145,430**

The average number of employees for first nine months of the year 2014/15 was 3,405 (previous year period: 3,243).

5.4 Other operating expenses

Other operating expenses are composed as follows:

	2014/04/01 - 2014/12/31	2013/04/01 - 2013/12/31
	k EUR	k EUR
Legal and consulting costs	30,051	9,591
Purchased services	20,662	16,457
Write-offs/write-downs of receivables	12,488	1,914
Currency translation losses	11,541	19,288
Office and land costs	11,202	12,946
IT & telecommunication costs	10,898	10,220
Compensation for loss of production	9,591	12,102
Travel expenses	7,936	8,764
Vehicle costs	6,555	6,546
Cost of training and appointing staff	5,656	4,061
Other	4,598	12,265
	131,178	**114,154**

5.5 Exceptional items from reorganisation

In the prior period, due to the implementation of the „Power" efficiency enhancement system initiated by the management of Senvion in April 2013 costs in the amount of 30,172 k EUR were recognized as exceptional items. These costs relate to legal and consulting costs for the implementation of "Power" in the amount of 14,125 k EUR and to personnel costs in the amount of 16,047 k EUR which result from the early redundancies of staff and cancellation of employment contracts. The "Power" efficiency enhancement system was finalized as of 31 March 2014.

5.6 Financial result

Other interests and similar expenses largely relate to guarantee commissions and interest on loans taken out by the Company.

6 Contingent liabilities and other financial obligations

	2014/04/01 - 2014/12/31	2013/04/01 - 2013/12/31
	k EUR	k EUR
Other financial obligations		
Obligations from leases and rental contracts		
Due within one year	14,624	13,537
Due between 1 and 5 years	27,475	55,805
Due in more than 5 years	31,478	248,613
	73,577	**317,955**
Purchase commitments	**496,347**	**489,246**

On 31 March 2014, Senvion took out a new syndicated loan, which replaced the financing provided by the syndicated loan concluded on 29 February 2012. For the new syndicated loan, rights from registered patents and patent applications of Senvion were again assigned to the lender. Furthermore a blanket assignment from receivables and a chattel mortgage for the inventories of Senvion were assigned as a guaranty.

All leases at Senvion and the companies included in the scope of consolidation are operating leases. Lease payments are recognized directly in income on a straight-line basis over the term of the lease.

Obligations from leases and rental contracts relate primarily to obligations for the rental of office and warehouse space. Expenses amounting to 12,776 k EUR (previous year: 11,116 k EUR) were recognised for leases and rental contracts in financial year 2014/15.

In the first nine months of the financial year 2014/15 the two remaining shipping charter agreements for offshore systems were terminated due to a changed market environment. The amount invested so far (6,537 k EUR) and previously recognized as other current assets was expensed.

At the interim reporting date, the Company had commitments of around 494.1 m EUR (previous year: 483.9 m EUR) for the purchase of inventories and around 2.2 m EUR (previous year: 5.3 m EUR) for the purchase of property, plant and equipment.

7 Financial risks and financial instruments

7.1 Principles of risk management

With regard to its assets, financial liabilities and planned transactions, Senvion is subject to risks arising from changes in raw materials and purchase prices, exchange rates, interest rates and share prices. The aim of financial risk management is to limit these market risks through ongoing operating and financially oriented activities. To this end, specific hedging instruments are employed depending on the assessment of the respective risk. Risks are only hedged if they affect the Group's cash flow. Derivative financial instruments are only employed to hedge exchange rate risks, particularly those relating to larger customer or purchasing contracts in foreign currency, and are not used for trading or other speculative purposes.

The principles of financial policy are agreed on an annual basis by the Executive Board and monitored by the Supervisory Board. The implementation of financial policy and ongoing risk management is the responsibility of the Group's treasury department with the involvement of the Group's controlling department. Certain transactions require the prior consent of the Executive Board, which is also regularly informed of the scope and amount of the current risk exposure. The treasury department considers the effective management of financial instruments and market risks as one of its main functions. In order to assess the effects of the different events on the market, simulation calculations are performed using various worst-case and market scenarios.

7.2 Information on the nature and extent of risks associated with financial instruments

Credit and default risk is constantly monitored. Before entering into purchase and delivery contracts, the Group checks the customer's credit rating using a standardized credit check process including the evaluation of information from external rating agencies and credit agencies and the analysis of financial information. The group requires collateral depending upon the rating's results and materiality considerations. The result of the credit check process is documented for each customer.

The credit and default risk of financial assets is limited to a maximum of the amounts reported on the asset side of the consolidated statement of financial position.

Exchange rate risks only exist insofar as deliveries are made to countries outside the euro zone or cross-border deliveries are made from such countries. Risks within the meaning of IFRS 7 arise from financial instruments that are denominated in a currency other than the functional currency and that are of a monetary nature; exchange rate differences arising from the translation of financial statements into the Group currency are not included.

7 Financial risks and financial instruments

IFRS 7 requires a currency sensitivity analysis showing the effects of hypothetical changes in relevant risk variables on earnings and shareholders' equity. Foreign currency sensitivity is calculated for primary monetary financial instruments (cash and cash equivalents, trade receivables and payables, other assets and other liabilities) by simulating a 10% increase or decrease in the value of all foreign currencies against the functional currency.

The simulated appreciation or devaluation of the relevant currencies would have impacted the financial statements as of 31 December 2014 as follows:

Currency risk

The following table presents the impact from changes in foreign currency exchange rates on the group's net profit for all material foreign currencies.

2014/12/31	USD	AUD	CAD	GBP
		Profit impact in k EUR		
Sensitivity analysis—Total				
Exchange rate + 10%	234	−1,666	1,285	−557
Exchange rate − 10%	−287	2,036	−778	681

2013/12/31	USD	AUD	CAD	GBP
		Profit impact in k EUR		
Sensitivity analysis—Total				
Exchange rate + 10%	3,115	−3,987	−41	1,943
Exchange rate − 10%	−4,402	1,244	−891	−1,170

A change in foreign currency exchange rates would have no impact on the group's net profit for financial instruments designated as hedges. The following table presents the impact on the group's equity / other comprehensive income from changes in the fair value of derivative financial instruments.

2014/12/31	Fair value of derivative financial instruments designated as cash flow hedges
	Impact on equity in k EUR
Sensitivity analysis—Total	
Exchange rate + 10%	−2,360
Exchange rate − 10%	1,931

2013/12/31	Fair value of derivative financial instruments designated as cash flow hedges
	Impact on equity in k EUR
Sensitivity analysis—Total	
Exchange rate + 10%	−5,041
Exchange rate − 10%	4,125

At Senvion, exchange rate risk primarily arises from operating activities when contracts are concluded in a currency other than the EUR. The primary risks are in connection with foreign currencies presented in the table above. The treasury department centrally identifies and monitors potential exchange rate risks from transactions and payments in foreign currency. Regarding transactions in foreign currency, subsidiaries and other departments report directly to the treasury department. The group hedges individual transactions and payments in foreign currency against potential risks from a change in exchange rates. Cash outflows and inflows in the same foreign currency are offset and the net exposure is calculated and separately monitored for eachforeign currency.

The risk position per currency measured in this manner is monitored and managed by the treasury department. Hedges are concluded to limit this risk. Exchange rate risks in the Company's operating activities are hedged using forward exchange contracts, currency swaps, currency options and derivatives.

Transacting or holding such contracts for trading or speculation purposes is not permitted. Derivative financial instruments that do not meet the conditions for hedge accounting are placed in the "held for trading" category.

Liquidity risk

Liquidity risk is monitored as part of rolling liquidity planning. Financing is provided mainly through advance payments for projects from customers. Payments made and received are monitored continuously as part of liquidity planning. The utilization regarding the syndicated line of credit and other guarantees as of 31 December 2014 is as follows:

2014/12/31	Credit facility total	Utilized	Remaining
	m EUR	m EUR	m EUR
Syndicated line of credit	850.0	407.3	442.7
—Guarantees	*820.0*	*405.9*	*414.1*
—Cash loan	*30.0*	*1.4**	*28.6*
Guarantees other	10.6	4.9	5.7
Total	**860.6**	**412.2**	**448.4**

* from rental guarantees

2014/03/31	Credit facility total	Utilized	Remaining
	m EUR	m EUR	m EUR
Syndicated line of credit	750.0	494.7	255.3
—Guarantees	*725.0*	*493.4*	*231.6*
—Cash loan	*25.0*	*1.3**	*23.7*
Guarantees other	36.4	12.6	23.8
Total	**786.4**	**507.3**	**279.1**

* from rental guarantees

For further details to the credit facilities please refer to note 4.5.

The following table shows the contractually agreed, undiscounted interest and principal payments for the Senvion Group's primary financial liabilities and derivative financial instruments with a negative fair value.. Derivatives with positive fair values constitute assets, and hence are not included.

Maturity of financial liabilities

	Carrying amount as of 2014/12/31	Cash flows up to 1 year	Cash flows between 1 and 5 years	Cash flows more than 5 years
	k EUR	k EUR	k EUR	Tsd. EUR
Short-term loans and current portion of long-term loans	8,089	9,088	0	0
thereof redemption payments		*8,089*	*0*	*0*
thereof interest payments		*999*	*0*	*0*
Trade accounts payable	361,959	361,959	0	0
Liabilities to related parties	8,133	8,133	0	0
Derivatives	623	623	0	0
Long-term loans	16,328		17,064	704
thereof redemption payments		*0*	*15,642*	*686*
thereof interest payments		*0*	*1,422*	*18*
Other financial liabilities	*19,459*	*18,459*	*1,000*	0
Total	**414,591**	**398,262**	**18,064**	**704**

	Carrying amount as of 2014/3/31	Cash flows up to 1 year	Cash flows between 1 and 5 years	Cash flows more than 5 years
	k EUR	k EUR	k EUR	Tsd. EUR
Short-term loans and current portion of long-term loans	8,305	9,576	0	0
thereof redemption payments		*8,305*	*0*	*0*

thereof interest payments		*1,271*	*0*	*0*
Trade accounts payable	331,136	331,136	0	0
Liabilities to related parties	3,508	3,508	0	0
Derivatives	5,966	5,966	0	0
Long-term loans	21,889	0	22,536	1,476
thereof redemption payments		*0*	*20,480*	*1,409*
thereof interest payments		*0*	*2,056*	*67*
Other financial liabilities	34,971	23,869	11,102	0
Total	**405,775**	**374,055**	**33,638**	**1,476**

This table contains those financial instruments held as of 31 December 2014 and 31 March 2014 for which the Group had entered into contractual payment obligations. Foreign currency amounts are converted using the closing rate.

Outstanding receivables of Senvion as well as an assignment of finished goods, work in progress and raw materials and supplies were pledged as collateral as of 31 December 2014 for the new syndicated loan (see also note 4.5).

As of 31 March 2014 no financial assets were pledged as collateral.

Interest rate risk

Within the Group, interest rate changes result in an increase or decrease in the interest expense for variable-interest loans and overdrafts. The Company does not have any material assets or liabilities that are sensitive to interest rates.

The recording, measurement and monitoring of potential interest rate risks from external financing is performed centrally by the treasury department. Hedges may be concluded to limit interest rate risks. Interest rate risks are hedged using interest rate swaps, interest rate caps and derivatives if deemed material. Transacting or holding such contracts for trading or speculation purposes is not permitted.

Financial derivatives

The following table shows the carrying amounts and nominal volumes of financial derivatives as of 31 December 2014 and 31 March 2014:

	2014/12/31		2014/03/31	
Financial derivatives	**Carrying amount**	**Nominal value**	**Carrying amount**	**Nominal value**
	k EUR	**k EUR**	**k EUR**	**k EUR**
Assets				
Currency swaps				
not used in hedges	0	0	27	3,650
Forward exchange contracts				
not used in hedges	952	34,770	2,664	37,472
used in cash flow hedges	262	21,501	2,313	49,458
Currency option transactions				
not used in hedges	144	5,684	2,538	28,153

	2014/12/31		2014/03/31	
Financial derivatives	**Carrying amount**	**Nominal value**	**Carrying amount**	**Nominal value**
	k EUR	**k EUR**	**k EUR**	**k EUR**
Liabilities				
Currency swaps				
not used in hedges	54	3,499	205	17,866
Forward exchange contracts				
not used in hedges	569	14,778	5,761	85,185

The effective portion of the changes in the fair value of financial derivatives used in cash flow hedging recognised in other comprehensive income, net of taxes, amounted to −1,455 k EUR (previous year period: 3,139 k EUR).

During the first nine months of financial year 2014/15, the amount transferred from other comprehensive income to profit or loss as part of cash flow hedge accounting was 530 k EUR (previous year period: 76 k EUR), which is presented in the income statement in “other operating income”.

In the first nine months of the financial year 2014/15 no amounts (previous year period: 272 k EUR) were transferred from other comprehensive income to profit or loss due to the discontinuation of underlying transactions.

As of 31 December 2014 and 31 March 2014, there were no ineffective portions of the change in the fair value of hedging instruments used in cash flow hedging.

7 Financial risks and financial instruments

The following table shows when the book values of the derivatives used for cash flow hedging are expected to be recognized in profit or loss:

Occurence and recognition in profit and loss	Carrying amount	up to 1 year	between 1 and 5 years	more than 5 years
	k EUR	k EUR	k EUR	k EUR
2014/12/31				
Forward exchange contracts				
Assets	262	262	0	0
Liabilities	0	0	0	0
2014/3/31				
Forward exchange contracts				
Assets	2,313	2,313	0	0
Liabilities	0	0	0	0

7.3 Information on the significance of financial instruments for the consolidated financial statements

Based on the relevant consolidated statement of financial position items, the relationships between the classification of financial instruments in accordance with IFRS 7 and the carrying amounts of the financial instruments including Liquid funds not allocated to any IAS 39 category are shown in the following tables:

	Category*	2014/12/31 Carrying amount	2014/12/31 Fair value	2014/03/31 Carrying amount	2014/03/31 Fair value
		k EUR	k EUR	k EUR	k EUR
Liquid funds	n.a.	346,271	346,271	269,924	269,924
Gross amount due from customers for contractwork as an asset	L+R	224,103	224,103	362,133	362,133
Trade accounts receivable	L+R	144,721	144,721	155,490	155,490
Loans granted	L+R	2,893	2,902	13,231	13,278
Other financial assets—miscellaneous	L+R	626	626	138	138
Other financial assets—loans	L+R	907	907	1,739	1,739
Other financial investments	L+R	66	66	66	66
Receivables from related parties	L+R	24,984	24,984	23,575	23,575
Total L+R	**L+R**	**744,571**	—	**826,296**	—
Other financial assets—financial derivatives held for trading	HfT	1,096	1,096	5,229	5,229
Other financial assets—financial derivatives classified as hedge instruments	n.a.	262	262	2,313	2,313

* L+R: loans and receivables

HfT: held for trading

Liquid funds, gross amount due from customers for contract work as an asset, trade accounts receivable, receivables from related parties and other financial assets generally have a term of twelve months or less, meaning that their carrying amounts on the reporting date correspond closely to their fair values.

The fair values of non-current receivables correspond to the present value of the payments associated with these assets, taking into account the current parameters reflecting changes in conditions and expectations due to market- and partner-related developments.

Financial liabilities are shown in the following table:

	Category*	2014/12/31 Carrying amount	2014/12/31 Fair Value	2014/03/31 Carrying amount	2014/03/31 Fair Value
		k EUR	k EUR	k EUR	k EUR
Trade accounts payable	OL	361,959	361,959	331,136	331,136
Liabilities to related parties	OL	8,133	8,133	3,508	3,508
Long-term loans	OL	16,328	16,500	21,889	22,127
Short-term loans and current portion of long-term loans	OL	8,089	8,174	8,305	8,395
Other non-current financial liabilities	OL	1,000	1,003	11,102	11,178
Other current financial liabilities	OL	18,459	18,459	23,869	18,459
Total OL	**OL**	**413,968**	**—**	**399,809**	**—**
Other financial liabilities—financial derivatives held for trading	HFT	623	623	5,966	5,966

* OL: other liabilities

The fair values of liabilities to banks and other financial liabilities mainly correspond to the present values of the payments associated with the debts, taking into account the relevant interest rate structure and the credit spread. This relates primarily to fixed-rate construction financing for the construction projects in Bremerhaven, Osterrönfeld and the Portuguese production companies.

Due to the short-term of trade accounts payable, liabilities to related parties and other financial liabilities, it is assumed that their carrying amounts and fair values are identical.

The following table provides a breakdown of the fair value hierarchy of financial assets and financial liabilities carried at fair value at the reporting date. This implies a differentiation between instruments which fair values are directly observable on active markets (level 1), which fair values are based on observable material input data (level 2) and which fair values are based non-observable material input data (level 3):

2014/12/31	Carrying amount	Level 1	Level 2	Level 3
	k EUR	k EUR	k EUR	k EUR
Assets carried at fair value				
Held for Trading (HfT)	1,096	0	1,096	0
Derivative financial instruments classified as hedge instruments	262	0	262	0
Total assets	1,358	0	1,358	0
Liabilities				
Held for Trading (HfT)	623	0	623	0
Total liabilities	623	0	623	0

2014/03/31	Carrying amount	Level 1	Level 2	Level 3
	k EUR	k EUR	k EUR	k EUR
Assets carried at fair value				
Held for Trading (HfT)	5,229	0	5,229	0
Derivative financial instruments classified as hedge instruments	2,313	0	2,313	0
Total assets	**7,542**	**0**	**7,542**	**0**
Liabilities				
Held for Trading (HfT)	5,966	0	5,966	0
Total liabilities	**5,966**	**0**	**5,966**	**0**

There have been no transfers between any level during the actual and previous period.

The following methods and assumptions were used to estimate the fair values of instruments for which the fair value is disclosed and those which are recognised at fair value:

- Long-term receivables are evaluated by the group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project (Level 3 measurement). Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As of 31 December 2014, the fair values of such receivables, net of allowances, were not materially different from their carrying values.

- The group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and foreign exchange spot and forward rates. As of 31 December 2014, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

- Fair values of the group's borrowings and loans and other financial liabilities are determined by using DCF method using a discount rate that reflects the issuer's borrowing rate as of the end of the reporting period (Level 3 measurement). The own non-performance risk as of 31 December 2014 was assessed to be insignificant.

Net gains and losses on loans and receivables consist primarily of results from bad debt allowances and reversals thereof. With regard to bad debt allowances, please see the notes on trade accounts receivable (4.1.3) and other current assets (4.1.6). The net results of bad debt allowances and reversals thereof are primarily reported in other operating expenses.

The following table shows the net gains and losses for each valuation category:

	Net gain/loss	
	2014/04/01 - 2014/12/31	2013/04/01 - 2013/12/31
	k EUR	k EUR
Loans and Receivables (L+R)	−17,408	4,295
Financial instruments Held for Trading (HfT)	1,210	−2,086
Total	**−16,198**	**2,209**

Senvion has received collateral amounting to 2,539 m EUR (previous year: 2,134 m EUR); this represents the fair value of the collateral, which primarily relates to standard industry guarantees from third parties for obligations of customers and suppliers for which Senvion has carried out preliminary work or made advance payments. For further information please refer to note 4.1.3.

8 Capital management

The aim of the Group's capital management is to ensure that it maintains a good equity ratio and a high credit rating in order to support its business activities and maximize shareholder value. This is especially significant in the context of growth targets.

Senvion has a balanced capital structure. Shareholders' equity covers non-current assets by more than 100%. The Company is not subject to any statutory capital requirements.

The Group monitors its capital on the basis of the equity ratio, this being the ratio of the shareholders' equity reported in the IFRS consolidated financial statements to total assets. Another figure used in capital management is net working capital or the net working capital ratio. Net working capital is calculated as follows: current assets (adjusted for liquid funds) minus current liabilities (adjusted for provisions). To calculate the net working capital ratio, this net figure is compared with the total operating performance for the last 12 months.

9 Information on the consolidated statement of cash flows

In accordance with IAS 7, the consolidated statement of cash flows is classified into the areas operating activity, investing activity and financing activity. The cash and cash equivalents shown in the cash flow statement contain cash and bank balances. Short-term bank liabilities are deducted.

The indirect method was used to calculate the cash flow from operating activity. The cash flow statement starts with net income for the year before taxes. The cash outflows from interest and taxes were allocated to ongoing business activity and recognized separately there.

The cash flow from investing activities is composed of payments for investment in intangible assets and in property, plant and equipment as well as receipts for the disposal of fixed assets.

10 Related parties disclosures

For Senvion Group, related parties as defined by IAS 24 are, in particular, shareholders, subsidiaries, unless they are already included in the consolidated financial statements as consolidated entities, joint ventures and associates including close family members and intermediary companies. Subsidiaries of associates are also related parties.

In addition, members of the management and Supervisory Board are related parties as defined by IAS 24, as are people who hold a key position in the management of a parent company of the Senvion SE Group.

The composition and remuneration of the Executive Board and Supervisory Board are described in notes 11 and 12 respectively.

In addition to business relationships with the subsidiaries included in the consolidated financial statements by means of full consolidation, there were the following business relationships with related parties.

10 Related parties disclosures

The following transactions were concluded with the shareholder Suzlon Energy Ltd., the ultimate parent of Senvion SE, and its subsidiaries as well as its related parties:

10.1 Senvion SE transactions with Suzlon Energy Ltd. and / or affiliated companies of Suzlon Energy Ltd. in the first nine months of financial year 2014/15

Company	Content	Services / Goods obtained 2014/15	Services / Goods delivered 2014/15	Receivables 2014/12/31	Liabilities 2014/12/31
		EUR	EUR	EUR	EUR
Suzlon Energy Ltd. / SE Blades Ltd., India	Supply contract no. REP-027-2008 dated January 18/31, 2008 for the supply of RE45 rotor blades to Senvion SE and other Group companies in the period from 2008 to 2011 with a volume of around 77 m EUR. The contract was prolonged and transferred onto Suzlon Composites which was renamed to SE Blades. No orders in 2014/15	—	—	1,389,964 Prepayments	126,332
SE Electricals Ltd., India	Advance Payment of costs for the production ramp-up of the facility in Padubidri, India		—	99,000 Prepayments	—
SE Electricals Ltd., India	Supply agreement for generators. Orders in 2014/15: 195 k EUR	1,496,751	—	777,262 Prepayments	203,984

Company	Content	Services / Goods obtained 2014/15	Services / Goods delivered 2014/15	Receivables 2014/12/31	Liabilities 2014/12/31
		EUR	EUR	EUR	EUR
Suzlon Wind International Ltd., India ...	Job Order for production of nacelles and hubs in Padubidri, India, and Supply agreement (orders) Orders in 2014/15: 242 k EUR With effect from August 1, 2014 the contract was terminated. The six months' period of notice ends at January 31, 2015.	1,140,632	—	—	582,376
Suzlon Global Service, Hadapsar, Indien	Order based repair work in 2014/15 of Suzlon for a blade transport damage to maintain legal warranty	13,768	—	—	13,768
Suzlon Wind Energy Corporation, USA	Sales agency agreement dated January 11, 2011 between Senvion and Suzlon. Suzlon supports Senvion in marketing its wind turbines (MM82, MM92, 3.XM series) in the USA and by amendment to the agency agreement also in Canada (excluding the Quebec region).	No transactions under this contract in the fiscal year 2014/15.			
Suzlon Energy Australia Pty. Ltd., Australia.....	Agency agreement dated January 11, 2011 between Senvion and Suzlon. Suzlon supports Senvion in marketing its wind turbines (MM82, MM92, 3.XM series) in Australia	No transactions under this contract in the fiscal year 2014/15.			

At the reporting date Senvion SE has three further open claims against SE Blades, Udupi, India:

Firstly Senvion SE suffered a damage of about 105 k EUR in connection with the blade racks relating to an order of 28 Sets of blades at SE Blades. Another claim of 53 k AUD refers to a blade repair at an Australian windfarm assigned to SE Blades in December 2013. In July 2014 SE Blades was requested in writing to settle the damage respectively to refund the costs incurred.

Finally, for a project in Australia, Senvion SE financed the root joints for 32 blade sets since SE Blades was not able to raise the necessary funds. Therefore within a letter from July 2014 Senvion SE requested the reimbursement of the advance payments in the amount of the invoice of about 1.4 m EUR.

10.2 Transactions between subsidiaries of Senvion SE and / or affiliated companies of Suzlon Energy Ltd. in the first nine months of financial year 2014/15

10.2.1 PowerBlades GmbH, Bremerhaven

On April 9, 2014, a notification of defects was sent by PowerBlades GmbH, Bremerhaven, to SE Blades, Udupi, India, regarding insufficient repairs on 35 sets of RE45 rotor blades in business year 2012/13. In July 2014 SE Blades was requested in writing to settle the damage of 350 k EUR.

10.2.2 Senvion Australia Pty. Ltd., Melbourne, Australia (Senvion Australia)

Company	Content	Services / Goods obtained 2014/15	Services / Goods delivered 2014/15	Receivables 2014/12/31	Liabilities 2014/12/31
		EUR	EUR	EUR	EUR
Suzlon Energy Australia Pty. Ltd., Australia (SEA)	Facilities and Service Agreement: Senvion Australia supports SEA within the area of Service and Maintenance, Contract dated October 5, 2011 (Cost + Margin (3%))	1,345,571	9,579,315	24,780,993*	6,006,102*
Suzlon Energy Australia Pty. Ltd., Australia	Consultancy Services Agreement dated February 28, 2011: Utilization of Suzlon Australia services related to tender preparation or project management	No transactions under this contract in the fiscal year 2014/15.			

* The reported receivables due from SEA have been already reduced by the 6,156 k AUD (4.263 k EUR) out of the share purchase agreement relating to Yorke Peninsula Wind Farm Projekt Pty as described further below. Furthermore for technical reasons the received payments by SEA's customers of 4,712 k AUD (3,178 k EUR) have increased the value of the amount shown as liabilities rather than reduced the amount shown as receivables.

On 31 December 2013, Senvion Australia Pty. Ltd. agreed with Suzlon Energy Australia Pty. Ltd, that starting on 1 January 2014, Senvion will be reimbursed for its services rendered under the Facilities and Service Agreement as of 5 October 2011 directly by the customers of SEA in Australia. A payment direction deed was signed between Senvion Australia and SEA, which is currently in the process of being supplemented by individual customer agreements between SEA and its customers. At the reporting date Payment direction deeds have been signed between Senvion Australia, SEA and two of four of SEA's customers. Other terms and conditions under the facility and service agreement remain unchanged. In the period from 1 April 2014 until 31 December 2014, customer payments of 4,712 k AUD (3,178 k EUR) were paid for services rendered under the agreement directly to Senvion Australia and 7,892 k AUD (5,322 k EUR) were transferred by SEA to Senvion Australia.

Due to disagreements with SEA some customers held back the payment of invoices being due in October 2014. As of the reporting date most of those payment obligations had been fulfilled. The transfer of those payments from Suzlon to Senvion is still pending.

On March 31, 2014 Senvion entered into a share purchase agreement with Valum Holding B.V., Amsterdam, The Netherlands, for the acquisition of 80% of the interest in Yorke Peninsula Wind Farm Project Pty Ltd., Melbourne, Australia for a consideration of 6,156 k AUD (4,263 k EUR). The contract had been contingent upon the approval of the financing parties of the syndicated credit facility. The approval was received in June 2014. The purchase price was offset against receivables from Senvion Australia Pty Ltd.

Yorke Peninsula Wind Farm Project Pty Ltd.'s business objective is the development and construction of a wind farm in Australia. The entity has been granted development approval to develop the wind farm in its intended location. Development is currently pursued and the application of the construction approval is being prepared. Owing to the uncertainty of the value of wind farm projects under development, the parties have agreed to include a contingent purchase price in the agreement. Dependent upon the point in time of sale of the wind farm to investors or any other party, the seller will receive 50% to 60% of future sales proceeds, after initial and future acquisition and development cost of Senvion have been deducted. Accordingly, the seller will receive an amount equal to a maximum of 60% (if sale occurs prior to 31 December 2014, otherwise 50%) of the sales proceeds (up to a maximum of 30,000 k AUD) after initial acquisition cost (6,156 k AUD) and future development cost incurred by Senvion have been deducted. In the reporting period related with the acquisition an amount of 300 k AUD connected to the achievement of a certain project milestone had to be paid by Senvion SE to the original owners of the shares of whom they were bought by Valum. A second amount of 800 k AUD will be due in the future when another certain project milestone will be reached. This payment will also have to be borne by Senvion as long as a resale of the shares has not taken place. The group estimates the likelihood of the second amount to be paid prior to the resale as low or remote and has not recorded this amount as a contingent earn-out payment as of 31 December 2014.

10.2.3 Senvion USA Corp., Denver, U.S.A.

Company	Content	Services / Goods obtained 2014/15	Services / Goods delivered 2014/15	Receivables 2014/12/31	Liabilities 2014/12/31
		EUR	EUR	EUR	EUR
Suzlon Wind Energy Corporation, USA	Service Level Agreement dated July 2012 concerning various services in relation with project management, service and commissioning of WTGs, contract management, logistics and delivery in the US. Furthermore Suzlon supplies HSE services (Health, Safety and Environment).	152,508	—	—	373,532

10.2.4 Senvion Canada Inc., Montreal, Canada

Company	Content	Services / Goods obtained 2014/15	Services / Goods delivered 2014/15	Receivables 2014/12/31	Liabilities 2014/12/31
		EUR	EUR	EUR	EUR
Suzlon Wind Energy Corporation, USA	HSE services (Health, Safety and Environment) from Suzlon	106,229	—	—	221,905

10.2.4 PowerBlades Industries Inc., Québec, Canada

Company	Content	Services / Goods obtained 2014/15	Services / Goods delivered 2014/15	Receivables 2014/12/31	Liabilities 2014/12/31
		EUR	EUR	EUR	EUR
Suzlon Rotor Corp., India	Sales contract dated October 1, 2013, concerning diverse fixed assets delivered by Suzlon Rotor Corp. to Power Blades Industries Inc.	—	—	—	641,218

10.2.5 Senvion India Ltd., Pune, India

Company	Content	Services / Goods obtained 2014/15	Services / Goods delivered 2014/15	Receivables 2014/12/31	Liabilities 2014/12/31
		EUR	EUR	EUR	EUR
Suzlon Energy Ltd., India	Service agreement dated January 1, 2013 for the provision of accounting and tax consulting services and service in the HR and IT area for Senvion activities in India.	62,604	—	—	159,530
Suzlon Wind International Ltd., India ...	Senvion India pays rent to Suzlon Wind International Ltd.	18,398	—	—	47,904

10.2.6 REpower North (China) Ltd., Baotou, PR China

On the basis of the blades supply contract between REpower North (China) Ltd. and Suzlon Energy Ltd. dated 1 November 2007 concerning RE40 blades, no blades were supplied to Senvion Group in fiscal year 2008/09. The blade supplies committed for 2008 on the basis of this contract therefore had to be purchased by the Senvion Group on the

European market from other blade suppliers. However, the contract prices and conditions agreed with Suzlon could not be met and additional transport costs were incurred. The additional expenses of 7.73 m EUR were transferred from REpower North (China) Ltd., Baotou, China to Suzlon Group during the fiscal year 2009/10. An agreement for the balancing with Suzlon Group (Settlement Agreement) has been set up during the fiscal year 2010/11.

10 Related parties disclosures

10.3 Transactions with related parties in the nine months period ending 31 December 2013

10.3.1 Senvion SE's transactions with Suzlon Energy Ltd., its subsidiaries and its related parties

Company	Content	Services / Goods obtained 2013/14	Services / Goods delivered 2013/14	Receivables 2014/03/31	Liabilities 2014/03/31
		EUR	EUR	EUR	EUR
Suzlon Energy Ltd. / SE Blades Ltd., India	Supply contract no. REP-027-2008 dated January 18/31, 2008 for the supply of RE45 rotor blades to Senvion SE and other Group companies in the period from 2008 to 2011 with a volume of around 77 m EUR. The contract was prolonged and transferred onto Suzlon Composites which was renamed to SE Blades. Orders in 2013/14: 98 k EUR	6,094,257	—	1,389,964	120,820
SE Blades B.V., Hengelo, Netherlands	Consultancy Agreement in relation with „fatigue crack detection" at MM92-blades dated 2012/08/10; Realized volume in financial years 2012/2013 and 2013/2014 about 26 k EUR (at 100 EUR per hour)	13,762	—	—	13,762
SE Blades B.V., Hengelo, Netherlands	Consultancy Agreement in relation with „process qualification and process design for REpower Rotorblade RE59.8" dated 2013/04/16 and 2013/04/17	69,087	—	—	69,087
SE Forge Ltd., India	Supply agreement concerning hubs and main frames for MM92 turbines, Orders in 2013/2014: 95 k EUR	183,400	—	—	98,952
SE Electricals Ltd., India	Advance Payment of costs for the production ramp-up of the facility in Padubidri, India	—	—	99,000 Prepayments	—
SE Electricals Ltd., India	Supply agreement for generators.	487,500	—	1,686,000 Prepayments	—
Suzlon Wind International Ltd., India	Job Order for production of nacelles and hubs in Padubidri, India, and Supply agreement (several orders) about nacelle covers, spinners, smaller composite parts, including rework, and 24 sets of Top/Bottom Boxes, Orders in 2013/14: 1.134 k EUR	1,560,988	—	—	858,919
Suzlon Wind Energy Spain, S.L.U.	Service on Senvion WTG in connection with orders for blade repairs by Suzlon	10,033	—	—	10,033
Suzlon Wind Energy Corporation, USA	Sales agency agreement dated 11 January 2011 between Senvion and Suzlon. Suzlon supports Senvion in marketing its wind turbines (MM82, MM92, 3.XM series) in the USA and by amendment to the agency agreement also in Canada (excluding the Quebec region).	No transactions under this contract in the fiscal year 2013/14.			
Suzlon Energy Australia Pty. Ltd., Australia	Agency agreement dated 11 January 2011 between Senvion and Suzlon. Suzlon supports Senvion in marketing its wind turbines (MM82, MM92, 3.XM series) in Australia	No transactions under this contract in the fiscal year 2013/14.			

10.4 Transactions by Senvion SE subsidiaries with Suzlon Energy Ltd., its subsidiaries and its related parties in the nine months period ending 31 December 2013

10.4.1 PowerBlades GmbH, Bremerhaven

On 9 April 2014, a notification of defects was sent by PowerBlades GmbH, Bremerhaven, to SE Blades, Aarhus, Denmark, regarding insufficient repairs on 35 sets of RE45 rotor blades in business year 2012/13. The estimated maximum total damages are 350 k EUR.

10.4.2 RECA Holdings Pty Ltd., Melbourne, Australia

Company	Content	Services / Goods obtained 2013/14	Services / Goods delivered 2013/14	Receivables 2014/03/31	Liabilities 2014/03/31
		EUR	EUR	EUR	EUR
Suzlon Energy Australia Pty. Ltd., Australia (SEA)	Facilities and Service Agreement: RECA supports SEA within the area of Service and Maintenance, Contract dated 5 October 2011 (Cost + Margin (3%))	1,082,788	13,491,167	23,175,563	2,596,992
Suzlon Energy Australia Pty. Ltd., Australia.....	Consultancy Services Agreement dated 28 February 2011: Utilization of Suzlon Australia services related to tender preparation or project management	No transactions under this contract in the fiscal year 2013/14.			

10 Related parties disclosures

On 31 December 2013, Senvion Australia Pty. Ltd. agreed with Suzlon Energy Australia Pty. Ltd, that starting on 1 January, 2014, Senvion will be reimbursed for its services rendered under the Facilities and Service Agreement as of 5 October 2011 directly by the customers of SEA in Australia. A payment direction deed was signed between Senvion Australia and SEA, which is currently in the process of being supplemented by individual customer agreements between SEA and its customers. Other terms and conditions under the facility and service agreement remain unchanged. In the period from 1 January 2014 until 31 March 2014 for services rendered under the agreement, customer payments of 1,922 k EUR were transferred by SEA to Senvion Australia for those customers where the agreements are still pending.

10.4.3 Senvion USA Corp., Denver, U.S.A.

Company	Content	Services / Goods obtained 2013/14	Services / Goods delivered 2013/14	Receivables 2014/03/31	Liabilities 2014/03/31
		EUR	EUR	EUR	EUR
Suzlon Wind Energy Corporation, USA	Service Level Agreement dated July 2012 concerning various services in relation with project management, service and commissioning of WTGs, contract management, logistics and delivery in the US. Furthermore Suzlon supplies HSE services (Health, Safety and Environment).	222,892	—	—	183,352

10.4.4 Senvion Canada Inc., Montreal, Canada

Company	Content	Services / Goods obtained 2013/14	Services / Goods delivered 2013/14	Receivables 2014/03/31	Liabilities 2014/03/31
		EUR	EUR	EUR	EUR
Suzlon Wind Energy Corporation, USA	HSE services (Health, Safety and Environment) from Suzlon	106,847	—	—	—

10.4.5 PowerBlades Industries Inc., Québec, Canada

Company	Content	Services / Goods obtained 2013/14	Services / Goods delivered 2013/14	Receivables 2014/03/31	Liabilities 2014/03/31
		EUR	EUR	EUR	EUR
Suzlon Rotor Corp., India	Sales contract dated 1 October 2013, concerning diverse fixed assets delivered by Suzlon Rotor Corp. to PowerBlades Industries Inc.	621,234	—	—	621,234

10.4.6 REpower Systems Northern Europe A/S, Aarhus, Denmark

Company	Content	Services / Goods obtained 2013/14	Services / Goods delivered 2013/14	Receivables 2014/03/31	Liabilities 2014/03/31
		EUR	EUR	EUR	EUR
Suzlon Wind Energy A/S, Denmark	Performance of HR related services and rent payments from REpower A/S to Suzlon A/S.	278,232	—	—	—

The company REpower Systems Northern Europe A/S is in the process of liquidation since March 2014. As a result, work contracts with all employees of the subsidiary were terminated. Employees from Suzlon Wind Energy A/S, Aarhus, Denmark, performed all legal and HR related services in connection with the closure. Furthermore, Suzlon Wind Energy A/S terminated office rent and telecommunication contracts and took care of other organizational matters on behalf of REpower Systems Northern Europe A/S. In the upcoming months, Suzlon Wind Energy A/S will also render accounting and reporting services until all statutory requirements for liquidation of the company are fulfilled. Cost was recharged from Suzlon Wind Energy to REpower on the basis of actual HR cost and time spent on behalf of REpower Systems Northern Europe A/S.

10.4.7 REpower India Ltd., Pune, India

Company	Content	Services / Goods obtained 2013/14	Services / Goods delivered 2013/14	Receivables 2014/03/31	Liabilities 2014/03/31
		EUR	EUR	EUR	EUR
Suzlon Energy Ltd., India	Service agreement dated 1 January 2013 for the provision of accounting and tax consulting services and service in the HR and IT area for Senvion activities in India.	80,788	—	—	86,700
Suzlon Wind International Ltd., India ...	REpower India pays rent to Suzlon Wind International Ltd.	24,133	—	—	26,298

The company REpower Systems Northern Europe A/S is in the process of liquidation since March 2014. As a result, work contracts with all employees of the subsidiary were terminated. Employees from Suzlon Wind Energy A/S, Aarhus, Denmark, performed all legal and HR related services in connection with the closure. Furthermore, Suzlon Wind Energy A/S terminated office rent and telecommunication contracts and took care of other organizational matters on behalf of REpower Systems Northern Europe A/S. In the upcoming months, Suzlon Wind Energy A/S will also render accounting and reporting services until all statutory requirements for liquidation of the company are fulfilled. Cost was recharged from Suzlon Wind Energy to REpower on the basis of actual HR cost and time spent on behalf of REpower Systems Northern Europe A/S.

10.4.8 REpower North (China) Ltd., Baotou, VR China

On the basis of the blades supply contract between REpower North (China) Ltd. and Suzlon Energy Ltd. dated 1 November 2007 concerning RE40 blades, no blades were supplied to Senvion Group in fiscal year 2008/09. The blade supplies committed for 2008 on the basis of this contract therefore had to be purchased by the Senvion Group on the European market from other blade suppliers. However, the contract prices and conditions agreed with Suzlon could not be met and additional transport costs were incurred. The additional expenses of 7.73 m EUR were transferred from REpower North (China) Ltd., Baotou, China to Suzlon Group during the fiscal year 2009/10. An agreement for the balancing with Suzlon Group (Settlement Agreement) has been set up during the fiscal year 2010/11.

11 Information on the corporate bodies of Senvion SE, Hamburg

The following are or were appointed as members of the Supervisory Board:

- Mr. Tulsi R. Tanti, Pune, Indien (Chairman)
- Mr. Frans H. J. Visscher, Bergen, Niederlande (Deputy Chairmann)

- Mr. Kirtikant J. Vagadia, Pune, India (until 2014/10/16)
- Mr. Vinod R. Tanti; Pune; India (since 2014/10/20)
- Mr. Thomas Rex, Breydin, Germany
- Mr. Bernhard Band, Tellingstedt, Germany
- Mr. Ravi Uppal, New Delhi, India

The following are or were appointed to the Executive Board of Senvion SE:

- Mr. Andreas Nauen, Hamburg (Chairman)
- Mr. Kirtikant J. Vagadia, Pune, India (since 2014/12/1)
- Mr. Lars Rytter, Hamburg, Germany
- Mr. Russell B. Stoddart, Hamburg, Germany
- Mr. Marcus A. Wassenberg, Hamburg, Germany (until 2014/9/15)
- Mr. Alex Joseph De Ryck, Antwerpen, Belgien (until 2014/12/15)

12 Remuneration for the Supervisory Board and the Executive Board of Senvion SE

The remuneration of members of the Supervisory Board was adjusted by resolution of the extraordinary general meetings on 19 and 20 December 2011.

For the first nine months of the financial year 2014/15, remuneration in accordance with the Articles of Association in the version dated 31 May 2011 and the resolutions of the extraordinary general meetings of 19 and 20 December 2011 of 180,000 EUR (previous year period: 180,000 EUR) was paid to the Supervisory Board.

The actual remuneration paid to the Executive Board members in the first nine months of the financial year 2014/15 was calculated and determined on the basis of the remuneration schemes applicable to each Executive Board member.

The total remuneration of the current Executive Board for the first nine months of the financial year 2014/15 amounts to 1,564,147 EUR (previous year period: 1,094,089 EUR). The remuneration includes current salaries in the amount of 914,588 EUR, retirements benefits of 214 EUR, non-recurring payments of 578,667 EUR and other benefits of 70,678 EUR. The remuneration in the previous period mainly consisted of current salaries.

In the past nine months of the financial year 2014/15, total remuneration of 1,300,068 EUR was paid to departed Executive Board members (previous year period: 381,772 EUR) and consisted of short-term employee benefits as well as termination benefits.

13 Material events after the reporting date

The Chief Financial Officer (CFO) of Senvion SE, Kirtikant Vagadia, withdrew from the Executive Board of Senvion SE on 13 February 2015. Until a successor to head Senvion's finance function has been identified the Chief Executive Officer (CEO), Andreas Nauen, will oversee this portfolio.

Hamburg, 3 February 2015
The Executive Board

Andreas Nauen (CEO) Lars Rytter (COO) Russell Stoddart (CTO)

Notes to the interim consolidated financial statements (Continued)
for the nine months period from
April 1, 2014-December 31, 2014

Statement of consolidated fixed assets

	Acquisitions and production costs							Depreciation and amortization							Book values	
	Balance 01/04/2014	Additions	Additions from first consolidation	Reclassifications	Disposals	Exchange differences	Balance 31/12/2014	Balance 01/04/2014	Additions	Additions from first consolidation	Reclassifications	Disposals	Exchange differences	Balance 31/12/2014	31/12/2014	31/03/2014
	€	€		€	€	€	€	€	€		€	€	€	€	€	€
Fixed Assets																
I. Intangible assets																
1. Software and other licences	38,027,563.29	1,157,330.89	390,929.02	4,736,576.81	−160,222.33	−8,081.85	44,144,095.83	21,749,638.40	4,363,948.00	56,302.50	4,033,808.56	−159,711.26	−3,112.63	30,040,873.57	14,103,222.26	16,277,924.89
2. Goodwill	18,869,870.00	0.00	0.00	0.00	0.00		18,869,870.00	3,237,696.00	0.00	0.00	0.00	0.00		3,237,696.00	15,632,174.00	15,632,174.00
3. Development costs	109,124,791.98	26,006,612.67	0.00	0.00	0.00		135,131,404.65	23,262,140.88	12,016,431.97	0.00	0.00	0.00		35,278,572.85	99,852,831.80	85,862,651.10
4. Advance payments	1,934,866.50	2,510,716.30	0.00	−363,382.50	0.00		4,082,200.30	0.00	0.00	0.00	0.00	0.00		0.00	4,082,200.30	1,934,866.50
Total Intangible assets	**167,957,091.77**	**29,674,659.86**	**390,929.02**	**4,373,194.31**	**−160,222.33**	**−8,081.85**	**202,227,570.78**	**48,249,475.28**	**16,380,379.97**	**56,302.50**	**4,033,808.56**	**−159,711.26**	**−3,112.63**	**68,557,142.42**	**133,670,428.36**	**119,707,616.49**
II. Property, plant and equipment																
1. Land, leasehold rights and buildings on non-owned land	125,942,407.44	426,455.61	0.00	−4,174,825.69	−79,882.62	347,626.44	122,461,781.18	20,076,333.72	3,558,635.87	0.00	−4,018,343.22	−68,698.68	51,909.22	19,599,836.91	102,861,944.27	105,866,073.72
2. Technical equipment, plant and machinery	123,420,953.32	9,916,945.67	0.00	5,188,107.95	−76,470.00	247,287.54	138,696,824.48	66,826,575.84	15,828,740.81	0.00	349,097.29	−61,185.32	77,217.42	83,020,446.04	55,676,378.44	56,594,377.48
3. Other equipment, fixtures, fittings and equipment	63,117,778.77	6,690,159.39	0.00	−214,972.86	−1,384,458.05	273,009.60	68,481,516.85	40,557,680.63	5,588,918.12	0.00	−45,482.63	−1,049,880.30	171,461.08	45,222,696.90	23,258,819.95	22,560,098.14
4. Advance payments and plant and machinery in process of construction	18,434,455.29	13,524,729.02	0.00	−5,171,503.71	−771,357.79	15,888.11	26,032,210.92	2,233,110.76	0.00	0.00	−319,080.00	0.00	0.00	1,914,030.76	24,118,180.16	16,201,344.53
Total Property, plant and equipment	**330,915,594.82**	**30,558,289.69**	**0.00**	**−4,373,194.31**	**−2,312,168.46**	**883,811.69**	**355,672,333.43**	**129,693,700.95**	**24,976,294.80**	**0.00**	**−4,033,808.56**	**−1,179,764.30**	**300,587.72**	**149,757,010.61**	**205,915,322.82**	**201,221,893.87**
Total fixed assets	**498,872,686.59**	**60,232,949.55**	**390,929.02**	**0.00**	**−2,472,390.79**	**875,729.84**	**557,899,904.21**	**177,943,176.23**	**41,356,674.77**	**56,302.50**	**0.00**	**−1,339,475.56**	**297,475.09**	**218,314,153.03**	**339,585,751.18**	**320,929,510.36**

Notes to the interim consolidated financial statements (Continued)
for the nine months period from
April 1, 2014—December 31, 2014

	Acquisitions and production costs							Depreciation and amortization							Book values	
	Balance 01/04/2013	Additions	Additions from first consolidation	Reclassifications	Disposals	Exchange differences	Balance 31/12/2013	Balance 01/04/2013	Additions	Additions from first consolidation	Reclassifications	Disposals	Exchange differences	Balance 31/12/2013	31/12/2013	31/03/2013
	€	€		€	€	€	€	€	€		€	€	€	€	€	€
Fixed Assets																
I. Intangible assets																
1. Software and other licences	38,267,711.63	1,177,940.03	0.00	255,846.19	−1,692,273.45	−7,875.47	38,001,348.93	20,823,204.15	1,794,449.10	0.00	0.00	−1,690,052.45	−6,982.68	20,920,618.12	17,080,730.81	17,444,507.48
2. Goodwill	18,869,870.00	0.00	0.00	0.00	0.00		18,869,870.00	3,237,696.00	0.00	0.00	0.00	0.00		3,237,696.00	15,632,174.00	15,632,174.00
3. Development costs	85,686,016.97	15,061,512.11	0.00	0.00	0.00		100,747,529.08	12,762,082.64	4,365,004.47	0.00	0.00	0.00		17,127,087.11	83,620,441.97	72,923,934.33
Total Intangible assets	**142,823,598.60**	**16,239,452.14**	**0.00**	**255,846.19**	**−1,692,273.45**	**−7,875.47**	**157,618,748.01**	**36,822,982.79**	**6,159,453.57**	**0.00**	**0.00**	**−1,690,052.45**	**−6,982.68**	**41,285,401.23**	**116,333,346.78**	**106,000,615.81**
II. Property, plant and equipment																
1. Land, leasehold rights and buildings on non-owned land	116,905,985.28	6,744,409.82	0.00	2,275,000.00	−107,505.02	−217,532.80	125,600,357.28	15,156,321.99	3,700,253.18	0.00	0.00	−23,598.52	−55,286.26	18,777,690.39	106,822,666.89	101,749,663.29
2. Technical equipment, plant and machinery	109,569,566.74	7,492,689.93	0.00	1,189,327.52	−3,740,819.99	−663,664.37	113,847,099.83	50,498,021.34	13,731,210.14	0.00	521,236.07	−2,360,303.70	−385,213.48	62,004,950.37	51,842,149.46	59,071,545.40
3. Other equipment, fixtures, fittings and equipment	62,086,651.09	3,842,607.55	0.00	14,059.64	−1,755,006.71	−358,174.95	63,830,136.62	37,667,010.93	5,414,714.07	0.00	−521,236.07	−1,518,621.12	−271,392.08	40,770,475.73	23,059,660.89	24,419,640.16
4. Advance payments and plant and machinery in process of construction	9,318,644.32	14,471,579.20	0.00	−3,734,233.35	−952,972.46	0.00	19,103,017.71	2,700,572.76	0.00	0.00	0.00	−840,460.00	0.00	1,860,112.76	17,242,904.95	6,618,071.56
Total Property, plant and equipment	**297,880,847.43**	**32,551,286.50**	**0.00**	**−255,846.19**	**−6,556,304.18**	**−1,239,372.12**	**322,380,611.44**	**106,021,927.02**	**22,846,177.39**	**0.00**	**0.00**	**−4,742,983.34**	**−711,891.82**	**123,413,229.25**	**198,967,382.19**	**191,858,920.41**
Total fixed assets	**440,704,446.03**	**48,790,738.64**	**0.00**	**0.00**	**−8,248,577.63**	**−1,247,247.59**	**479,999,359.45**	**142,844,909.81**	**29,005,630.96**	**0.00**	**0.00**	**−6,433,035.79**	**−718,874.50**	**164,698,630.48**	**315,300,728.97**	**297,859,536.22**

Senvion SE
(formerly REpower Systems SE),
Hamburg
Consolidated Financial Statements
as of and for the Financial Year ended March 31, 2014

Consolidated statement of financial position

	Notes	2014/03/31	2013/03/31
		EUR	EUR
Assets			
Current assets			
Liquid funds	4.1.1	269,924,033	236,878,833
Gross amount due from customers for contract work as an asset	4.1.2	362,132,930	363,607,474
Trade accounts receivable	4.1.3	155,490,878	144,053,019
Receivables from related parties	4.1.4	23,575,480	15,255,320
Inventories	4.1.5	236,365,116	229,880,406
Receivables from income taxes		1,901,764	11,142,597
Other financial assets	4.1.6	9,419,382	2,088,855
Other miscellaneous assets	4.1.6	99,317,279	113,422,089
Total current assets		**1,158,126,862**	**1,116,328,593**
Assets of disposal group classified as held for sale	**4.3**	**13,293,159**	**28,929,331**
Non-current assets			
Other intangible assets	4.2.1	104,075,442	90,368,442
Goodwill		15,632,175	15,632,175
Property, plant and equipment	4.2.2	201,221,894	191,858,920
Other financial investment		66,000	66,000
Loans granted	4.2.3	13,231,089	16,254,923
Deferred taxes	4.2.4	8,033,167	7,195,190
Total other non-current assets		7,396	674
Total non-current assets		**342,267,163**	**321,376,324**
Total assets		**1,513,687,184**	**1,466,634,248**

	Notes	2014/03/31	2013/03/31
		EUR	EUR
Shareholders` equity and liabilities			
Current liabilities			
Short-term loans and current portion of long-term loans	7.2.	8,304,839	9,837,527
Trade accounts payable		331,135,526	312,333,744
Liabilities to related parties		3,508,425	2,919,749
Advance payments received	4.4.1	153.418,261	203,979,354
Gross amounts due to customers for contract work as a liability	4.1.2	20,747,367	20,765,173
Provisions	4.4.2	150,690,471	118,498,359
Deferred income	4.4.3	29,222,288	20,439,486
Income tax liabilities	4.4.4	4,907,593	2,140,730
Other financial liabilities	4.4.5	29,835,286	21,441,050
Other miscellaneous liabilities	4.4.5	15,969,858	13,589,054
Total current liabilities		**747,739,914**	**725,944,226**
Liabilities of disposal group classified as held for sale	**4.3**	**3,242,881**	**9,672,482**
Non-current liabilities			
Long-term loans	4.5	21,889,393	30,060,855
Deferred taxes	4.2.4	97,106,165	81,234,077
Other non-current financial liabilities	7.2	11,102,011	10,853,610
Total non-current liabilities		**130,097,569**	**122,148,542**
Equity capital			
Subscribed capital	4.6.1	9,220,179	9,220,179
Additional paid-in capital	4.6.2	303,675,502	303,675,502
Other reserves		3,425,016	−336,404
Revaluation reserve		776,000	776,000
Currency translation		1,002,071	−877,174
Cash flow hedging reserve		1,646,945	−235,230
Retained earnings		311,208,716	287,398,386
Equity attributable to shareholders of the parent company		**627,529,413**	**599,957,663**
Non-controlling interests	4.6.3	5,077,407	8.911,335
Total equity capital		**632,606,820**	**608,868,998**
Total equity and liabilities		**1,513,687,184**	**1,466,634,248**

Consolidated income statement

	Notes	2013/04/01 - 2014/03/31	2012/04/01 - 2013/03/31
		EUR	EUR
Revenues	5.1	1,806,018,709	2,221,406,410
Changes in work in progress		15,842,975	−23,776,250
Work performed by the entity and capitalized		23,438,775	20,454,494
Total performance		**1,845,300,459**	**2,218,084,654**
Other operating income	5.2	43,714,388	74,535,101
Cost of materials/cost of purchased services		−1,401,633,425	−1,738,121,159
Personnel expenses	5.3	−196,234,604	−198,293,618
Depreciation of property, plant and equipment and amortization of intangible assets		−44,628,562	−39,568,284
Other operating expenses	5.4	−145,320,792	−236,485,137
Result from operating activities before exceptional items from reorganisation		**101,197,464**	**80,151,557**
Exceptional items from reorganisation	5.5	−38.041.113	0
Result from operating activities		**63,156,351**	**80,151,557**
Interest and similar financial income	5.6	1,127,446	2,808,089
Interest and similar financial expenses	5.6	−16,193,670	−16,310,629
Share of result from joint ventures	5.6	0	234,232
Result before income taxes		**48,090,127**	**66,883,249**
Income tax expense	4.2.4	−20,220,685	−18,359,444
Profit / loss for the period from continuing operations		**27,869,442**	**48,523,805**
Profit / loss for the period from discontinued operations	4.3	−7,535,016	−443,130
Net income for the period		**20,334,426**	**48,080,675**
Share of net income for the period attributable to non-controlling interests		−3,475,904	−204,416
Continuing operations		0	0
Discontinued operations		−3,475,904	−204,416
Share of net income for the period attributable to shareholders of the parent company		23,810,330	48,285,091
Continuing operations		27,869,442	48,523,805
Discontinued operations		−4,059,112	−238,714

Consolidated Statement of Comprehensive Income

	2013/04/01 - 2014/03/31	2012/04/01 - 2013/03/31
	EUR	EUR
Net income for the period	**20,334,426**	**48,080,675**
Reclassification of other comprehensive income to the income statement in subsequent periods		
Other income/expenses from cash flow hedges	2,655,064	−207,436
Deferred taxes on other income from cash flow hedges	−772,889	60,385
Income/expenses of cash flow hedges after tax	**1,882,175**	**−147,051**
Currency translation	1,521,219	375,681
Other comprehensive income	**3,403,394**	**228,630**
Total comprehensive income	**23,737,820**	**48,309,305**
Share of net income for the period attributable to non-controlling interests from discontinued operations	−3,833,928	257,869
Share of net income for the period attributable to shareholders of the parent company	27,571,748	48,051,436

Consolidated statement of cash flows

	Notes	2013/04/01 - 2014/03/31	2012/04/01 - 2013/03/31
		EUR	EUR
Cash flow from operating activities			
Profit before income taxes		40,555,111	66,440,119
Adjustments for:			
Depreciation of property, plant and equipment, amortization of intangible assets and write-offs on financial assets		44,628,562	39,568,284
Result from joint ventures		0	−234,232
Interest income	5.6	−1,127,446	−2,808,089
Interest expenses	5.6	16,193,670	16,310,629
Increase/decrease in provisions		32,192,112	23,233,487
Profit/loss from sales of property, plant and equipment, intangible and other long-term assets		819,584	306,855
Change in working capital		−19,575,805	−107,605,100
Interest received		1,127,446	2,808,089
Interest paid		−10,246,693	−10,152,192
Income tax paid		6,251,871	−1,016,041
Other non-cash income and expenses		0	78,812
Cash flow from operating activities*	**9**	**110,818,412**	**26,930,621**
Cash flow from investing activities			
Cash receipts from the sale of property, plant and equipment, intangible and other long-term assets	4.2.2	3,671,113	4,243,865
Cash payments for the purchase of intangible assets	4.2.1	−25,588,902	−22,969,911
Cash payments from purchase of property, plant and equipment and other long-term assets	4.2.2	−43,584,345	−32,268,983
Cash payments/receipts from acquisition of a subsidiary less cash acquired		0	150,647
Cash flow from investing activities**	**9**	**−65,502,134**	**−50,844,382**
Cash flow from financing activities			
Cash repayments of amounts borrowed		−8,171,462	−8,957,067
Cash flow from financing activities	**9**	**−8,171,462**	**−8,957,067**
Increase/decrease in cash and cash equivalents		**37,144,816**	**−32,870,828**
Cash and cash equivalents at the beginning of the period		231,376,206	264,247,034
Cash and cash equivalents at the end of the period		**268,521,022**	**231,376,206**
Liquid funds	4.1.1	269,924,033	236,878,833
Cash displayed in „Assets of disposal group classified as held for sale“	4.3	6,901,828	4,334,900
Short-term bank liabilities	7.2	−8,304,839	−9,837,527
Cash and cash equivalents at the end of the period		**268,521,022**	**231,376,206**

* thereof from discontinued operations	4.3	2,574,777	3,269,941
* thereof from discontinued operations	4.3	−7,849	−30,507

Consolidated Statement of Changes in Shareholders' Equity

EUR	Subscribed capital	Additional paid-in capital	Currency translation*	Reserve for cash flow hedge	Revaluation reserve	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at 2012/04/01	**9,220,179**	**303,671,109**	**−790,570**	**−88,179**	**776,000**	**239,113,294**	**551,901,833**	**8,657,034**	**560,558,867**
Stock option plans		140,263					140,263		140,263
Common control transactions		−135,870					−135,870		−135,870
Deduction of acquisition of non-controlling interests								−3.567	−3,567
Net result for the period						48,285,091	48,285,091	−204,416	48,080,675
Other income/expenses from cash flow hedges				−207,436			−207,436		−207,436
Deferred taxes on other income/expenses from cash flow hedges				60,385			60,385		60,385
Currency translation			−86,604				−86,604	462,285	375,681
Comprehensive Income			−86,604	−147,051		48,285,091	48,051,436	257,869	48,309,305
Balance at 2013/03/31	**9,220,179**	**303,675,502**	**−877,174**	**−235,230**	**776,000**	**287,398,385**	**599,957,662**	**8,911,336**	**608,868,998**

Due to rounding differences, figures in the consolidated statement of changes in equity may deviate by 1 euro from those displayed in the consolidated statement of financial position and the consolidated income statement.

* Thereof from discontinued operations as of 31 March 2013: 1,094 k EUR

Consolidated Statement of Changes in Shareholders' Equity (Continued)

EUR	Subscribed capital	Additional paid-in capital	Currency translation*	Reserve for cash flow hedge	Revaluation reserve	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at 2013/04/01	**9,220,179**	**303,675,502**	**−877,174**	**−235,230**	**776,000**	**287,398,385**	**599,957,662**	**8,911,336**	**608,868,998**
Net result for the period.....						23,810,330	23,810,330	−3,475,904	20,334,426
Other income/expenses from cash flow hedges....				2,655,064			2,655,064		2,655,064
Deferred taxes on other income/expenses from cash flow hedges.....				−772,889			−772,889		−772,889
Currency translation.....			1,879,245				1,879,245	−358,026	1,512,219
Comprehensive Income			1,879,245	1,882,175		23,810,330	27,571,750	−3,833,928	23,737,822
Balance at 2014/03/31	**9,220,179**	**303,675,502**	**1,002,071**	**1,646,945**	**776,000**	**311,208,715**	**627,529,413**	**5,077,407**	**632,606,820**

Due to rounding differences, figures in the consolidated statement of changes in equity may deviate by 1 euro from those displayed in the consolidated statement of financial position and the consolidated income statement.

* Thereof from discontinued operations as of 31 March 2014: 683 k EUR

Notes to the consolidated financial statements

to the financial year 2013/14

1 Introduction

The Senvion Group (Senvion) with Senvion SE (formerly: Repower Systems SE), Überseering 10, 22297 Hamburg, Federal Republic of Germany, as its parent company, operates in the area of manufacturing and selling wind energy turbines as well as developing and providing turnkey wind farms.

Senvion SE has an obligation to prepare consolidated financial statements for the financial year ended 31 March 2014. The consolidated financial statements for the year ended 31 March 2014 were prepared in accordance with section 315a (1) of the German Commercial Code (HGB) in the currently valid version of the International Financial Reporting Standards (IFRS) as applicable in the European Union. The IFRS comprise the International Financial Reporting Standards and International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC). The requirements of the IFRSs have been met in full and result in a true and fair view of the net assets, financial position and results of operations of Senvion.

The consolidated financial statements and Group management report of the Company are published in the electronic Federal Gazette (*Bundesanzeiger*).

Individual items of the consolidated statement of financial position and the income statement have been summarized to improve the clarity of presentation. These items are explained in the notes. The consolidated financial statements are prepared with the euro as the functional currency. The income statement is broken down according to the nature of expense method. Unless otherwise stated, all figures are accurate to the nearest thousand (k EUR) using commercial rounding.

The company carried out the option of displaying a statement of comprehensive income according to IAS 1 in the way that the income statement is presented as a separate part of the annual accounts. The consolidated financial statements are prepared on the basis of assets and liabilities recognized at amortized cost. This does not include derivative financial instruments, which are carried at fair value as of the balance sheet date.

2 Consolidation

2.1 Principles of consolidation

These consolidated financial statements include all significant German and foreign subsidiaries over whose financial and business policies Senvion SE has direct or indirect control.

Capital consolidation of subsidiaries is performed in line with the purchase method. In this process, the cost of the shares acquired is offset against the fair value of the net assets of the subsidiary attributable to the parent company at the time of acquisition. Any positive difference resulting from company acquisitions is recognized as goodwill. Any negative differences resulting from capital consolidation at the acquisition date are expensed immediately following a repeated review of the fair values of the assets and liabilities. Goodwill is examined for impairment at least annually in subsequent periods and amortized to the lower recoverable amount as required. Hidden reserves and charges disclosed as a result of the fair value measurement of the assets and liabilities on initial consolidation are carried, amortized or realized in subsequent periods in line with the development of the assets and liabilities. Expenses and income, intragroup transactions and receivables and liabilities between the companies included in consolidation are eliminated in accordance with IAS 27.

In the event that Senvion acquires control of a company through a business combination achieved in stages, the equity interest previously held by Senvion in the company shall be determined as the fair value at the time of the acquisition and the resulting profit or loss shall be recognized on the income statement. Companies which the company manages jointly with other partners and associated companies over which the Group can exert a significant influence on financial and business policy but which it cannot control are included at equity in the consolidated financial statements. The principles of full consolidation are applied in determining goodwill and the fair value of assets and liabilities. Recognition at equity is based on the IFRS financial statements of the respective companies at the Group reporting date. Losses from associates which exceed the carrying amount of the investment or other non-current receivables from financing of these companies are not recognized as long as there is no obligation to make supplementary payments. Significant intragroup transactions are eliminated.

Companies are withdrawn from the scope of consolidation at the date on which shares in those companies are sold or the Group can no longer control those companies. As part of deconsolidation, the pro rata assets and liabilities allocated to the Group are eliminated at the amortized Group carrying amounts, including any goodwill. The difference between the net assets sold and the proceeds from the disposal of the shares is recognized in income in the consolidated income statement. The income and expenses incurred from the beginning of the respective financial year until the deconsolidation date are recognised in the consolidated income statement.

The financial statements of Senvion SE and the subsidiaries are prepared in accordance with uniform accounting policies. The financial statements of subsidiaries included in consolidation are prepared as of the Senvion SE reporting date. The consolidated international companies prepare their financial statements in their functional currency. At the balance sheet date, the assets and liabilities of these subsidiaries are translated into the reporting currency of the Senvion Group (euro) at the closing rate. Income and expenses are translated at the weighted average rate for financial year, provided this is not inappropriate due to significant fluctuations in exchange rates. Equity components are translated at the corresponding historical rate on the date of their occurrence. Translation differences are recognized in equity as a separate equity component. If Group companies are removed from the scope of consolidation, the corresponding currency translation differences are derecognized and taken to profit or loss.

2.2 Scope of consolidation

2.2.1 Fully consolidated companies

The consolidated group includes Senvion SE as well as the following German and international companies which are fully consolidated in the consolidated financial statements:

	Share in %
Project companies	
REpower Betriebs- und Beteiligungs GmbH, Rendsburg, Germany	100.00
REpower Windpark Betriebs GmbH, Hamburg, Germany	100.00
REpower Investitions- und Projektierungs GmbH & Co. KG, Rendsburg, Germany	100.00
Windpark Blockland GmbH & Co. KG, Hamburg, Germany	100.00
Production and services companies	
PowerBlades GmbH, Bremerhaven, Germany	100.00
Senvion Deutschland GmbH (formerly REpower Systems GmbH), Hamburg, Germany	100.00
REpower North (China) Ltd., Baotou, PR China	53.87
PowerBlades S.A., Vagos, Portugal	100.00
Ventipower S.A., Oliveira de Frades, Portugal	3.00
RiaBlades S.A., Vagos, Portugal	3.00
RETC Renewable Energy Technology Center GmbH, Hamburg, Germany	100.00
PowerBlades Industries Inc., Québec, Canada	100.00
REpower India Ltd., Pune, India	100.00
Sales companies	
Senvion France S.A.S. (formerly Repower S.A.S), Courbevoie, France	100.00
Senvion Italia S.r.l. (formerly REpower Italia S.r.l.), Milan, Italy	100.00
RECA Holdings Pty Ltd., Melbourne, Australia	100.00
Senvion Australia Pty Ltd. (formerly REpower Australia Pty Ltd.), Melbourne, Australia	100.00
REpower Wind Systems Trading, Beijing, PR China	100.00
Senvion USA Corp. (formerly REpower USA Corp.), Denver, U.S.A.	100.00
Senvion Canada Inc. (formerly REpower Systems Inc.), Montreal, Canada	100.00
Senvion Benelux b.v.b.a. (vormals REpower Benelux b.v.b.a.), Ostend, Belgium	100.00
Senvion UK Ltd. (formerly REpower UK Ltd.), Edinburgh, UK	100.00
Senvion Polska, Sp.z o.o. (formerly REpower Systems Polska, Sp.z o.o.), Warsaw, Poland	100.00
Senvion Portugal S.A.(formerly REpower Portugal Sistemas Eólicos S.A.), Porto, Portugal	100.00
Senvion Scandinavia AB (formerly REpower Systems Scandinavia AB), Stockholm, Sweden	100.00
REpower Systems Northern Europe A/S, Aarhus i.l., Denmark	100.00
Senvion Romania SRL (formerly REpower Systems DTE Romania SRL), Bucharest, Romania	100.00
Senvion Austria GmbH, Ernstbrunn, Austria	100.00
Shelf or shell companies	
WEL Windenergie Logistik GmbH, Schloß Holte-Stukenbrock, Germany	100.00

Senvion Deutschland GmbH has utilised the simplifications permitted under section 264 (3) HGB for the preparation, auditing and publication of the annual financial statements and management report for the financial year 2013/14.

PowerBlades GmbH has utilised the simplifications permitted under section 264 (3) HGB for the preparation and publication of the annual financial statements and management report for the financial year 2013/14.

REpower Systems Northern Europe A/S has been in liquidation since March 2014.

2.2.2 Changes in the scope of consolidation

In the course of renaming of REpower Systems SE to Senvion SE with effect from 20 January 2014, most of the subsidiaries were renamed respectively. For some further subsidiaries the renaming will follow soon.

REpower España S.L., Madrid, Spain, was wound up with effect from 19 December 2013.

As part of the expansion of its service and marketing activities, Senvion SE established Senvion Austria GmbH, headquartered in Ernstbrunn, Austria, in March 2014.

3 Accounting policies

The accounting policies applied in the consolidated financial statements for financial year 2013/14 were adjusted to reflect the new standards, as stated in note 3.19.

3.1 Liquid funds

Liquid funds consist primarily of bank balances and are carried at their nominal amount. Amounts in foreign currency are translated at the reporting date.

3.2 Receivables and other financial assets

Trade receivables, intragroup receivables and other primary financial assets allocated to the loans and receivables category are carried at fair value plus transaction costs on initial recognition. Subsequent measurement is at amortized cost using the effective interest rate method. Risks of default are taken into account by way of appropriate valuation allowances, which are determined on the basis of empirical values and individual risk assessments. Concrete cases of default result in the derecognition of the receivables affected. Valuation allowances on trade receivables are reported in an allowance account. The decision as to whether a default risk is recognized via an allowance account or in the form of a direct write-down of the carrying amount of the receivable depends on the reliability of the assessment of the risk situation. An impairment loss is recognized when the carrying amount of a financial asset is higher than the present value of the expected future cash flow.

Impairment is tested at each balance sheet date and on an ongoing basis throughout the year. Objective evidence of impairment is identified on the basis of the following triggers, among other things:

- Significant financial difficulty of the obligor;
- The lender granting a concession to the borrower for economic or legal reasons relating to the borrower's financial difficulty;
- Likely insolvency or need for restructuring on the part of the borrower;
- Disappearance of an active market for the financial asset due to financial difficulties.

3.3 Inventories

Inventories comprise raw materials and supplies and work in progress. Raw materials and supplies are carried at the lower of cost or net realizable value. Work in progress is measured at the lower of cost or net realisable value. Net realizable value is the estimated selling price less the estimated costs of completion. The cost of inventories is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. In addition to material and production overheads, manufacturing costs comprise overheads attributable within the meaning of IAS 2, but not financing costs.

3.4 Property, plant and equipment

Property, plant and equipment is carried at cost and depreciated on a straight-line basis over their economic life. Cost includes all expenses for purchasing the assets, insofar as these can be reliably calculated or estimated. The manufacturing costs of internally generated equipment comprise direct costs as well as attributable overheads.

The assessment of depreciation is based on the following estimated useful lives:

	Useful life in years
Buildings	25 - 50
Technical equipment, plant and machinery	5 - 12
Office and operating equipment	3 - 14

3.5 Intangible assets

Acquired intangible assets are measured at cost and amortized on a straight- line basis over the respective useful life.

Research costs are recognized as expenses. Development costs for future products and other internally generated intangible assets are capitalized at cost, provided that the manufacture of these products is likely to generate an economic benefit for Senvion. In the event that the requirements for capitalization are not satisfied, expenses are recognized directly in income in the year in which they occur.

Capitalized development costs comprise all direct costs and overheads attributable to the development process. Development costs that account for customer specific production orders are recorded in capitalized orders. Financing costs are not capitalized. Amortization is recognized on the basis of volume or on a straight-line basis.

If the sales volume can be estimated with reasonable assurance, amortization is recognized on the basis of volume as the ratio of wind turbines recognized in revenue to the total forecast sales volume. In the case of non-quantity-related development costs, amortization is recognized on a straight-line basis from the start of production for the expected product lifetime of the developed models.

	Useful life in years
Capitalized development costs	5*
Licences, software	3

* in years or according to quantity

3.6 Impairment of property, plant and equipment and intangible assets

Senvion SE performs impairment testing for items of property, plant and equipment and intangible assets.

In accordance with IAS 36, annual goodwill impairment testing is performed at the level of the reporting units (cash-generating units) to which goodwill is also allocated in the Group's internal reporting system (impairment-only approach).

These reporting units generally correspond to the individual Group companies. This does not include Group companies whose cash flows are not independent of those of the parent company due to very close content links with Senvion SE. In such cases, the Group companies in question form a cash-generating unit with Senvion SE. The annual goodwill impairment testing is performed on the level of Senvion group.

The recoverable amount is calculated on the basis of the value in use. Value in use is calculated on the basis of the budget for 2014/15 and the next two years. This allows the future cash flows from the respective cash-generating unit to be estimated. The discount rate of 6.5% (previous year: 8.2%) is calculated using the WACC (weighted average cost of capital) approach. The beta factor applied in the calculation and the ratio of the fair value of equity to debt were determined by reference to a corresponding peer group. The significant assumption underlying the budget is the projected number of turbines installed and sold in the respective period. This assumption is based both on the existing order backlog including work in progress as of 31 March 2013 of 2.6bn EUR (previous year: 2.4bn EUR) as well as forecasted sales. The growth rate used to extrapolate cashflow projections beyond the three year period was 1.0% (previous year: 1.0%).

3 Accounting policies

Impairment is recognized for other intangible assets and property, plant and equipment if certain events or developments result in the carrying amount of the asset no longer being covered by the expected proceeds of disposal or the discounted net cash flows from continued use. If the recoverable amount of individual assets cannot be calculated, the cash flow is calculated for the next highest group of assets for which such a cash flow can be calculated. Impairment losses are reversed if the reasons for their recognition no longer apply in subsequent periods.

Impairment cannot be reversed in excess of the carrying amount that would have applied if no impairment had been recognized. Goodwill impairment will not be reversed.

No impairment losses were recognised on intangible assets in financial year 2013/14, as the recoverable amount was greater than the carrying amount of the assets of the reporting units plus the carrying amount of the corresponding goodwill. Under property, plant and equipment, impairment losses were recognised on blade moulds.

3.7 Non-current assets held for sale and discontinued operations

Non-current assets held for sale are classified as held for sale, if their carrying amount will, in essence, be received through a sale and the sale is highly likely. They are measured at the lower of their carrying amount and fair value less costs to sell, if their carrying amount will be received principally through a sale rather than continuing use.

Major discontinued business units and regions are shown separately in the income statement and the statement of financial position. In this financial statement the activities of REpower North (China) Ltd. are displayed as a discontinued operation.

3.8 Loans granted

Loans granted which are allocated to the loans and receivables category are carried at fair value on initial recognition. Subsequent measurement is at amortized cost using the effective interest rate method.

3.9 Provisions

Provisions are recognized in accordance with IAS 37. This relates to legal or financial obligations for which settlement is likely to result in an outflow of financial resources and whose amount can be reliably estimated.

Warranty provisions are recognized both for known individual risks and for general risks. Specific technical warranty risks can be individually quantified by comprehensive documentation and are taken into consideration in the form of individual provisions. The economic risk and the level of provisioning are evaluated on an ongoing basis in coordination with the technical departments, taking existing risks into account.

Provisions are recognized for general risks on the basis of experience. The system for recognizing general warranty provisions is as follows: for turbines erected, provisions are recognized for the anticipated actual costs per year of the warranty for the entire contractual warranty period. The actual costs are determined on the basis of past experience and reviewed on an ongoing basis. The uncertainties involved mean that the actual costs, and hence the amount of the provisions, may differ.

Non-current provisions are discounted.

3.10 Pensions and similar obligations

Plans for pensions and similar obligations are measured in accordance with IAS 19 “Employee Benefits”. Pension provisions are measured using the projected unit credit method.

Senvion SE has granted a pension commitment in the form of a defined contribution plan. If the benefits payable under the insurance policy are the same as the benefits payable under the obligation, the fair value of the asset is deemed to be the same as that of the obligation in accordance with IAS 19.104, meaning that such items are not included in the consolidated statement of financial provision or the income statement.

3.11 Liabilities

Trade accounts payable are measured at amortised cost using the effective interest rate method.

3.12 Revenue recognition

Revenue includes all revenues from the sale of wind energy turbines, license revenues, electricity revenues and revenues from service and maintenance contracts.

Revenue recognition according to percentage of completion method (IAS 11)

Revenue from the sale of wind turbines in particular includes the production, delivery and installation of wind turbines. For these construction contracts the percentage of completion method (POC) is applied in accordance with IAS 11. This is subject to the prerequisite that a legally effective customer order with specific requirements must exist at the balance sheet date and that both the outcome of the order and the expected total costs can be reliably estimated on the basis of Group cost accounting.

In the majority of cases, the percentage of completion is calculated using the cost-to-cost method, under which the fixed contract revenue is compared with the contract costs, with only those costs relating directly to the service rendered taken into account. Borrowing costs are recognized as an expense.

These construction contracts are recognized under the balance sheet item „Gross amount due from customers for contract work as an asset and liability". Advance payments received for contracts are deducted directly from future receivables from construction contracts.

In individual cases where a reliable estimate of the full construction contract is not possible, the zero profit method is applied, with no profit margin recognized in calculating the percentage of completion until reliable information becomes available. Customer orders for the production, delivery and installation of wind turbines are generally considered to be completed with commissioning of the wind turbines respectively the handing over of the wind farm to the customer. As long as no installation is agreed upon the contract is considered to be completed when the risks and benefits are transferred to the buyer and payment is probable.

Contract costs are monitored by Controlling. The forecast costs and the results of project controlling, which are used to determine the percentage of completion and the proportionate contribution margins, are significant assumptions in the measurement of contracts. As these assumptions are subject to uncertainty, the actual contract costs and contribution margins may be higher or lower than forecast when the final project invoice is prepared.

Revenue recognition according to transfer of risk (IAS 18)

To a limited degree Senvion SE sells single components of wind turbines. In these cases revenue is recognized in accordance with IAS 18 at the point of time when the risks and benefits are transferred to the buyer and payment is probable.

Revenues from licences, electricity and the sale of spare parts are recognised in accordance with IAS 18.

License revenues are generated from volume-based licenses.

In accordance with IAS 18, revenues from service and maintenance contracts are realized insofar as the respective services have been rendered; advance payments are deferred.

3.13 Income tax expense

Senvion SE recognizes current taxes when they are caused in the amount due. Deferred taxes are recognized according to the liability method, under which deferred tax assets and deferred tax liabilities are recognized with future tax effects arising as a result of differences between the carrying amount of the assets and liabilities in the IFRS financial statements and the tax base. The effects of changes in the tax rate on deferred taxes are recognized in income in the period in which the legislation mandating the change is substantially passed. However, the effects of changes in tax rates on items recognized in other operating income or directly in equity are also taken directly to equity. If it does not appear sufficiently likely that deferred tax assets will be realized in future, they are not recognized or their carrying amount is adjusted accordingly. In accordance with the requirements of IAS 12, deferred tax assets and deferred tax liabilities have been offset.

3.14 Borrowing costs

If borrowing costs cannot be allocated to qualifying assets in accordance with IAS 23, they are expensed and not included in cost.

3.15 Government grants (investment subsidies)

Government grants are recognized depending on the nature of the subsidized expenses. Insofar as subsidies relate to capitalized assets, the grants received serve to reduce the cost of the subsidized assets. Grants provided as an expenditure allowance are recognized in the income statement of the financial year in which the subsidized expenses are incurred.

3.16 Transactions in foreign currencies

Each entity within the Group determines its functional currency. The items contained in the financial statements of each entity are measured using this functional currency. Foreign currency transactions are first translated at the spot exchange rate between the functional currency and the foreign currency on the transaction date. Foreign currency monetary assets and liabilities are translated into the functional currency at the closing rate. All exchange differences are recognized in the net result for the period. Non-monetary items measured at historical cost in a foreign currency are translated at the applicable exchange rate on the transaction date. Non-monetary items measured at fair value in a foreign currency are translated at the applicable exchange rate on the date on which their fair value was determined.

3.17 Financial instruments

As a matter of principle, financial instruments are recognized as soon as a Senvion company becomes a party to a financial instrument. Financial assets are recognized on delivery, i.e. the date of order fulfilment. Derivative financial instruments are recognized at the trade date. Financial assets and financial liabilities are generally reported separately; they are only offset if the reporting entity has a right to offset and the intention to settle on a net basis.

Financial instruments consist of cash and cash equivalents, receivables, equity instruments held in other companies (i.e. shares in project corporations) and other financial assets as well as financial liabilities and loans, insofar as these relate to a contract. The initial recognition of financial assets is at fair value plus directly attributable transaction costs, insofar as the financial assets are not recognized at fair value through profit and loss. Subsequent measurement is at fair value or amortized cost using the effective interest rate, depending on the allocation of the individual financial instruments to the IAS 39 categories.

Financial liabilities are carried at fair value less transaction costs on initial recognition and at amortized cost using the effective interest rate method in subsequent measurement.

Financial assets are derecognized if the rights to the cash flows resulting from the assets have expired or substantially all of the risks have been transferred to a third party such that the criteria for derecognition are met. Financial liabilities are derecognized if the relevant obligations have expired or been cancelled.

Derivative financial instruments are employed to hedge foreign exchange and interest rate risks. Derivative financial instruments are carried at fair value. The recognition of changes in the fair value of derivative financial instruments depends on whether these instruments are deployed as hedging instruments and the conditions for hedge accounting in accordance with IAS 39 are met.

If these conditions are not met despite the existence of a hedging relationship, the derivative financial instruments are allocated to the category “at fair value through profit and loss” and the changes in fair value are recognized directly in income. The effective portion of the change in the fair value of a derivative financial instrument which was classified as a hedging instrument and which meets the definition of a cash flow hedge is recognized directly in total other shareholders’ equity, taking into account the associated tax effects. The ineffective portion is recognized in the income statement. The effective portion is only recognized in income if the hedged item is also recognized in income.

The fair values of financial assets recognized in the consolidated statement of financial position generally correspond to their market prices. If these are not available by reference to an active market, the relevant assets are measured using standard market procedures (valuation models) based on instrument-specific market parameters.

The fair values of cash and cash equivalents and other current primary financial instruments correspond to their carrying amounts at the respective reporting date.

The fair values of non-current receivables and other assets and non- current provisions and liabilities are determined on the basis of the expected cash flow based on the reference interest rates at the balance sheet date. The fair value of derivative financial instruments corresponds to their market value and may be either positive or negative. If no market value is available, the fair value is calculated using present value and option pricing models. Where possible, the relevant market prices and interest rates observed at the balance sheet date are applied as input parameters for these models.

There were no reclassifications of financial instruments to other categories in financial years 2012/13 or 2013/14.

Under certain conditions, financial assets and financial liabilities falling within the scope of IAS 39 can be irrevocably allocated to the "fair value option" sub-category on initial recognition. Senvion has not exercised the fair value option for any financial assets or financial liabilities.

3.18 Use of assumptions

The preparation of these consolidated financial statements requires the Group's management to make estimates and assumptions that form the basis for the value of assets and liabilities and revenue and expenses in the financial year. Key estimates and assumptions relate to impairment tests (see note 4.2), warranty provisions (see note 4.4.2), the measurement of share options (see note 4.6.2), the realisation of revenue according to the percentage of completion method (see note 4.1.2) and the value of deferred tax assets (see note 4.2.5). The actual circumstances may differ from these assumptions. Changes in current economic conditions and other events may also have a material impact on the actual figures.

3.19 New accounting standards and their application

Financial reporting at Senvion SE in accordance with the IFRS is based on the IASB accounting standards adopted by the European Commission in the context of the endorsement process for the European Union, in accordance with Regulation (EC) no. 1606/2002 in conjunction with section 315a (1) of the German Commercial Code (HGB). The new IFRSs and amendments to existing IFRSs published by the IASB are mandatory only following a corresponding resolution by the Commission as part of the endorsement process.

The following standards were required to be applied for the first time in financial year 2013/14 or were applied before its mandatory application date:

Standards / interpretations		Mandatory application	Endorsement by European Commission	Effect
IAS 1	Presentation of financial statements: Amendments in June 2011 regarding the presentation of other comprehensive income	1 July 2012	Yes	Changes in the structure of the statement of comprehensive income
IAS 19	Employee benefits: In June 2011, the IASB approved amendments to IAS 19	1 January 2013	Yes	No material effects
IFRS 1	First-time adoption of IFRS: Amendments regarding dates for first-time adopters and hyperinflation	1 January 2013	Yes	No effects
IFRS 13	Fair value measurement	1 January 2013	Yes	No material effects
IFRIC 20	Stripping costs in the production phase of a surface mine	1 January 2013	Yes	No effects
IFRS 7	Financial instruments: Offsetting financial assets and financial liabilities	1 January 2013	Yes	No material effects
IFRS 1	First-time adoption of IFRS: Government loans	1 January 2013	No	No effects
Annual Improvements	Improvements to IFRS (May 2012)	1 January 2013	Yes	No material effects

IAS 12.....	Income taxes: Amendments in December 2010 regarding recovery of underlying assets	1 January 2013	Yes	No effects
IAS 36.....	Amendment in May 2013 with regard to recoverable amount disclosures for non-financial assets	1 January 2014	Yes	No material effects related to IFRS 13

- **Amendment to IAS 1**—Presentation of Financial Statements

This amendment primarily involves changes to the recognition of items presented in other comprehensive income. These must now be presented separately, broken down into items which will be reclassified to profit or loss in subsequent periods ("recycling") and items which will not be reclassified. This will only affect the presentation of the statement of comprehensive income.

- **Amendment to IAS 19**—Employee Benefits

According to this amendment, actuarial gains and losses are reported as remeasurements in other comprehensive income in due consideration of deferred taxes. A uniform discounting interest rate is provided for measuring pension obligations. The new version also includes new regulations regarding the content of "short-term" and "other long-term benefits".

- **IFRS 13**—Fair Value Measurement

This describes how fair value is to be determined for IFRS reporting with regard to all standards and specifies additional notes regarding fair value measurements. However, it does not contain provisions regarding the circumstances in which fair value is to be used. In this regard it is referred to section 7.3 Information on the significance of financial instruments for the consolidated financial statements.

- **Amendment to IFRS 7**—Financial Instruments: offsetting financial assets and financial liabilities. This amendment specifies additional quantitative disclosures regarding recognised financial instruments which are offset against each other in the balance sheet or which are subject to netting agreements.

- **Annual Improvements**—Improvements to IFRS: The amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34 mainly involve clarifications regarding recognition, reporting and measurement, in addition to minor changes to their content.

The regulations given in **IFRS 1** (amendments regarding dates for first-time adopters and hyperinflation; government loans), **IFRIC 20** (stripping costs in the production phase of a surface mine) and **IAS 12** (income taxes: amendments regarding recovery of underlying assets) are not relevant to the Senvion Group.

The following standards and interpretations published by the IASB and IFRIC are not yet mandatory because they have not yet been recognised by the EU or the date of first application has not yet been reached. Where these have already been endorsed by the EU, they have not been applied early by Senvion SE. In financial year 2013/14, the following standards and interpretations were not yet mandatory:

Standards / interpretations		Mandatory application	Endorsement by European Commission	Effect
IFRS 10	Consolidated financial statements	1 January 2014	Yes	No material effects
IFRS 11	Joint arrangements	1 January 2014	Yes	Discontinuation of proportionate consolidation/no effects
IFRS 12	Disclosure of interests in other entities	1 January 2014	Yes	Disclosures on the scope of consolidation in the notes
IAS 27.....	Separate financial statements	1 January 2014	Yes	No effects
IAS 28.....	Investments in associates and joint ventures	1 January 2014	Yes	No material effects

IAS 32.....	Financial instruments: Amendments in December 2011 with regard to offsetting financial assets and financial liabilities	1 January 2014	Yes	No material effects
IFRS 10, IFRS 12, IAS 27.....	Investment entities: IFRS 10, IFRS 12, IAS 27	1 January 2014	Yes	No effects
IFRS 10, IFRS 11, IFRS 12	Amendments to transition provisions (June 2012)	1 January 2014	Yes	No effects
Annual Improvements	Improvements to IFRS (December 2013)	1 July 2014	Yes	No material effects
IAS 39.....	Amendment in June 2013 with regard to the novation of derivatives and continuation of hedge accounting	1 January 2014	Yes	No material effects
IFRS 9	With regard to disclosures on the transition to IFRS 9 and amendments to IFRS 7	Expected: 1 January 2018	No	Disclosures on financial instruments in the notes
IFRS 9	Classification and measurement: financial assets and liabilities	Expected: 1 January 2018	No	No material effects
IFRIC 21.....	Levies	Expected: 1 January 2014	No	No effects
IFRS 9, IFRS 7 and IAS 39.....	Amendment in November 2013 with regard to hedge accounting	Expected: 1 January 2018	No	No material effects
IAS 19.....	Amendment in November 2013 with regard to the recognition of employee contributions	Expected: 1 July 2014	No	No material effects
Annual Improvements	Improvements to IFRS (2010 - 2012)	Expected: 1 July 2014	No	No material effects
Annual Improvements	Improvements to IFRS (2011 - 2013)	Expected: 1 July 2014	No	No material effects
IFRS 14	Regulatory deferral accounts	Expected: 1 January 2016	No	No effects

4 Consolidated statement of financial position

4.1 Total current assets

4.1.1 Liquid funds

As in the previous year, there were no restrictions on access to liquid funds in the year under review.

4 Consolidated statement of financial position

4.1.2 Gross amount due from customers for contract work as an asset/as a liability

This item is used to report work in progress which is recognized using the percentage-of-completion method in accordance with IAS 11. Advance payments on the contracts recognized are deducted directly.

	2014/03/31	2013/03/31
	k EUR	k EUR
Receivables	1,436,044	1,320,496
Less advance payments received	−1,094,658	−977,654
	341,386	**342,842**

The amount of 341,386 k EUR (previous year: 342,842 k EUR) due to the netting consists of gross amounts due from customers for contract work as an asset with an amount of 362,133 k EUR (previous year: 363,607 k EUR) and as a liability with an amount of 20,747 k EUR (previous year: 20,765 k EUR). The gross amounts due from customers for contract work as a liability are shown on the liability side.

In financial year 2013/14, these contracts resulted in material costs of 1,158,197 k EUR (previous year: 1,080,573 k EUR). The net contribution of revenue and material costs to operating earnings from these projects in 2013/14 was 277,847 k EUR (previous year: 239,923 k EUR).

4.1.3 Trade accounts receivable

Trade accounts receivable primarily relate to receivables from customers for the delivery of wind turbines.

	2014/03/31	2013/03/31
	k EUR	k EUR
Trade receivables (after bad debt allowances)	155,491	144,053

In financial year 2013/14, specific valuation allowances of 1,541 k EUR were recognized on trade accounts receivable (previous year: 4,816 k EUR).

	2014/03/31	2013/03/31
	k EUR	k EUR
Changes in bad debt allowances		
At the start of the fiscal year	10,800	7,417
Reversals and utilizations	−6,121	−1,433
Additions	1,541	4,816
At the end of the fiscal year	**6,220**	**10,800**

The maturity structure of trade accounts receivable was as follows:

			As of the end of the reporting period past due as follows		
		Not past due as of the end of the reporting period nor impairment	Less than 30 days	Between 30 and 180 days	More than 180 days
as of 2014/03/31					
Trade accounts receivable (k EUR) before bad debt allowances	161,711	129,139	9,783	10,399	12,390
Bad debt allowances	6,220	0	0	454	5,766
Trade Accounts receivable after bad debt allowances (k EUR)	155,491	129,139	9,783	9,945	6,624
as of 2013/03/31					
Trade accounts receivable (k EUR) before bad debt allowances	154,853	124,130	10,851	7,720	12,152

Bad debt allowances	10,800	0	0	2,714	8,086
Trade Accounts receivable after bad debt allowances (k EUR)	144,053	124,130	10,851	5,006	4,066

In the case of the trade accounts receivable that were neither impaired nor overdue, there was no evidence of the debtors being unable to meet their payment obligations as of the balance sheet date. Further information on the treatment of financial risks can be found in 7.2 "Information on the nature and extent of risks associated with financial instruments".

Senvion SE requests collateral from its customers depending on the outcome of credit checks. Collateral is generally requested after signature of the purchase contract in the form of bank guarantees or Group warranties for the purchase price less any advance payments made. Accordingly, the nominal value of the collateral received typically exceeds the current level of accounts receivable. As of 31 March 2014, the value of the collateral received was 2,134.05 m EUR (previous year: 2,163.40 m EUR).

There were no trade accounts receivables whose terms were renegotiated and that would otherwise have been overdue or impaired, either at the current reporting date or in the previous year.

4.1.4 Receivables from related parties

This item is composed as follows:

Receivable from related parties	2014/03/31	2013/03/31
	k EUR	k EUR
Suzlon Energy Australia Pty Ltd.	23,175	14,557
Other	400	698
	23,575	**15,255**

4.1.5 Inventories

As of 31 March 2014, valuation allowances on inventories amounted to 5,293 k EUR (previous year: 3,921 k EUR). Expenses for raw materials and supplies amounted to 1,085,301 k EUR in the year under review (previous year: 1,381,141 k EUR).

	2014/03/31	2013/03/31
	k EUR	k EUR
Raw materials and supplies	199,433	208,949
Work in progress	36,932	20,931
	236,365	**229,880**

4.1.6 Other current assets

This item is composed as follows:

	2014/03/31	2013/03/31
	k EUR	k EUR
Miscellaneous other assets		
Receivables from other taxes	45,477	36,440
Advance payments on inventories	17,943	32,995
Creditors with debit balances	3,808	6,554
Equipment deposits	756	1,899
Deferred financing fees for guarantees	700	6,485
Other	30,633	29,049
	99,317	**113,422**
Other financial assets		
Derivative financial instruments	7,542	1,794
Loans	1,739	91
Other	138	204
	9,419	**2,089**
Other current assets	**108,736**	**115,511**

4.2 Total non-current assets

4.2.1 Other intangible assets

In financial year 2013/14, research and development costs amounted to 44,935 k EUR (previous year: 42,054 k EUR).

Of the development costs 23,439 k EUR were capitalized (previous year: 20,454 k EUR). Amortization of capitalized development costs amounted to 10,500 k EUR in financial year 2013/14 (previous year: 4,646 k EUR).

Capitalized costs for the development of wind turbines which are amortized either on a straight-line basis over 5 years or on the basis of sales volume are at least reviewed annually. In particular it is tested whether there is any indication that due to actual and forecasted sales volume the originally expected benefit cannot be realized in parts or in total any more.

The development of other intangible assets is shown in the consolidated statement of changes in non-current assets.

4.2.2 Property, plant and equipment

Land and buildings relate primarily to the Group's own production sites and administrative buildings.

Technical equipment and machinery primarily relates to facilities for the production of wind turbines. No own work was capitalised in either the current year or the previous year.

At the reporting date, assets under construction relate primarily to expenses for the construction of rotor blade moulds. Impairment losses totalling 373 k EUR were recognised on the rotor blade moulds in the financial year (previous year: 159 k EUR).

Land and buildings of Senvion SE in the amount of 46,678 k EUR (value of the land charges) serve as collateral in the financial year (previous year: 46,678 k EUR) (see also note 4.5.).

The development of property, plant and equipment is shown in the consolidated statement of changes in non-current assets.

Government grants

In financial year 2013/14, Senvion received grants totalling 2,748 k EUR within Germany (previous year: 1,299 k EUR).

The funds received primarily relate to the construction and commissioning of the turbine construction site in Bremerhaven and development projects for the optimisation of turbine components.

Furthermore Senvion SE was granted 112 k EUR from the European Union for pre-financing research projects.

Outside Germany, Senvion received subsidies in the amount of 31 k CAD in Canada and subsidies of 6 k GBP in Great Britain. These grants related to staff development.

4.2.3 Loans granted

This item includes loans granted to wind farm project companies. In the case of interest-bearing loans, the interest rates are between 2.05% and 6.56% p.a. (previous year: between 2.05% and 6.56% p.a.).

4.2.4 Income taxes

Current income tax expense in the individual countries and deferred taxes are reported as income taxes. Income tax expense is composed as follows:

	2013/14 k EUR	2012/13 k EUR
Deferred taxes	14,363	18,325
thereof: temporary differences	19,397	28,751
thereof: tax loss carryforwards	−5,034	−10,426

Current income taxes	4.248	167
Current income taxes for previous years	1.610	−133
Income taxes	**20,221**	**18,359**

Current taxes are calculated using the applicable tax rates in the individual countries.

Deferred taxes result from temporary differences in the carrying amounts in the companies' tax base and the consolidated financial statements, as well as from tax loss carryforwards. They are calculated using the liability method and the tax rate applicable in the respective countries at the date on which the differences are reversed, to the extent that this is known at the balance sheet date, or using the tax rate at the balance sheet date if a change in the tax rate is not likely.

In 2014, the corporation tax rate for companies in Germany was 15% plus the solidarity surcharge of 5.5% of this amount, meaning that the total corporation tax rate was 15.825% equal to the previous year. Including trade tax, the total tax rate was 29.11% (previous year: 29.11%).

With regard to minimum taxation, the utilization of tax loss carryforwards in Germany is restricted. There are no restrictions for a positive basis of assessment of up to 1 m EUR. No more than 60% of any amounts exceeding this level may be reduced by offsetting against existing tax loss carryforwards.

4 Consolidated statement of financial position

The effects of different tax rates in Germany and abroad compared with the tax rate of the Group parent are presented under tax rate differences in the reconciliation.

	2013/14	2012/13
	k EUR	k EUR
IFRS profit before income tax from continuing operations	**48,090**	**66,883**
Expected tax expense	14,000	19,466
Income taxes for previous year	1.610	746
Non-deductible operating expenses	1,588	369
Additions to/reductions in trade income tax (GewESt)	220	226
Changes in tax rates	201	584
Ineligible foreign taxes	185	−246
Different tax rates	61	233
Inclusion of at-equity companies	0	47
Employee option programs/share options	0	−41
Valuation adjustment of deferred taxes on tax loss carryforwards	1.082	−2,692
Other tax effects	1.392	−293
Actual income tax expenses	**20,221**	**18,359**

The non-deductible operating expenses primarily result from special features of the tax regulations of the country of residence of the international companies.

Income tax expense (prior year: tax income) from the valuation adjustment of tax loss carryforwards mainly relate to Senvion SE, Senvion Holding Pty Ltd and Senvion Australia Pty Ltd., Australia. The reduction in loss carryforwards at the Australian companies is due to an agreement reached with the Australian tax authorities as part of a mutual agreement procedure.

Deferred tax assets and deferred tax liabilities are composed as follows as of the balance sheet date:

	2014/03/31	2013/03/31
	k EUR	k EUR
Deferred tax assets		
Tax loss carryforwards	18,653	13,619
Provisions	1,656	3,662
Inventories and receivables	609	1,833
Property, plant and equipment	542	620
Other	2,095	3,049
Total deferred tax assets	**23,555**	**22,783**
Offsetting	−15,522	−15,588
Deferred tax assets after offsetting	**8,033**	**7,195**
Deferred tax liabilities		
Future accounts receivable/liabilities from contract orders	79,915	68,861
Development costs	28,004	24,411
Property, plant and equipment	712	646
Other	3,997	2,904
Total deferred tax liabilities	**112,628**	**96,822**
Offsetting	−15,522	−15,588
Deferred tax liabilities after offsetting	**97,106**	**81,234**

Deferred taxes include deferred tax liabilities of 676 k EUR (previous year: 97 k EUR deferred tax assets) for temporary differences recognised in equity for financial instruments.

Deferred taxes on tax loss carry forwards are recognized in the amount of the tax effect of the expected utilizable tax losses of the German and international Group companies. The key factor for determining the value of

deferred tax assets is the estimated probability of a reversal of the measurement differences and the usability of the tax loss carry forwards which led to deferred tax assets. This depends on the occurrence of future taxable profit during the periods in which tax measurement differences are reversed and tax loss carry forwards can be utilized. According to the current status, tax loss carry forwards can be carried forward without restriction in subsequent years in almost all countries where tax loss carry forwards occur. Exceptions include the tax loss carry forwards of RiaBlades S.A., Portugal, which amounted to 6,830 k EUR (previous year: 5,027 k EUR). The tax loss carry forwards were only eligible to be carried forward until 2015 till 2016 (Portugal), subject to the companies recording positive earnings.

No deferred tax assets were recognised on corporation tax losses totalling 7,451 k EUR (previous year: 11,263 k EUR) as well as trade tax losses of 203 k EUR (previous year: 96 k EUR) due to the lack of prospects for offsetting in the near future.

4.3 Non-current assets held for sale and discontinued operations

The assets and liabilities of REpower North (China) Ltd. are recognised as held for sale as a consequence of the initiated sales activities of the shares in REpower North (China) Ltd. The company, which was founded as a joint venture, produces REpower wind turbines for the north Chinese market and is part of the Onshore segment. The liquidation of the company will be finalized in the financial year 2014/15.

A condensed cash flow statement of REpower North (China) Ltd. is shown below.

	2013/04/01 - 2014/03/31	2012/04/01 - 2013/03/31
	k EUR	k EUR
Cash flow from operating activities	2,575	3,269
Cash flow from investing activities	−8	−30
Total cash flow	**2,567**	**3,239**

For financial year 2013/14 the assets and liabilities of REpower North (China) Ltd are composed as follows:

	2014/03/31	2013/03/31
	k EUR	k EUR
Assets of disposal group classified as held for sale		
Inventories	5,091	8,183
Liquid Funds	6,902	4,335
Other current assets	8,591	16,411
Impairment of disposal group classified as held for sale due to liquidation measurements	−7,291	0
	13,293	**28,929**
Liabilities of disposal group classified as held for sale		
Advance payment received	612	6,314
Trade accounts payable	286	297
Other current liabilities	1,915	1,905
Provisions	430	1,156
	3,243	**9,672**
Cumulative other comprehensive income associated with the discontinued operations		
Currency translation differences	1,288	2,064

Impairment of assets of disposal group classified as held for sale was recorded based on the measures taken in the liquidation of the company. Compared to the initial plan to sell, the liquidation will result in less value being recovered after all liabilities are settled. The profit/loss for the year from discontinued operations and the profit/loss from marking-to-market of the assets held for sale are composed as follows:

	2014/03/31	2013/03/31
	k EUR	k EUR
Income	5,132	7,723
Expenses	12,667	8,093
Earnings before taxes from discontinued operations	**−7,535**	**−370**
Taxes	−0	−73
Earnings after taxes from discontinued operations	**−7,535**	**−443**

4.4 Total current liabilities

4.4.1 Advance payments received

Advance payments from customers for orders for which no production work has been carried out or for which the payments received exceed the capitalized costs are reported as advance payments received.

4.4.2 Provisions

Provisions developed as follows in the year under review:

	As of 2013/04/01	Addition	Utilization	Reversal	As of 2014/03/31
	k EUR	k EUR	k EUR	k EUR	k EUR
Specific warranty provisions	58,258	61,480	−17,204	−2,237	100,297
General warranty provisions	48,835	32,766	−36,723	−818	44,060
Warranty provisions	**107,093**	**94,246**	**−53,927**	**−3,055**	**144,357**
Other provisions	11,405	3,707	−6,160	−2,619	6,333
Total provisions	**118,498**	**97,953**	**−60,087**	**−5,674**	**150,690**

Provisions for warranties are utilized in accordance with legal or contractual obligations.

Specific warranty provisions include expenses for material and labour, which will be incurred to repair known individual defects which fall within the respective warranty period. In addition, general warranty provisions are accounted for based on a historical 5 year average cost rate per turbine class. These are consumed over the contractual or legal warranty period.

Other provisions primarily relate to provisions for legal disputes arising from sourcing transactions, for which specific information has not been disclosed in accordance with IAS 37.92. Utilization is expected in the following financial year.

Provisions for pensions

Plans for pensions and similar obligations are measured in accordance with IAS 19 “Employee Benefits”. Pension provisions are measured using the projected unit credit method.

Senvion SE has granted a pension commitment in the form of a defined contribution plan involving benefits for retirement and surviving dependants. These benefits are financed by way of a matching insurance policy. The policyholder and beneficiary is Senvion SE, while the insured parties are the former employees.

The insurance policy was fully financed with the payment of a non- recurring contribution; no further contributions are required. To guarantee the claims of the pension beneficiaries, Senvion SE has pledged the claims arising from the insurance policy to the former employees and provided written confirmation of this pledge agreement. As a result, the insurance policy becomes a “plan asset” as defined in IAS 19. If the benefits payable under the insurance policy are the same as the benefits payable under the obligation, the fair value of the asset is deemed to be the same as that of the obligation in accordance with IAS 19.104, meaning that such items are not included in the consolidated statement of financial provision or the income statement. Thus the obligation stated in the statement of financial position equals to zero.

The Company has commitments under a provident fund for one employee. This relates to defined contribution obligations that are financed by way of a corresponding agreement on the waiver of salary in connection with the grant of a commitment for provident fund benefits. The benefits of the respective insurance policies financed by the payment are used solely to satisfy the provident fund benefit obligations.

4.4.3 Deferred income

Prepayments for revenue from service and maintenance are mainly reported as deferred income. Straight-line amortization is applied for these deferred positions over the entire term of the rendered service.

4.4.4 Income tax liabilities

Income tax liabilities primarily relate to current taxes for the financial year and previous years.

4.4.5 Other current liabilities

Other current liabilities are composed as follows:

	2014/03/31	2013/03/31
	k EUR	k EUR
Other financial liabilities		
Liabilities to employees	21,558	16,941
Derivative financial instruments	5,966	2,635
Debtors with credit balances	2,301	1,855
Security deposit	10	10
	29,835	**21,441**
Miscellaneous other liabilities		
Liabilities from other taxes	8,156	6,525
Social security liabilities	1,290	1,258
Other	6,524	5,806
	15,970	**13,589**
Other current liabilities	**45,805**	**35,030**

4.5 Long-term loans

Long-term loans totalling 21,889 k EUR (previous year: 30,061 k EUR) relate to liabilities to banks. The interest rate for bank loans was between 3.64% and 5.5% p.a. (previous year: between 3% and 6.53% p.a.). Non-current bank liabilities amounting to 46,678 k EUR (previous year: 46,678 k EUR) are secured by liens and assignments of security from electricity revenues as well as insurance claims.

On 29 February 2012, Senvion SE took out a new syndicated loan with a total volume of 750,000 k EUR, which replaced the financing provided by the syndicated loan concluded on 26 May 2009 with a total volume of 600,000 k EUR.

725,000 k EUR of the new syndicated credit line can be utilised in the form of guarantees and the remaining 25,000 k EUR as a cash loan. As of 31 March 2014, these credit lines had been drawn on in the amount of 507.3 m EUR (previous year: 511.7 m EUR) exclusively for sureties and guarantees. The syndicated loan was secured by way of rights from registered patents and patent applications of Senvion SE. Furthermore, the credit loan agreement contains common rights of termination for the lender that become valid as soon as regulated defaults occur. These breaches of contract may include the conclusion of control and profit transfer agreements, failure to comply with certain financial covenants, or a change of control. In addition, dividend payment is possible only to a limited extent.

The terms are variable and oriented to debt levels. Interest rate risks may arise from changes in the EURIBOR rate if cash credit lines are drawn on.

A new syndicated loan with a volume of 850,000 k EUR was signed on 31 March 2014, which will replace the existing contract. The contract came into effect on 7 April 2014 and provides Senvion SE with larger scope for growth in its project business. In addition to rights from registered patents and patent applications of Senvion SE which have been assigned to date, the banking syndicate will receive a blanket assignment of outstanding receivables of Senvion SE as well as an assignment of finished goods and work in progress and raw materials and supplies by way of additional security.

4.6 Total equity capital

The change in equity components is shown in the Group's statement of changes in equity.

4.6.1 Subscribed capital

At 31 March 2014, the share capital of Senvion SE amounted to 9,220,179 EUR (previous year: 9,220,179 EUR) and was divided into 9,220,179 (previous year: 9,220,179) no-par value ordinary bearer shares, each with a notional interest in the share capital of 1.00 EUR.

4.6.2 Additional paid-in capital

The additional paid-in capital results from the initial public offering of Senvion SE in 2002. In the year under review, 303,675 k EUR was reported under this item (previous year: 303,675 k EUR).

4.6.3 Non-controlling interests

Non-controlling interests relate to the shares held by third parties in German and international Group companies. These include shares of third parties in the 2013/14 financial year in REpower North (China) Ltd..

5 Income statement disclosures

5.1 Revenues

In financial years 2013/14 and 2012/13, the operations of companies of Senvion related almost exclusively to the development and manufacture of wind turbines and wind turbine projects.

	2013/14	2012/13
	k EUR	k EUR
Revenue from sale of wind turbines	1,612,703	2,064,556
Service/maintenance and material sales	173,978	130,464
Electricity revenues	1,293	975
License revenues	929	1,412
Other	17,116	23,999
	1,806,019	**2,221,406**

5 Income statement disclosures

In accordance with IAS 11, contract revenue was recognised in the amount of 1,612,703 k EUR (previous year: 2,064,556 k EUR). This is reported under revenues from the sale of wind turbines.

5.2 Other operating income

Other operating income is composed as follows:

	2013/14	2012/13
	k EUR	k EUR
Currency translation gains	14,003	21,995
Income from hedging transactions	9,296	11,572
Insurance payments/compensations	6,511	9,920
Income from reversal of provisions	5,674	18,365
Investment subsidies, research and development subsidies	2,777	544
Income from reversal of bad debt allowances	998	7,369
Gain on disposal of non-current assets	105	35
Gain on decrease of contingent purchase price liability CGU Portugal	0	3,399
Other	4,350	1,336
	43,714	**74,535**

5.3 Personnel expenses

	2013/14	2012/13
	k EUR	k EUR
Wages and salaries	163,969	166,983
Social security contributions	32,266	31,311
	196,235	**198,294**

The average number of employees for the year 2013/14 was 3,261 (previous year: 3,180). Senvion employed 3,375 staff worldwide at the end of the financial year 2013/2014 (previous year: 3,507).

5.4 Other operating expenses

Other operating expenses are composed as follows:

	2013/14	2012/13
	k EUR	k EUR
Currency translation losses	26,957	41,902
Purchased services	21,764	31,049
Office and land costs	16,495	16,102
IT & telecommunication costs	15,247	8,750
Legal and consulting costs	13,923	26,874
Travel expenses	11,015	17,636
Vehicle costs	8,875	9,638
Compensation for loss of production	6,495	13,220
Repairs and maintenance	5,508	6,635
Administration costs	5,359	6,960
Cost of training and appointing staff	5,032	9,663
Advertising and trade fair expenses	3,780	3,740
Write-offs/write-downs of receivables	1,541	4,816
Other fees and charges	1,464	1,479
Representation costs/Investor relations costs	1,241	1,605
Insurance costs	1,042	3,657
Operational needs	865	360
Warranty expenses	−6,668	14,626
Other	5,386	17,773

	145,321	**236,485**

5.5 Exceptional items from reorganisation

Due to the implementation of the „Power" efficiency enhancement system initiated by the management of Senvion SE in April 2013 costs were recognized in the amount of 38,041 k EUR. These costs relate to Legal and consulting costs for the implementation of "Power" in the amount of 21,535 k EUR and to personal costs in the amount of 16,506 k EUR which result from the early redundancies of staff and cancellation of employment contracts.

5.6 Financial and investments result

Net finance costs and income from investments are composed as follows:

	2013/14	2012/13
	k EUR	k EUR
Interest and similar financial income		
Other interest and similar income	**1,172**	**2,808**
Interest and similar financial expenses		
Other interest and similar expenses	−16,194	−16,048
Write-down on financial assets	0	−263
	−16,194	**−16,311**
Interest from joint ventures	**0**	**234**
Net finance costs	**−15,067**	**−13,269**

Borrowing expenses largely relate to guarantee commissions and interest on loans taken out by the Company.

6 Contingent liabilities and other financial obligations

	2014/03/31	2013/03/31
	k EUR	k EUR
Other financial obligations		
Obligations from leases and rentral contracts		
Due within one year	14,287	12,296
Due within 1 and 5 years	83,455	51,714
Due in more than 5 years	233,685	254,909
	331,427	**318,919**
Contingent liabilities		
Land charges	46,678	46,678

On 31 March 2014, Senvion SE took out a new syndicated loan, which replaced the financing provided by the syndicated loan concluded on 29 February 2012. For the new syndicated loan, rights from registered patents and patent applications of Senvion SE were again assigned to the lender. Furthermore a blanket assignment from receivables and a chattel mortgage for the inventories of Senvion SE were assigned as a guaranty.

All leases at Senvion SE and the companies included in the scope of consolidation are operating leases. Lease payments are recognized directly in income on a straight-line basis over the term of the lease.

Obligations from leases and rental contracts relate primarily to obligations for the rental of office and warehouse space. Expenses amounting to 15,918 k EUR (previous year: 15,182 k EUR) were recognised for leases and rental contracts in financial year 2013/14.

In financial year 2013/14, there were also two shipping charter agreements for offshore systems. These two contracts each have a term of at least 10 years. The first charter is likely to come into effect on 1 April 2017. Together, the charter contracts are likely to result in charter fees of 26.5 m EUR a year. In financial year 2013/14 no advance payments were made (previous year: 1.8 m EUR).

At the balance sheet date, Senvion SE reported land charges of 46.7 m EUR, (previous year: 46.7 m EUR). Utilization is considered to be unlikely.

At the balance sheet date, the Company had commitments of around 483.9 m EUR (previous year: 589.1 m EUR) for the purchase of inventories and around 5.3 m EUR (previous year: 7.1 m EUR) for the purchase of property, plant and equipment.

7 Financial risks and financial instruments

7.1 Principles of risk management

With regard to its assets, financial liabilities and planned transactions, Senvion SE is subject to risks arising from changes in raw materials and purchase prices, exchange rates, interest rates and share prices. The aim of financial risk management is to limit these market risks through ongoing operating and financially oriented activities. To this end, specific hedging instruments are employed depending on the assessment of the respective risk. Risks are only hedged if they affect the Group's cash flow. Derivative financial instruments are only employed in exceptional circumstances to hedge exchange rate risks, particularly those relating to customer contracts, and are not used for trading or other speculative purposes.

The principles of financial policy are agreed on an annual basis by the Executive Board and monitored by the Supervisory Board. The implementation of financial policy and ongoing risk management is the responsibility of Group Treasury with the involvement of Group Controlling. Certain transactions require the prior consent of the Executive Board, which is also regularly informed of the scope and amount of the current risk exposure. Treasury considers the effective management of financial instruments and market risks as one of its main functions. In order to assess the effects of the different events on the market, simulation calculations are performed using various worst-case and market scenarios.

7.2 Information on the nature and extent of risks associated with financial instruments

Primary financial instruments classified as assets in accordance with IFRS 7 include receivables and other assets, provided that they are based on a contract, as well as cash and cash equivalents. Primary financial instruments classified as liabilities in accordance with IFRS 7 include all sub- groups of liabilities with the exception of provisions, deferred income and deferred taxes as well as income tax liabilities. Furthermore, those items which are not based on a contract are not included. Derivatives are only employed to a limited extent. Credit and default risk is constantly monitored. Before entering into purchase and delivery contracts, the Group checks the customer's credit rating using a standardized credit check process including the evaluation of information from external rating agencies and credit agencies and the analysis of financial information, and requests the provision of corresponding collateral. The result of the credit check process is documented for each customer.

The credit and default risk of financial assets is limited to a maximum of the amounts reported on the asset side of the consolidated statement of financial position.

Exchange rate risks only exist insofar as deliveries are made to countries outside the euro zone or cross-border deliveries are made from such countries. Risks within the meaning of IFRS 7 arise from financial instruments that are denominated in a currency other than the functional currency and that are of a monetary nature; exchange rate differences arising from the translation of financial statements into the Group currency are not included.

IFRS 7 requires the performance of a currency sensitivity analysis showing the effects of hypothetical changes in relevant risk variables on earnings and shareholders' equity. Foreign currency sensitivity is calculated for primary monetary financial instruments (cash and cash equivalents, trade receivables and payables, other assets and other liabilities) by simulating a 10% increase or decrease in the value of all foreign currencies against the functional currency.

The simulated appreciation or devaluation of the relevant currencies would have impacted the financial statements as of 31 March 2014 as follows:

Currency risk

2014/03/31	USD	AUD	CAD	GBP
Sensitivity analysis—Total				
Exchange rate + 10%	−33,839,117	−12,213,480	26,649,038	−5,201,228
Profit impact in EUR	2,492,330	844,566	1,189,099	520,123
Exchange rate − 10%	−27,686,552	−9,992,847	26,622,656	−6,357,056
Profit impact in EUR	−3,660,238	−1,376,066	−1,768,802	−635,706

2013/03/31	USD	AUD	CAD	GBP
Sensitivity analysis—Total				
Exchange rate + 10%.....	−1,960,108	1,363,096	26,311,556	−5,201,228
Profit impact in EUR	−1,654,373	−136,310	−1,886,267	520,123

Exchange rate − 10%	−787,993	1,666,006	38,412,908	−6,357,056
Profit impact in EUR	−732,183	166,601	8,719,771	−635,706

For reasons of materiality, the table deals with the foreign currencies USD, AUD, CAD and GBP. The underlying derivatives relate to financial instruments which are undesignated hedges. Foreign exchange volatility impacts derivatives on the basis of nominal values. When considering sensitivities, care is taken in each case to establish whether Senvion has hedged a long or short position in the currency in question and the underlying exchange rate is then increased or reduced by 10% per currency pair either in favour of or to the disadvantage of Senvion.

Regarding foreign currency hedges, the fair value of financial instruments used in cash flow hedges would decrease by 2,925 k EUR (previous year: 1,460 k EUR) if the foreign currency in question appreciated (depreciated) by 10% against the functional currency in the case of a long position (short position) in the foreign currency in question. In this case the fair value of the financial instruments used in cash flow hedges shall be allocated to shareholders' equity in full (decrease). In the same way, the fair value of financial instruments used in cash flow hedges would increase by 6,599 k EUR (previous year: 3,007 k EUR) if the foreign currencies depreciated (appreciated) by 10% against the functional currency in the case of a long position (short position) in the foreign currency in question. In this case, the increased fair value of the financial instruments is allocable to equity capital in full (increase).

At Senvion SE, exchange rate risk primarily arises from operating activities when contracts are concluded in a functional currency other than the EUR. The primary risks are in connection with the currency pairs EUR/USD, EUR/CAD, EUR/GBP and EUR/AUD. The recording and measurement of the potential risk from transactions and payments in foreign currency is performed centrally by Treasury and is ensured by way of direct reporting by the companies and divisions affected. The natural hedge approach is applied in order to harmonise global cash flows. Payments made and received in the same currency are offset and the net exposure is calculated for each foreign currency.

The risk position per currency measured in this manner is monitored and managed by the Treasury. Hedges are concluded to limit this risk. Exchange rate risks in the Company's operating activities are hedged using forward exchange contracts, currency swaps, currency options and derivatives.

Transacting or holding such contracts for trading or speculation purposes is not permitted. Derivative financial instruments that do not meet the conditions for hedge accounting are placed in the "held for trading" category.

Liquidity risk

Liquidity risk is monitored as part of rolling liquidity planning. Financing is provided mainly through advance payments for projects from customers. Payments made and received are monitored continuously as part of liquidity planning. As of 31 March 2014, unutilised guarantee facilities totalled 260,441 k EUR (previous year: 255,976 k EUR) and unutilised cash facilities totalled 23,687 k EUR (previous year: 23,737 k EUR). These facilities were mainly provided under the newly concluded syndicated loan with a term until August 2014. The early signing of the prolongation of the syndicated loan was made on 31 March 2014, the contract came into effect as of 7 April 2014. Therefore there are provided 820,000 k EUR guarantee facilities and 30.000 k EUR cash facilities until 31 March 2017.

The following table shows the contractually agreed, undiscounted interest and principal payments for the Senvion Group's primary financial liabilities and derivative financial instruments with a negative fair value. Interest rate derivatives are included at their net cash flow, while currency derivatives are listed as cross-settlement derivatives. Derivatives with positive fair values constitute assets, and hence are not included.

Maturity of financial liabilities

	Carrying amount as of 2014/03/31	Cash flows up to 1 year	Cash flows between 1 and 5 years	Cash flows more than 5 years
	k EUR	k EUR	k EUR	k EUR
Short-term loans and current portion of long-term loans...	8,305	9,576	0	0
—thereof redemption payments		*8,305*	*0*	*0*
—thereof interest payments		*1,271*	*0*	*0*
Trade accounts payable.....	331,136	331,136	0	0
Liabilities from related parties.....	3,508	3,508	0	0
Financial derivatives held for trading	5,966	5,966	0	0
Financial derivatives classified as hedging instruments	0	0	0	0
Long-term loans.....	21,889	0	22,536	1,476
—thereof redemption payments		*0*	*20,480*	*1,409*

—thereof interest payments		*0*	*2,056*	*67*
Other financial liabilities	34,971	23,869	11,102	0
Total	**405,775**	**374,055**	**33,638**	**1,476**

	Carrying amount as of 2013/03/31	Cash flows up to 1 year	Cash flows between 1 and 5 years	Cash flows more than 5 years
	k EUR	k EUR	k EUR	k EUR
Short-term loans and current portion of long-term loans	9,837	11,698	0	0
—thereof redemption payments		*9,837*	*0*	*0*
—thereof interest payments		*1,861*	*0*	*0*
Trade accounts payable	312,334	312,334	0	0
Liabilities from related parties	2,920	2,920	0	0
Financial derivatives held for trading	2,215	942	1,273	0
Financial derivatives classified as hedging instruments	420	248	172	0
Long-term loans	30,061	0	31,965	1,476
—thereof redemption payments		*0*	*28,652*	*1,409*
—thereof interest payments		*0*	*3,313*	*67*
Other financial liabilities	29,660	20,251	9,409	0
Total	**387,447**	**348,393**	**42,819**	**1,476**

This table does not contain any budgeted figures, but rather only those financial instruments held as of 31 March 2014 and 2013 for which the Group had entered into contractual agreements on the corresponding payments. Foreign currency amounts are converted using the closing rate. The currency derivatives held for trading will be settled gross.

No financial assets were pledged as collateral as of 31 March 2014 and 2013.

Interest rate risk

Within the Group, interest rate changes result in an increase or decrease in the interest expense for variable-interest loans and overdrafts. The Company does not have any material assets or liabilities that are sensitive to interest rates.

The recording and measurement of the potential risk from external financing is performed centrally by Treasury and is ensured by way of direct reporting by the responsible employees. The interest rate risk positions calculated in this manner are monitored and controlled by Treasury. Hedges are concluded to limit this risk. Interest rate risks are hedged using interest rate swaps, interest rate caps and derivatives. Transacting or holding such contracts for trading or speculation purposes is not permitted.

7 Financial risks and financial instruments

Financial derivatives

As part of the disclosure of market risks, IFRS 7 requires the disclosure of information on how hypothetical changes in risk variables would affect the price of financial instruments. In particular, these risk variable include purchase prices for components and share or index prices. The material market risk from component price development is offset by time- or volume-based contracts with suppliers or by the direct participation of suppliers in joint ventures.

The following table shows the carrying amounts and nominal volumes of financial derivatives as of 31 March 2014 and 2013:

	2014/03/31		2013/03/31	
Financial derivatives	**Carrying amount**	**Nominal value**	**Carrying amount**	**Nominal value**
	k EUR	**k EUR**	**k EUR**	**k EUR**
Assets				
Interest rate cap				
not used in hedges	0	0	0	60
used in cash flow hedges	0	0	0	0
Currency swaps				
not used in hedges	27	3,650	1,324	64,734
used in cash flow hedges	0	0	0	0
Forward exchange contracts				
not used in hedges	2,664	37,472	391	32,703
used in cash flow hedges	2,313	49,458	79	14,172
Currency option transactions				
not used in hedges	2,538	28,153	0	0
used in cash flow hedges	0	0	0	0
Liabilities				
Currency swaps				
not used in hedges	205	17,866	1,087	36,671
used in cash flow hedges	0	0	0	0
Forward exchange contracts				
not used in hedges	5,761	85,185	0	0
used in cash flow hedges	0	0	420	23,377
Currency option transactions				
not used in hedges	0	0	1,128	31,444
used in cash flow hedges	0	0	0	0

The effective portion of the income effect of changes in the fair value of financial derivatives used in cash flow hedges is taken directly to equity. The effective portion of the changes in the value of derivative financial instruments taken directly to equity in the period under review amounted to 1,882 k EUR (previous year: −147 k EUR).

During the financial year 2013/14, the amount transferred from equity to profit and loss as part of cash flow hedge accounting was 76 k EUR (previous year: −902 k EUR), which appears in the income statement item “other operating expenses”.

In the past financial year 272 k EUR (previous year: −943 k EUR) was transferred from equity to profit and loss due to the discontinuation of underlying transactions.

With regard to hedged planned transactions, no amounts were removed from equity in the year under review and included in the cost of non-financial assets (basis adjustment).

As of 31 March 2014 and 2013, there were no ineffective portions of the change in the fair value of hedging instruments.

The following table shows when the book values of the cash flow hedges are expected to occur and be recognized in profit or loss:

Occurence and recognition in profit or loss	Carrying amount	up to 1 year	between 1 and 5 year	more than 5 years
	k EUR	k EUR	k EUR	k EUR
2014/03/31				
Forward exchange contracts				
Assets	2,313	1,611	702	0
Liabilities	0	0	0	0
2013/03/31				
Forward exchange contracts				
Assets	79	12	67	0
Liabilities	420	248	172	0

7.3 Information on the significance of financial instruments for the consolidated financial statements

Based on the relevant consolidated statement of financial position items, the relationships between the classification of financial instruments in accordance with IFRS 7 and the carrying amounts of the financial instruments are shown in the following tables. Liquid funds not allocated to any IAS 39 category are also shown. The carrying amounts of the financial assets measured at fair value correspond to their market values.

	Category*	2014/03/31 Carrying amount	2013/03/31 Carrying amount
		k EUR	k EUR
Liquid funds	n.a.	269,924	236,879
Gross amount due from customers for contract work as an asset	L+R	362,133	363,607
Trade accounts receivable	L+R	155,490	144,053
Loans granted	L+R	13,231	16,255
Other financial assets—miscellaneous	L+R	138	204
Other financial assets—loans	L+R	1,739	91
Other financial investments	L+R	66	66
Receivables from related parties	L+R	23,575	15,255
Total L+R	**L+R**	**826,296**	**776,410**
Other financial assets—financial derivatives held for trading	HFT	5,229	1,715
Other financial assets—financial derivatives classified as hedge instruments	n.a.	2,313	79

* L+R: loans and receivables

HFT: held for trading

Liquid funds, future accounts receivable from contract orders, trade accounts receivable, receivables from joint ventures and other financial assets generally have a term of twelve months or less, meaning that their carrying amounts on the reporting date correspond closely to their fair values.

The fair values of non-current receivables correspond to the present value of the payments associated with these assets, taking into account the current parameters reflecting changes in conditions and expectations due to market- and partner-related developments.

Financial liabilities are shown in the following table:

	Category*	2014/03/31 Carrying amount	2013/03/31 Carrying amount
		k EUR	k EUR
Trade accounts payable	OL	331,136	312,333
Liabilities to related parties	OL	3,508	2,920
Long-term loans	OL	21,889	30,061
Short-term loans and current portion of long-term loans	OL	8,305	9,838
Other non-current financial assets	OL	11,102	10,854
Other current financial assets	OL	23,869	18,806
Total OL	**OL**	**399,809**	**384,812**
Other financial liabilities—financial derivatives held for trading	HFT	5,966	2,215
Other financial liabilities—financial derivatives classified as hedge instruments	n.a.	0	420

* OL: other liabilities

The fair values of liabilities to banks and other financial liabilities mainly correspond to the present values of the payments associated with the debts, taking into account the relevant interest rate structure and the credit spread. This relates primarily to fixed-rate construction financing for the construction projects in Bremerhaven, Osterrönfeld and the Portuguese production companies.

Due to the short-term of trade payables and other financial liabilities, it is assumed that their carrying amounts and fair values are identical.

The following table provides a breakdown of financial assets and financial liabilities carried at fair value at the reporting date in terms of their relevance for the input data required for measurement. This implies a differentiation between values observable on active markets (level 1), observable material input data based on a fair value measurement model (level 2) and material input data not based on observable market data (level 3):

2014/03/31	Carrying amount	Level 1	Level 2	Level 3
	k EUR	k EUR	k EUR	k EUR
Assets carried at fair value				
Held for Trading (HfT)	5,229	0	5,229	0
Derivative financial instruments classified as hedge instrument	2,313	0	2,313	0
Total assets	**7,542**	**0**	**7,542**	**0**
Liabilties carried at fair value				
Held for Trading (HfT)	5,966	0	5,966	0
Derivative financial instruments classified as hedge instrument	0	0	0	0
Total liabilities	**5,966**	**0**	**5,966**	**0**

2013/03/31	Carrying amount	Level 1	Level 2	Level 3
	k EUR	k EUR	k EUR	k EUR
Assets carried at fair value				
Held for Trading (HfT)	1,715	0	1,715	0
Derivative financial instruments classified as hedge instrument	79	0	79	0
Total assets	**1,794**	**0**	**1,794**	**0**
Liabilties carried at fair value				
Held for Trading (HfT)	2,215	0	2,215	0
Derivative financial instruments classified as hedge instrument	420	0	420	0
Total liabilities	**2,635**	**0**	**2,635**	**0**

There have been no transfers between Level 1 and Level 2 during the actual and previous period.

The following methods and assumptions were used to estimate the fair values:

- Long-term receivables are evaluated by the group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As of 31 March 2014, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

- The group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and foreign exchange spot and forward rates. As of 31 March 2014, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

- Fair values of the group's borrowings and loans and other financial liabilities are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as of the end of the reporting period. The own non-performance risk as of 31 March 2014 was assessed to be insignificant.

Net gains and losses on loans and receivables consist primarily of results from write-downs and reversals thereof. With regard to write-downs, please see the notes on trade accounts receivable (4.1.3) and other current assets (4.1.6). The net results of write-downs and reversals thereof are primarily reported in other operating expenses.

The following table shows the net gains and losses for each valuation category:

	Nettoergebnis	
	2013/14	2012/13
	Tsd. EUR	Tsd. EUR
Loans and receivables (L+R)	4,580	−3,383
Financial instruments held for trading (HFT)	−237	510
Total	**4.343**	**−2,873**

As part of the recognition of changes in the value of available-for-sale financial assets directly in equity, no remeasurement gains or losses were taken directly to equity in financial year 2013/14 or in the previous year. Accordingly, no gains or losses were transferred from equity to profit or loss in either of these periods.

For information on the provision of collateral, please refer to note 4.1.3.

Senvion has received collateral amounting to 2,134,046 k EUR (previous year: 2,163,371 k EUR); this represents the fair value of the collateral, which primarily relates to standard industry guarantees from third parties for obligations of customers and suppliers for which Senvion has carried out preliminary work or made advance payments.

8 Capital management

The aim of the Group's capital management is to ensure that it maintains a good equity ratio and a high credit rating in order to support its business activities and maximize shareholder value. This is especially significant in the context of growth targets.

Senvion SE has a balanced capital structure. Shareholders' equity covers non-current assets by more than 100%. The Company is not subject to any statutory capital requirements.

The Group monitors its capital on the basis of the equity ratio, this being the ratio of the shareholders' equity reported in the IFRS consolidated financial statements to total assets. Another figure used in capital management is net working capital or the net working capital ratio. Net working capital is calculated as follows: current assets (adjusted for liquid funds) minus current liabilities (adjusted for provisions). To calculate the net working capital ratio, this net figure is compared with the total operating performance for the last 12 months.

9 Information on the consolidated statement of cash flows

In accordance with IAS 7, the consolidated statement of cash flows is classified into the areas operating activity, investing activity and financing activity. The cash and cash equivalents shown in the cash flow statement contain cash and bank balances. Short-term bank liabilities are deducted.

The indirect method was used to calculate the cash flow from operating activity. The cash flow statement starts with net income for the year before taxes. The cash outflows from interest and taxes were allocated to ongoing business activity and recognized separately there.

The cash flow from investing activities is composed of payments for investment in intangible assets and in property, plant and equipment as well as receipts for the disposal of fixed assets.

10 Related parties disclosures

For Senvion Group, related parties as defined by IAS 24 are, in particular, shareholders, subsidiaries, unless they are already included in the consolidated financial statements as consolidated entities, joint ventures and associates including close family members and intermediary companies. Subsidiaries of associates are also related parties.

In addition, members of the management and Supervisory Board are related parties as defined by IAS 24, as are people who hold a key position in the management of a parent company of the Senvion SE Group.

For information on the joint venture, please refer to note 2.2. The composition and remuneration of the Executive Board and Supervisory Board are described in notes 11 and 12 respectively.

In addition to business relationships with the subsidiaries included in the consolidated financial statements by means of full consolidation, there were the following business relationships with related parties.

10 Related parties disclosures

The following transactions were concluded with the shareholder Suzlon Energy Ltd. and its subsidiaries as well as its related parties:

10.1 Senvion SE's transactions with Suzlon Energy Ltd., its subsidiaries and its related parties

Company	Content	Services / Goods obtained 2013/14	Services / Goods delivered 2013/14	Receivables 2014/03/31	Liabilities 2014/03/31
		EUR	EUR	EUR	EUR
Suzlon Energy Ltd. / SE Blades Ltd., India.....	Supply contract no. REP-027-2008 dated January 18/31, 2008 for the supply of RE45 rotor blades to Senvion SE and other Group companies in the period from 2008 to 2011 with a volume of around 77 m EUR. The contract was prolonged and transferred onto Suzlon Composites which was renamed to SE Blades. Orders in 2013/14: 98 k EUR	6,094,257	—	1,389,964	120,820
SE Blades B.V., Hengelo, Netherlands.....	Consultancy Agreement in relation with „fatigue crack detection" at MM92-blades dated 2012/08/10; Realized volume in financial years 2012/2013 and 2013/2014 about 26 k EUR (at 100 EUR per hour)	13,762	—	—	13,762
SE Blades B.V., Hengelo, Netherlands.....	Consultancy Agreement in relation with „process qualification and process design for REpower Rotorblade RE59.8" dated 2013/04/16 and 2013/04/17	69,087	—	—	69,087
SE Forge Ltd., India.....	Supply agreement concerning hubs and main frames for MM92 turbines, Orders in 2013/2014: 95 k EUR	183,400	—	—	98,952

Company	Content	Services / Goods obtained 2013/14	Services / Goods delivered 2013/14	Receivables 2014/03/31	Liabilities 2014/03/31
		EUR	EUR	EUR	EUR
SE Electricals Ltd., India	Advance Payment of costs for the production ramp-up of the facility in Padubidri, India	—	—	99,000 Prepayments	—
SE Electricals Ltd., India	Supply agreement for generators.	487,500	—	1,686,000 Prepayments	—

Suzlon Wind International Ltd., India ...	Job Order for production of nacelles and hubs in Padubidri, India, and Supply agreement (several orders) about nacelle covers, spinners, smaller composite parts, including rework, and 24 sets of Top/Bottom Boxes, Orders in 2013/14: 1.134 k EUR	1,560,988	—	—	858,919
Suzlon Wind Energy Spain, S.L.U.....	Service on Senvion WTG in connection with orders for blade repairs by Suzlon	10,033	—	—	10,033
Suzlon Wind Energy Corporation, USA	Sales agency agreement dated 11 January 2011 between Senvion and Suzlon. Suzlon supports Senvion in marketing its wind turbines (MM82, MM92, 3.XM series) in the USA and by amendment to the agency agreement also in Canada (excluding the Quebec region).	No transactions under this contract in the fiscal year 2013/14.			
Suzlon Energy Australia Pty. Ltd., Australia.....	Agency agreement dated 11 January 2011 between Senvion and Suzlon. Suzlon supports Senvion in marketing its wind turbines (MM82, MM92, 3.XM series) in Australia	No transactions under this contract in the fiscal year 2013/14.			

10.2 Transactions by Senvion SE subsidiaries with Suzlon Energy Ltd., its subsidiaries and its related parties

10.2.1 PowerBlades GmbH, Bremerhaven

On 9 April 2014, a notification of defects was sent by PowerBlades GmbH, Bremerhaven, to SE Blades, Aarhus, Denmark, regarding insufficient repairs on 35 sets of RE45 rotor blades in business year 2012/13. The estimated maximum total damages are 350 k EUR.

10.2.2 RECA Holdings Pty Ltd., Melbourne, Australia

Company	Content	Services / Goods obtained 2013/14	Services / Goods delivered 2013/14	Receivables 2014/03/31	Liabilities 2014/03/31
		EUR	EUR	EUR	EUR
Suzlon Energy Australia Pty. Ltd., Australia (SEA).....	Facilities and Service Agreement: RECA supports SEA within the area of Service and Maintenance, Contract dated 5 October 2011 (Cost + Margin (3%))	1,082,788	13,491,167	23,175,563	2,596,992
Suzlon Energy Australia Pty. Ltd., Australia.....	Consultancy Services Agreement dated 28 February 2011: Utilization of Suzlon Australia services related to tender preparation or project management	No transactions under this contract in the fiscal year 2013/14.			

On 31 December 2013, Senvion Australia Pty. Ltd. agreed with Suzlon Energy Australia Pty. Ltd, that starting on 1 January, 2014, Senvion will be reimbursed for its services rendered under the Facilities and Service Agreement as of 5 October 2011 directly by the customers of SEA in Australia. A payment direction deed was signed between Senvion Australia and SEA, which is currently in the process of being supplemented by individual customer agreements between SEA and its customers. Other terms and conditions under the facility and service agreement remain unchanged. In the period from 1 January 2014 until 31 March 2014 for services rendered under the agreement, customer payments of 1,922 k EUR were transferred by SEA to Senvion Australia for those customers where the agreements are still pending.

On 31 March 2014 Senvion entered into a share purchase agreement with Valum Holding B.V., Amsterdam, The Netherlands, for the acquisition of 80% of the interest in Yorke Peninsula Wind Farm Projekt Pty Ltd., Melbourne, Australia for a consideration of 6,200 k AUD (4,222 k EUR). The contract is contingent upon the approval of the financing parties of the syndicated credit facitliy. The approval was outstanding as of 31 March 2014. The purchase price shall be offset against receivables from RECA Holding Pty Ltd. Yorke Peninsula Wind Farm Projekt Pty Ltd.'s business objective is the development and construction of a wind farm in Australia. The entity has been granted development approval to develop the wind farm in its intended location. Development is currently pursued and the application of the construction approval is being prepared. Owing to the uncertainty of the value of wind farm projects under development, the parties have agreed to include a contingent purchase price in the agreement. Dependent upon the point in time of sale of the wind farm to investors or any other party, the seller will receive 50% to 60% of future sales proceeds, after initial and future acquisition and development cost of Senvion have been deducted. Accordingly, the seller will receive an amount equal to a maximum of 60% (if sale occurs prior to 31 December 2014, otherwise 50%) of the sales proceeds (up to a maximum of 30,000 k AUD) after initial acquisition cost (6,200 k AUD) and future development cost incurred by Senvion have been deducted.

10 Related parties disclosures

10.2.3 Senvion USA Corp., Denver, U.S.A.

Company	Content	Services / Goods obtained 2013/14	Services / Goods delivered 2013/14	Receivables 2014/03/31	Liabilities 2014/03/31
		EUR	EUR	EUR	EUR
Suzlon Wind Energy Corporation, USA	Service Level Agreement dated July 2012 concerning various services in relation with project management, service and commissioning of WTGs, contract management, logistics and delivery in the US. Furthermore Suzlon supplies HSE services (Health, Safety and Environment).	222,892	—	—	183,352

10.2.4 Senvion Canada Inc., Montreal, Canada

Company	Content	Services / Goods obtained 2013/14	Services / Goods delivered 2013/14	Receivables 2014/03/31	Liabilities 2014/03/31
		EUR	EUR	EUR	EUR
Suzlon Wind Energy Corporation, USA	HSE services (Health, Safety and Environment) from Suzlon	106,847	—	—	—

10.2.5 PowerBlades Industries Inc., Québec, Canada

Company	Content	Services / Goods obtained 2013/14	Services / Goods delivered 2013/14	Receivables 2014/03/31	Liabilities 2014/03/31
		EUR	EUR	EUR	EUR
Suzlon Rotor Corp., India	Sales contract dated 1 October 2013, concerning diverse fixed assets delivered by Suzlon Rotor Corp. to PowerBlades Industries Inc.	621,234	—	—	621,234

10.2.6 REpower Systems Northern Europe A/S, Aarhus, Denmark

Company	Content	Services / Goods obtained 2013/14	Services / Goods delivered 2013/14	Receivables 2014/03/31	Liabilities 2014/03/31
		EUR	EUR	EUR	EUR
Suzlon Wind Energy A/S, Denmark	Performance of HR related services and rent payments from REpower A/S to Suzlon A/S.	278,232	—	—	—

The company REpower Systems Northern Europe A/S is in the process of liquidation since March 2014. As a result, work contracts with all employees of the subsidiary were terminated. Employees from Suzlon Wind Energy A/S,

Aarhus, Denmark, performed all legal and HR related services in connection with the closure. Furthermore, Suzlon Wind Energy A/S terminated office rent and telecommunication contracts and took care of other organizational matters on behalf of REpower Systems Northern Europe A/S. In the upcoming months, Suzlon Wind Energy A/S will also render accounting and reporting services until all statutory requirements for liquidation of the company are fulfilled. Cost was recharged from Suzlon Wind Energy to REpower on the basis of actual HR cost and time spent on behalf of REpower Systems Northern Europe A/S.

10.2.7 REpower India Ltd., Pune, India

Company	Content	Services / Goods obtained 2013/14	Services / Goods delivered 2013/14	Receivables 2014/03/31	Liabilities 2014/03/31
		EUR	EUR	EUR	EUR
Suzlon Energy Ltd., India	Service agreement dated 1 January 2013 for the provision of accounting and tax consulting services and service in the HR and IT area for Senvion activities in India.	80,788	—	—	86,700
Suzlon Wind International Ltd., India ...	REpower India pays rent to Suzlon Wind International Ltd.	24,133	—	—	26,298

In financial year 2012/2013 Senvion SE has acquired Microsoft software and server licenses through its subsidiary REpower India Ltd, Pune, India, from DELL India. Although the transaction has not been executed between Senvion and Suzlon Energy Ltd. or any of its affiliates, the acquisition occurred under the enterprise agreement and its conditions Suzlon Energy Ltd. has negotiated with Microsoft for its global subsidiaries. In financial year 2013/2014, Microsoft has acknowledged the transfer of licenses as agreed in the enterprise agreement.

10.2.8 REpower North (China) Ltd., Baotou, VR China

On the basis of the blades supply contract between REpower North (China) Ltd. and Suzlon Energy Ltd. dated 1 November 2007 concerning RE40 blades, no blades were supplied to Senvion Group in fiscal year 2008/09. The blade supplies committed for 2008 on the basis of this contract therefore had to be purchased by the Senvion Group on the European market from other blade suppliers. However, the contract prices and conditions agreed with Suzlon could not be met and additional transport costs were incurred. The additional expenses of 7.73 m EUR were transferred from REpower North (China) Ltd., Baotou, China to Suzlon Group during the fiscal year 2009/10. An agreement for the balancing with Suzlon Group (Settlement Agreement) has been set up during the fiscal year 2010/11.

10.3 Transactions with related parties in financial year 2012/2013

10.3.1 Senvion SE's transactions with Suzlon Energy Ltd., its subsidiaries and its related parties

Company	Content	Services / Goods obtained 2012/13	Services / Goods delivered 2012/13	Receivables 2013/03/31	Liabilities 2013/03/31
		EUR	EUR	EUR	EUR
Suzlon Energy Ltd. / SE Blades Ltd., India	Supply contract no. REP-027-2008 dated January 18/31, 2008 for the supply of RE45 rotor blades to Senvion SE and other Group companies in the period from 2008 to 2011 with a volume of around 77 m EUR. The contract was prolonged and transferred onto Suzlon Composites which was renamed to SE Blades. Orders in 2012/13: 10,738 k EUR	3,282,683	—	7,352,004 Prepayments	—
SE Blades B.V., Hengelo, Netherlands.....	Consultancy Agreement in relation with "fatigue crack detection" at MM92-blades dated 2012/08/10; expected volume 20 k EUR (200 hours at 100 EUR)	12,228	—	—	—
Suzlon Energy Ltd., India/SE Drive Technik GmbH, Bochum	Joint venture agreement dated February 6, 2008 on cooperation in the area of common fundamental research and training on wind energy topics (RETC).	In a purchase agreement dated 13 February 2013 and with effect from 1 March 2013, Senvion SE became the sole shareholder of RETC and the joint venture agreement was terminated.			
Suzlon Energy GmbH, Hamburg.....	Transfer of expenses for audit preparation of project management	—	387	—	—
SE Forge Ltd., India	Supply agreement concerning hubs and main frames for MM92 turbines, no orders in 2012/2013	199,500	—	1,260	—
SE Electricals Ltd., India....	Advance Payment of costs for the production ramp-up of the facility in Padubidri, India	—	—	99,000 Prepayments	—
SE Electricals Ltd., India....	Supply agreement for generators, orders in 2012/13: 4,670 k EUR	676,900	—	2,025,000 Prepayments	—
Suzlon Wind International Ltd., India.	Job Order for production of nacelles and hubs in Padubidri, India, and Supply agreement (several orders) about nacelle covers, spinners, smaller composite parts, including rework, and 24 sets of Top/Bottom Boxes, Orders in 2012/13: 3,138 k EUR	3,583,239	—	80,000 Prepayments	149,464
Suzlon Wind Energy Spain, S.L.U.	Senvion provides training for Suzlon -Employees for service on Senvion WTG in Italy in connection with orders for blade repairs by PowerBlades GmbH	—	3,960	3,960	—

Suzlon Wind Energy Corporation, USA.....	Sales agency agreement dated 11 January 2011 between Senvion and Suzlon. Suzlon supports Senvion in marketing its wind turbines (MM82, MM92, 3.XM series) in the USA and by amendment to the agency agreement also in Canada (excluding the Quebec region).	No transactions under this contract in fiscal year 2012/13.
Suzlon Energy Australia Pty. Ltd., Australia	Agency agreement dated 11 January 2011 between RE-power and Suzlon. Suzlon supports RE-power in marketing its wind turbines (MM82, MM92, 3.XM series) in Australia	No transactions under this contract in fiscal year 2012/13.

10.3.2 Transactions by REpower Systems SE subsidiaries with Suzlon Energy Ltd., its subsidiaries and its related parties

10.3.2.1 RETC Renewable Energy Technology Centre GmbH, Hamburg, Bremerhaven (RETC)

In an agreement dated 13 February 2013 with effect from 1 March 2013, REpower SE acquired the remaining 50% of shares in RETC and has since been sole shareholder.

The acquisition of the remaining 50% of shares in RETC Renewable Energy Technology Centre GmbH, Hamburg, (RETC) by REpower SE was performed in two steps. In the first step, RETC's receivables from companies of the Suzlon Group totalling 1,337,488.45 EUR were sold and assigned to REpower SE at their carrying amount effective 1 March 2013 by an agreement dated 13 February 2013.

In the second step, REpower SE purchased the remaining 50% of shares in RETC from SE Drive Technik GmbH by an agreement dated February 2013 with effect from 1 March 2013 for a purchase price of 1,337,488.45 EUR. The purchase price was settled by the assignment of the receivables from Suzlon Group companies purchased in the first step to SE Drive Technik GmbH.

10.3.2.2 PowerBlades GmbH, Bremerhaven

Company	Content	Services / Goods obtained 2012/13	Services / Goods delivered 2012/13	Receivables 2013/03/31	Liabilities 2013/03/31
		EUR	EUR	EUR	EUR
SE Blades Ltd., India / SCS Composite, Spain.....	PowerBlades places orders for blade repairs	69,140	—	2,345	—
Suzlon Rotor Corporation, Pipestone, USA.....	Purchase orders for supplies	5,565	—	—	—

10 Related parties disclosures

10.3.2.3 RECA Holdings Pty Ltd., Melbourne, Australia

Company	Content	Services / Goods obtained 2012/13	Services / Goods delivered 2012/13	Receivables 2013/03/31	Liabilities 2013/03/31
		EUR	EUR	EUR	EUR
Suzlon Energy Australia Pty. Ltd., Australia (SEA)	Facilities and Service Agreement: RECA supports SEA within the area of Service and Maintenance, Contract dated 5 October 2011 (Cost + Margin (3%))	2,155,390	19,626,353	14,557,368	1,550,630
Suzlon Energy Australia Pty. Ltd., Australia.....	Consultancy Services Agreement dated 28 February 2011: Utilization of Suzlon Australia services related to tender preparation or project management	No transactions under this contract in fiscal year 2012/13.			

10.3.2.4 Senvion USA Corp., Denver, U.S.A.

Company	Content	Services / Goods obtained 2012/13	Services / Goods delivered 2012/13	Receivables 2013/03/31	Liabilities 2013/03/31
		EUR	EUR	EUR	EUR
Suzlon Wind Energy Corporation, USA.....	Service Level Agreement dated July 2012 concerning diverse services in relation with project management, service and commissioning of WTGs, contract management, logistics and delivery in the US	1,716,469	—	—	909,226
Suzlon Rotor Corp., USA	Services from Suzlon for Senvion based on purchase orders e.g. related to repairs of nacelles damaged in shipping	64,145	—	—	—

10.3.2.5 REpower Systems Northern Europe A/S, Aarhus, Denmark

Company	Content	Services / Goods obtained 2012/13	Services / Goods delivered 2012/13	Receivables 2013/03/31	Liabilities 2013/03/31
		EUR	EUR	EUR	EUR

Suzlon Wind Energy A/S, Denmark	Recruitment of staff previously working for Suzlon Wind Energy A/S: Adoption of claims earned within the scope of vacation entitlements, in return REpower received a credit note. Furthermore REpower A/S pays 81 k EUR rent to Suzlon A/S each quarter and receives working materials to a small extend.	328,805	—	—	50,921

10.3.2.6 REpower Systems India Ltd., Pune, India

Company	Content	Services / Goods obtained 2012/13	Services / Goods delivered 2012/13	Receivables 2013/03/31	Liabilities 2013/03/31
		EUR	EUR	EUR	EUR
Suzlon Energy Ltd., India	Service agreement dated 1 January 2013 for the provision of accounting and tax consulting services and service in the HR and IT area for REpower activities in India.	47,001	—	—	8,369

10.3.2.7 REpower North (China) Ltd., Baotou, VR China

On the basis of the blades supply contract between REpower North (China) Ltd. and Suzlon Energy Ltd. dated 1 November 2007 concerning RE40 blades, no blades were supplied to REpower Group in fiscal year 2008/09. The blade supplies committed for 2008 on the basis of this contract therefore had to be purchased by the REpower Group on the European market from other blade suppliers. However, the contract prices and conditions agreed with Suzlon could not be met and additional transport costs were incurred. The additional expenses of 7.73 m EUR were transferred from REpower North (China) Ltd., Baotou, China to Suzlon Group during the fiscal year 2009/10. An agreement for the balancing with Suzlon Group (Settlement Agreement) has been set up during the fiscal year 2010/11.

11 Proposal on the appropriation of profit

The executive board will propose to the Supervisory Board and to the Annual General Meeting the resolution of the payment of a dividend in the amount of 1.10 EUR out of the retained earnings of 55,610,066.48 EUR and to carry forward the remaining retained earnings to new account.

12 Information on the corporate bodies of Senvion SE, Hamburg

The following are or were appointed as members of the Supervisory Board:

- Herr Tulsi R. Tanti, Pune, India (Chairman)
- Herr Frans H. J. Visscher, Bergen, Netherlands (Deputy Chairmann)
- Herr Kirtikant J. Vagadia, Pune, India
- Herr Thomas Rex, Breydin
- Herr Bernhard Band, Tellingstedt
- Herr Ravi Uppal, New Delhi, India

The following are or were appointed to the Executive Board of Senvion SE:

- Herr Andreas Nauen, Hamburg (Chairman)
- Herr Marcus A. Wassenberg, Hamburg
- Herr Vinod R. Tanti, Pune, India (01.06.2012 - 13.06.2013)
- Herr Lars Rytter, Hamburg (since 01.08.2013)
- Herr Russell Burton Stoddart, Hamburg (since 12.08.2013)
- Alex Joseph De Ryck, Antwerp, Belgium (since 16.12.2013)

13 Remuneration for the Supervisory Board and the Executive Board of Senvion SE

The remuneration of members of the Supervisory Board was adjusted by resolution of the extraordinary general meetings on 19 and 20 December 2011.

For financial year 2013/14, remuneration in accordance with the Articles of Association in the version dated 31 May 2011 and the resolutions of the extraordinary general meetings of 19 and 20 December 2011 of 360.000 EUR (previous year: 358.587 EUR) was paid to the Supervisory Board.

The actual remuneration paid to the Executive Board members in the financial year 2013/14 was calculated and determined on the basis of the remuneration schemes applicable to each Executive Board member.

The total remuneration of the current Executive Board for financial year 2013/14 amount to 1,574,671 EUR (previous year: 1,403,844 EUR). The remuneration includes current salaries in the amount of 1,370,827 EUR, retirement benefits of 62,179 EUR, non-recurring payments of 85,000 EUR and other benefits of 56,665 EUR.

In the past financial year 2013/14, total remuneration of 396,667 EUR was paid to departed Executive Board members (previous year: 2,084,228 EUR). The remuneration includes current salaries in the amount of 166,667 EUR, compensations of 215,000 EUR and retirement benefits of 15,000 EUR.

14 Information on the remuneration paid to the auditor

In total, an amount of 410 k EUR (previous year: 372 k EUR) was expensed as a fee for auditing the consolidated financial statements and the annual financial statements of the parent company and its subsidiaries for the past financial year. In addition, fees totalling 1,779 k EUR (previous year: 1,725 k EUR) were agreed in the period under review for services outside the audit of these companies. Here, 486 k EUR (previous year: 194 k EUR) were attributable to tax consultation and 1.293 k EUR (previous year: 1,531 k EUR) to other services.

15 Material events after the reporting date

No material events after the reporting date occurred.

The consolidated financial statements were prepared on 16 May 2014 and consequently released for submission to the Supervisory Board. The consolidated financial statements will be presented to the Supervisory Board for approval in the Supervisory Board meeting on 3 June 2014.

Hamburg, 19 May 2014

The Executive Board

Andreas Nauen (CEO)	Marcus A. Wassenberg (CFO)	Lars Rytter (COO)
Russell Stoddart (CTO)	Alex Joseph De Ryck (CSO)	

Notes to the consolidated financial statements (Continued)

to the financial year 2013/14

Statement of consolidated fixed assets 2013/2014

	Acquisitions and production costs						Depreciation and amortization						Book values	
	Balance 2013/04/01	Additions	Reclassifications	Disposals	Exchange differences	Balance 2014/03/31	Balance 2013/04/01	Additions	Reclassifications	Disposals	Exchange differences	Balance 2014/03/31	2014/03/31	2013/03/31
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Fixed Assets														
I. Intangible Assets														
1. Software and other licences	38,267,711.63	1,042,784.71	422,494.19	−1,698,444.45	−6,982.79	38,027,563.29	20,823,204.15	2,628,017.25	0.00	−1,695,773.45	−5,809.55	21,749,638.40	16,277,924.89	17,444,507.48
2. Goodwill	18,869,870.00	0.00	0.00	0.00	0.00	18,869,870.00	3,237,696.00	0.00	0.00	0.00	0.00	3,237,696.00	15,632,174.00	15,632,174.00
3. Development costs	85,686,016.97	23,438,775.01	0.00	0.00	0.00	109,124,791.98	12,762,082.64	10,500,058.24	0.00	0.00	0.00	23,262,140.88	85,862,651.10	72,923,934.33
4. Advance payments	0.00	1,100,666.50	856,262.50	−22,062.50		1,934,866.50							1,934,866.50	
Total intangible assets	**142,823,598.60**	**25,582,226.22**	**1,278,756.69**	**−1,720,506.95**	**−6,982.79**	**167,957,091.77**	**36,822,982.79**	**13,128,075.49**	**0.00**	**−1,695,773.45**	**−5,809.55**	**48,249,475.28**	**119,707,616.49**	**106,000,615.81**
II. Property, plant and equipment														
1. Land, leasehold rights and buildings on non-owned land	116,905,985.28	7,110,675.88	2,275,000.00	−133,855.03	−215,398.69	125,942,407.44	15,156,321.99	5,001,308.60	0.00	−24,359.82	−56,937.05	20,076,333.72	105,866,073.72	101,749,663.29
2. Technical equipment, plant and machinery	109,569,566.74	15,073,005.11	2,559,311.42	−3,422,995.73	−357,934.22	123,420,953.32	50,498,021.34	18,816,351.55	511,391.91	−2,909,832.83	−89,356.13	66,826,575.84	56,594,377.48	59,071,545.40
3. Other equipment, fixtures, fittings and equipment	62,086,651.09	5,699,330.58	9,943.64	−4,326,133.74	−352,012.80	63,117,778.77	37,667,010.93	7,309,828.41	−511,391.91	−3,619,175.69	−288,591.11	40,557,680.63	22,560,098.14	24,419,640.16
4. Advance payments and plant and machinery in process of construction	9,318,644.32	16,191,795.18	−6,123,011.75	−952,972.46	0.00	18,434,455.29	2,700,572.76	372,998.00	0.00	−840,460.00	0.00	2,233,110.76	16,201,344.53	6,618,071.56
Total fixed Property, plant and equipment	**297,880,847.43**	**44,074,806.75**	**−1,278,756.69**	**−8,835,956.96**	**−925,345.71**	**330,915,594.82**	**106,021,927.02**	**31,500,486.56**	**0.00**	**−7,393,828.34**	**−434,884.29**	**129,693,700.95**	**201,221,893.87**	**191,858,920.41**
Total fixed assets	**440,704,446.03**	**69,657,032.97**	**0.00**	**−10,556,463.91**	**−932,328.50**	**498,872,686.59**	**142,844,909.81**	**44,628,562.05**	**0.00**	**−9,089,601.79**	**−440,693.84**	**177,943,176.23**	**320,929,510.36**	**297,859,536.22**

Notes to the consolidated financial statements (Continued)
to the financial year 2013/14

	Acquisitions and production costs							Depreciation and amortization							Book values	
	Balance 2012/04/01	Additions	Additions from first consolidation	Reclassifications	Disposals	Exchange differences	Balance 2013/03/31	Balance 2012/04/01	Additions	Additions from first consolidation	Reclassifications	Disposals	Exchange differences	Balance 2013/03/31	2013/03/31	2012/03/31
	EUR	EUR	EUR	EUR	EUR	EUREUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Fixed Assets																
I. Intangible Assets																
1. Software and other licences	35,308,676.94	2,504,618.18	44,867.97	414,328.75	−5,532.45	752.24	38,267,711.63	15,206,524.86	5,587,389.77	34,821.97	0.00	5,532.45	0.00	20,823,204.15	17,444,507.48	20,102,152.08
2. Goodwill	18,869,870.00	0.00	0.00	0.00	0.00	0.00	18,869,870.00	3,237,696.00	0.00	0.00	0.00	0.00	0.00	3,237,696.00	15,632,174.00	15,632,174.00
3. Development costs	65,231,522.78	20,454,494.19	0.00	0.00	0.00	0.00	85,686,016.97	8,115,724.81	4,646,357.83	0.00	0.00	0.00	0.00	12,762,082.64	72,923,934.33	57,115,797.97
Total intangible assets	**119,410,069.72**	**22,959,112.37**	**44,867.97**	**414,328.75**	**−5,532.45**	**752.24**	**142,823,598.60**	**26,559,945.67**	**10,233,747.60**	**34,821.97**	**0.00**	**5,532.45**	**0.00**	**36,822,982.79**	**106,000,615.81**	**92,850,124.05**
II. Property, plant and equipment																
1. Land, leasehold rights and buildings on non-owned land	106,883,071.35	1,581,923.88	0.00	8,471,316.27	−60,980.00	30,653.78	116,905,985.28	10,792,182.40	4,364,139.59	0.00	0.00	0.00	0.00	15,156,321.99	101,749,663.29	96,090,888.95
2. Technical equipment, plant and machinery	85,596,887.47	21,082,790.37	421,331.53	3,066,567.03	−692,557.00	94,547.34	109,569,566.74	33,949,671.48	16,537,984.09	67,534.53	0.00	57,168.76	0.00	50,498,021.34	59,071,545.40	51,647,215.99
3. Other equipment, fixtures, fittings and equipment	55,511,413.70	7,129,904.31	232,556.91	123,519.21	−916,679.36	5,936.32	62,086,651.09	29,993,160.48	8,272,873.08	124,235.91	0.00	723,258.54	0.00	37,667,010.93	24,419,640.16	25,518,253.22
4. Advance payments and plant and machinery in process of constrution	20,054,365.86	1,850,601.37	0.00	−12,075,731.26	−510,591.65	0.00	9,318,644.32	2,541,032.76	159,540.00	0.00	0.00	0.00	0.00	2,700,572.76	6,618,071.56	17,513,333.10
Total fixed Property, plant and equipment	**268,045,738.38**	**31,645,219.93**	**653,888.44**	**−414,328.75**	**−2,180,808.01**	**131,137.44**	**297,880,847.43**	**77,276,047.12**	**29,334,536.76**	**191,770.44**	**0.00**	**780,427.30**	**0.00**	**106,021,927.02**	**191,858,920.41**	**190,769,691.26**
Total fixed assets	**387,455,808.10**	**54,604,332.30**	**698,756.41**	**0.00**	**−2,186,340.46**	**131,889.68**	**440,704,446.03**	**103,835,992.79**	**39,568,284.36**	**226,592.41**	**0.00**	**785,959.75**	**0.00**	**142,844,909.81**	**297,859,536.22**	**283,619,815.31**

The following English-language translation of the German-language audit opinion (Bestätigungsvermerk) refers to the consolidated financial statements of Senvion SE (formerly REpower Systems SE), Hamburg, prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to Section 315a (1) HGB ("Handelsgesetzbuch", German Commercial Code), as well as the group management report, prepared on the basis of German commercial law (HGB), as of and for the financial year ended March 31, 2014 as a whole and not solely to the consolidated financial statements presented in this offering memorandum on the preceding pages.

Audit Opinion

We have audited the consolidated financial statements prepared by Senvion SE (formerly: REpower Systems SE), Hamburg, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from April 1, 2013 to March 31, 2014. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs (International Financial Reporting Standards) as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, May 22, 2014
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Klimmer	Grummer
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

REpower Systems SE
(now Senvion SE),
Hamburg
Consolidated Financial Statements
as of and for the Financial Year ended March 31, 2013

Consolidated statement of financial position

	Notes	2013/03/31 EUR	2012/03/31 EUR
Assets			
Current assets			
Liquid funds	4.1.1	236,878,833	272,212,060
Gross amount due from customers for contract work as an asset	4.1.2	363,607,474	330,707,260
Trade accounts receivable	4.1.3	144,053,019	104,487,993
Receivables from related parties	4.1.4	15,255,320	5,241,352
Receivables from joint ventures		0	16,375
Inventories	4.1.5	229,880,406	320,233,732
Receivables from income taxes		11,142,597	14,470,882
Other financial assets	4.1.6	2,088,855	17,009,692
Other miscellaneous assets	4.1.6	113,422,089	105,432,552
Total current assets		**1,116,328,593**	**1,169,811,898**
Assets of disposal group classified as held for sale	**4.3**	**28,929,331**	**23,234,718**
Non-current assets			
Other intangible assets	4.2.1	90,368,442	77,217,950
Goodwill		15,632,175	15,632,175
Property, plant and equipment	4.2.2	191,858,920	190,769,691
Investments in joint ventures	4.2.3	0	965,837
Other financial investment		66,000	86,701
Loans granted	4.2.4	16,254,923	19,384,561
Deferred taxes	4.2.5	7,195,190	4,724,931
Total other non-current assets		674	64,264
Total non-current assets		**321,376,324**	**308,846,110**
Total assets		**1,466,634,248**	**1,501,892,726**

	Notes	2013/03/31 EUR	2012/03/31 EUR
Shareholders' equity and liability			
Current liabilties			
Short-term loans and current portion of long-term loans	7.2.1.1	9,837,527	9,060,493
Trade accounts payable		312,333,744	370,156,998
Liabilities to related parties		2,919,749	4,181,209
Advance payments received	4.4.1	203,979,354	273,237,571
Gross amounts due to customers for contract work as a liability	4.1.2	20,765,173	18,026,503
Provisions	4.4.2	118,498,359	95,264,870
Deferred income	4.4.3	20,439,486	15,605,335
Income tax liabilities	4.4.4	2,140,730	7,478,676
Other financial liabilities	4.4.5	21,441,050	17,339,067
Other miscellaneous liabilities	4.4.5	13,589,054	13,986,993
Total current liabilities		**725,944,226**	**824,337,715**
Liabilities of disposal group classified as held for sale	**4.3**	**9,672,482**	**4,216,614**
Non-current liabilities			
Long-term loans	4.5	30,060,855	39,017,922
Deferred taxes	4.2.5	81,234,077	60,424,145
Other non-current financial liabilities	7.2	10,853,610	13,337,463
Total non-current liabilities		**122,148,542**	**112,779,530**
Equity capital			
Subscribed capital	4.6.1	9,220,179	9,220,179
Additional paid-in capital	4.6.2	303,675,502	303,671,109
Other reserves		−336,404	−102,749
Revaluation reserve		776,000	776,000
Currency translation		−877,174	−790,570
Cash flow hedging reserve		−235,230	−88,179
Retained earnings		287,398,386	239,113,294
Equity attributable to shareholders of the parent company		**599,957,663**	**551,901,833**

Non-controlling interests	4.6.3	8,911,335	8,657,034
Total equity capital		**608,868,998**	**560,558,867**
Total equity and liabilities		**1,466,634,248**	**1,501,892,726**

Consolidated income statement

	Notes	2012/04/01 - 2013/03/31	2011/04/01 - 2012/03/31
		EUR	EUR
Revenues	5.1	2,221,406,410	1,674,560,982
Changes in work in progress		−23,776,250	−58,107,369
Work performed by the entity and capitalized		20,454,494	17,854,395
Total performance		**2,218,084,654**	**1,634,308,008**
Other operating income	5.2	74,535,101	61,019,275
Cost of materials/cost of purchased services		−1,738,121,159	−1,236,165,027
Personnel expenses	5.3	−198,293,618	−154,564,778
Depreciation of property, plant and equipment and amortization of intangible assets		−39,568,284	−30,407,563
Other operating expenses	5.4	−236,485,137	−168,359,157
Result from operating activities		**80,151,557**	**105,830,758**
Interest and similar financial income	5.5	2,808,089	2,978,325
Interest and similar financial expenses	5.5	−16,310,629	−13,383,918
Share of result from joint ventures	5.5	234,232	79,889
Result before income taxes		**66,883,249**	**95,505,054**
Income tax expense	4.2.5	−18,359,444	−33,391,481
Profit / loss for the period from continuing operations		**48,523,805**	**62,113,573**
Profit / loss for the period from discontinued operations	4.3	−443,130	−527,219
Net income for the period		**48,080,675**	**61,586,354**
Share of net income for the period attributable to non-controlling interests		−204,416	−4,750,529
Continuing operations		0	−5,118,697
Discontinued operations		−204,416	368,168
Share of net income for the period attributable to shareholders of the parent company		48,285,091	66,336,883
Continuing operations		48,523,805	67,232,272
Discontinued operations		−238,714	−895,389

Consolidated Statement of Comprehensive Income

	2012/04/01 - 2013/03/31	2011/04/01 - 2012/03/31
	EUR	EUR
Net income for the period	**48,080,675**	**61,586,354**
Other income/expenses from cash flow hedges	−207,436	−4,040,824
Deferred taxes on other income from cash flow hedges	60,385	1,163,151
Income/expenses of cash flow hedges after tax	**−147,051**	**−2,877,673**
Currency translation	375,681	−581,405
Other comprehensive income	**228,630**	**−3,459,078**
Total comprehensive income	**48,309,305**	**58,127,276**
Share of net income for the period attributable to non-controlling interests from discontinued operations	257,869	−4,943,283
Share of net income for the period attributable to shareholders of the parent company	48,051,436	63,070,559

Consolidated statement of cash flows

	Notes	2012/04/01 - 2013/03/31	2011/04/01 - 2012/03/31
	9	EUR	EUR
Cash flow from operating activities			
Profit before income taxes from continuing operations		66,883,249	95,505,054
Adjustments for:			
Depreciation of property, plant and equipment, amortization of intangible assets and write-offs on financial assets		39,568,284	30,407,563
Result from joint ventures		−234,232	−79,889
Interest income		−2,808,089	−2,978,325
Interest expenses		16,310,629	13,383,918
Increase/decrease in provisions		23,233,487	−459,425
Profit/loss from sales of property, plant and equipment, intangible and other long-term assets		306,855	156,373
Change in working capital		−108,048,230	−49,024,939
Interest received		2,808,089	2,978,325
Interest paid		−10,152,192	−21,363,809
Income tax paid		−1,016,041	−10,532,746
Other non-cash income and expenses		78,812	−2,951,869
Cash flow from operating activities*		**26,930,621**	**55,040,231**
Cash flow from investing activities			
Cash receipts from the sale of property, plant and equipment, intangible and other long-term assets		4,243,865	2,218,239
Cash payments for the purchase of intangible assets		−22,969,911	−18,557,975
Cash payments from purchase of property, plant and equipment and other long-term assets		−32,268,983	−56,415,635
Cash payments/receipts from acquisition of a subsidiary less cash acquired		150,647	−2,999,262
Cash payments to acquire equity of joint ventures		0	−649,000
Cash flow from investing activities**		**−50,844,382**	**−76,403,633**
Cash flow from financing activities			
Cash payments issued to shareholders of the parent company (dividend distribution)		0	−13,830,269
Cash repayments of amounts borrowed		−8,957,067	−11,852,066
Cash flow from financing activities		**−8,957,067**	**−25,682,335**
Increase/decrease in cash and cash equivalents		**−32,870,828**	**−47,045,737**
Cash and cash equivalents at the beginning of the period		264,247,034	311,292,771
Cash and cash equivalents at the end of the period		**231,376,206**	**264,247,034**
Liquid funds		236,878,833	272,212,060
Cash displayed in "Assets of disposal group classified as held for sale"		4,334,900	1,095,467
Short-term bank liabilities		−9,837,527	−9,060,493
Cash and cash equivalents at the end of the period		**231,376,206**	**264,247,034**

*thereof discontinued operations	3,269,941	−5,605,159
**thereof discontinued operations	−30,507	241,000

Consolidated Statement of Changes in Shareholders' Equity

EUR	Subscribed capital	Additional paid-in capital	Currency translation	Reserve for cash flow hedge	Revaluation reserve	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at 2011/04/01	**9,220,179**	**306,163,161**	**−401,919**	**2,789,494**	**776,000**	**191,415,840**	**509,962,755**	**8,891,157**	**518,853,912**
Stock option plans.....		516,208					516,208		516,208
Distribution dividends FY 2010/11.....						−13,830,269	−13,830,269		−13,830,269
Common control transactions.....		−3,008,260					−3,008,260		−3,008,260
Deduction of acquisition of non-controlling interests						−4,809,160	−4,809,160	4,709,160	−100,000
Net result for the period....						66,336,883	66,336,883	−4,750,529	61,586,354
Other income/expenses from cash flow hedges..				−4,040,824			−4,040,824		−4,040,824
Deferred taxes on other income/expenses from cash flow hedges				1,163,151			1,163,151		1,163,151
Currency translation.....			−388,651				−388,651	−192,754	−581,405
Comprehensive Income			−388,651	−2,877,673		66,336,883	63,070,559	−4,943,283	58,127,276
Balance at 2012/03/31	**9,220,179**	**303,671,109**	**−790,570**	**−88,179**	**776,000**	**239,113,294**	**551,901,833**	**8,657,034**	**560,558,867**

Due to rounding differences, figures in the consolidated statement of changes in equity may deviate by 1 euro from those displayed in the consolidated statement of financial position and the consolidated income statement.

EUR	Subscribed capital	Additional paid-in capital	Currency translation	Reserve for cash flow hedge	Revaluation reserve	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at 2012/04/01	**9,220,179**	**303,671,109**	**−790,570**	**−88,179**	**776,000**	**239,113,294**	**551,901,833**	**8,657,034**	**560,558,867**
Stock option plans.....		140,263					140,263		140,263
Common control transactions		−135,870					−135,870		−135,870
Deduction of acquisition of non-controlling interests....								−3,567	−3,567
Net result for the period.....						48,285,091	48,285,091	−204,416	48,080,675
Other income/expenses from cash flow hedges				−207,436			−207,436		−207,436
Deferred taxes on other income/expenses from cash flow hedges				60,385			60,385		60,385
Currency translation.....			−86,604				−86,604	462,285	375,681

Comprehensive Income			−86,604	−147,051		48,285,091	48,051,436	257,869	48,309,305
Balance at 2013/03/31	**9,220,179**	**303,675,502**	**−877,174**	**−235,230**	**776,000**	**287,398,385**	**599,957,662**	**8,911,336**	**608,868,998**

Due to rounding differences, figures in the consolidated statement of changes in equity may deviate by 1 EUR from those displayed in the consolidated statement of financial position and the consolidated income statement.

Notes to the consolidated financial statements

to the financial year 2012/13

1 Introduction

The REpower Systems Group (REpower) with REpower Systems SE (Repower SE), Überseering 10, 22297 Hamburg, Federal Republic of Germany, as its parent company, operates in the area of manufacturing and selling wind energy turbines as well as developing and providing turnkey wind farms.

REpower SE has an obligation to prepare consolidated financial statements for the financial year ended 31 March 2013. The consolidated financial statements for the year ended 31 March 2013 were prepared in accordance with section 315a (1) of the German Commercial Code (HGB) in conjunction with section 4 of Regulation (EC) no. 01606/2002 of the European Parliament and of the Council dated July 19, 2002 concerning the adoption of international accounting standards in the currently valid version of the International Financial Reporting Standards (IFRS) as applicable in the European Union. The IFRS comprise the International Financial Reporting Standards and International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC). The requirements of the IFRSs have been met in full and result in a true and fair view of the net assets, financial position and results of operations of REpower.

The consolidated financial statements and Group management report of the Company are published in the electronic Federal Gazette (*Bundesanzeiger*).

Individual items of the consolidated statement of financial position and the income statement have been summarized to improve the clarity of presentation. These items are explained in the notes. The consolidated financial statements are prepared with the euro as the functional currency. The income statement is broken down according to the nature of expense method. Unless otherwise stated, all figures are accurate to the nearest thousand (k EUR) using commercial rounding.

The company carried out the option of displaying a statement of comprehensive income according to IAS 1 in the way that the income statement is presented as a separate part of the annual accounts. The consolidated financial statements are prepared on the basis of assets and liabilities recognized at amortized cost. This does not include derivative financial instruments, which are carried at fair value as at the balance sheet date.

2 Consolidation

2.1 Principles of consolidation

These consolidated financial statements include all significant German and foreign subsidiaries over whose financial and business policies REpower SE has direct or indirect control.

Capital consolidation of subsidiaries is performed in line with the purchase method. In this process, the cost of the shares acquired is offset against the fair value of the net assets of the subsidiary attributable to the parent company at the time of acquisition. Any positive difference resulting from company acquisitions is recognized as goodwill. Any negative differences resulting from capital consolidation at the acquisition date are expensed immediately following a repeated review of the fair values of the assets and liabilities. Goodwill is examined for impairment at least annually in subsequent periods and amortized to the lower recoverable amount as required. Hidden reserves and charges disclosed as a result of the fair value measurement of the assets and liabilities on initial consolidation are carried, amortized or realized in subsequent periods in line with the development of the assets and liabilities. Expenses and income, intragroup transactions and receivables and liabilities between the companies included in consolidation are eliminated in accordance with IAS 27.

In the event that REpower acquires control of a company through a business combination achieved in stages, the equity interest previously held by REpower in the company shall be determined as the fair value at the time of the acquisition and the resulting profit or loss shall be recognized on the income statement. Companies which the company manages jointly with other partners and associated companies over which the Group can exert a significant influence on financial and business policy but which it cannot control are included at equity in the consolidated financial statements. The principles of full consolidation are applied in determining goodwill and the fair value of assets and liabilities. Recognition at equity is based on the IFRS financial statements of the respective companies at the Group reporting date. Losses from associates which exceed the carrying amount of the investment or other non-current receivables from

financing of these companies are not recognized as long as there is no obligation to make supplementary payments. Significant intragroup transactions are eliminated.

Companies are withdrawn from the scope of consolidation at the date on which shares in those companies are sold or the Group can no longer control those companies. As part of deconsolidation, the pro rata assets and liabilities allocated to the Group are eliminated at the amortized Group carrying amounts, including any goodwill. The difference between the net assets sold and the proceeds from the disposal of the shares is recognized in income in the consolidated income statement. The income and expenses incurred from the beginning of the respective financial year until the deconsolidation date are recognised in the consolidated income statement.

The financial statements of REpower SE and the subsidiaries, associates and joint ventures included in consolidation are prepared in accordance with uniform accounting policies. The financial statements of subsidiaries included in consolidation are prepared as at the REpower SE reporting date. The consolidated international companies prepare their financial statements in their functional currency. At the balance sheet date, the assets and liabilities of these subsidiaries are translated into the reporting currency of the REpower Group (euro) at the closing rate. Income and expenses are translated at the weighted average rate for financial year, provided this is not inappropriate due to significant fluctuations in exchange rates. Equity components are translated at the corresponding historical rate on the date of their occurrence. Translation differences are recognized in equity as a separate equity component. If Group companies are removed from the scope of consolidation, the corresponding currency translation differences are derecognized and taken to profit or loss.

2.2 Scope of consolidation

2.2.1 Fully consolidated companies

The consolidated group includes REpower SE as well as the following German and international companies which are fully consolidated in the consolidated financial statements:

	Share in %
Project companies	
REpower Betriebs- und Beteiligungs GmbH, Rendsburg, Germany	100.00
REpower Windpark Betriebs GmbH, Hamburg, Germany	100.00
REpower Investitions- und Projektierungs GmbH & Co. KG, Rendsburg, Germany	100.00
Windpark Blockland GmbH & Co. KG, Hamburg, Germany	100.00
Production and service companies	
PowerBlades GmbH, Bremerhaven, Germany	100.00
REpower Systems GmbH, Hamburg, Germany	100.00
REpower North (China) Ltd., Baotou, PR China	53.87
PowerBlades S.A., Vagos, Portugal	100.00
Ventipower S.A., Oliveira de Frades, Portugal	3.00
RiaBlades S.A., Vagos, Portugal	3.00
RETC Renewable Energy Technology Center GmbH, Hamburg, Germany	100.00
PowerBlades Industries Inc., Québec, Canada	100.00
REpower Systems India Ltd., Pune, India	100.00
Sales companies	
REpower España S.L., Madrid, Spain	100.00
REpower S.A.S., Courbevoie, France	100.00
REpower Italia S.r.l., Milan, Italy	100.00
RECA Holdings Pty Ltd. (formerly REpower Australia Pty Ltd.), Melbourne, Australia	100.00
REpower Australia Pty Ltd. (formerly Renewable Energy Contractors Australia Pty Ltd.), Melbourne, Australia	100.00
REpower Wind Systems Trading, Bejing, PR China	100.00
REpower USA Corp., Denver, USA	100.00
REpower Systems Inc., Montreal, Canada	100.00
REpower Benelux b.v.b.a., Ostend, Belgium	100.00
REpower UK Ltd., Edinburgh, United Kingdom	100.00
REpower Systems Polska, Sp.z o.o., Warsaw, Poland	100.00
REpower Portugal Sistemas Eólicos S.A., Oliveira de Frades, Portugal	100.00
REpower Systems Scandinavia AB, Stockholm, Sweden	100.00
REpower Systems Northern Europe A/S, Aarhus, Denmark	100.00
REpower Systems DTE Romania SRL, Bucharest, Romania	100.00
Shelf or shell companies	
WEL Windenergie Logistik GmbH, Schloß Holte-Stukenbrock, Germany	100.00

REpower Systems GmbH has utilised the simplifications permitted under section 264 (3) HGB for the preparation, auditing and publication of the annual financial statements and management report for the financial year 2012/13.

PowerBlades GmbH has utilised the simplifications permitted under section 264 (3) HGB for the preparation and publication of the annual financial statements and management report for the financial year 2012/13.

2.2.2 Change in the consolidated group

As part of the expansion of its service and marketing activities, REpower SE established REpower Systems DTE Romania SRL, headquartered in Bucharest, Romania, in October 2012. This subsidiary commenced operations in December 2012.

In a shareholder resolution dated November 29, 2012, the company REpower Australia Pty Ltd. was renamed RECA Holdings Pty Ltd. with effect from November 30, 2012. In addition, the company Renewable Energy Contractors Australia Pty Ltd. was renamed REpower Australia Pty Ltd. with effect from December 3, 2012.

REpower Diekat S.A., headquartered in Athens, Greece, was wound up with effect from January 28, 2013.

In a purchase agreement dated February 13, 2013, REpower SE acquired the remaining 50% of the shares in RETC Renewable Energy Technology Center GmbH (RETC), headquartered in Hamburg. With effect from March 1, 2013, the existing joint venture relationship between REpower SE and Suzlon Energy Ltd., India, was terminated. As an international centre, the company primarily operates in the fields of research, innovation, validation and technical processes. Details on the acquisition transaction can be found in note 10 “Related party disclosures”.

In February 2013 PowerBlades Inc., based in Québec, Canada was founded as production company for the blade production in Ontario.

2.2.3 Jointly controlled entities

For the period from April 1, 2012 to February 28, 2013, RETC Renewable Energy Technology Centre GmbH, headquartered in Hamburg, was recognised at equity as a jointly controlled entity.

	2012/04/01 - 2013/02/28	2012/03/31
	in %	in %
RETC Renewable Energy Technology Center GmbH, Hamburg, Germany.....	50.00	50.00

The company was fully consolidated for the first time as of 1 March 2013 following the acquisition of the remaining 50% of the shares. Details on the acquisition transaction can be found in note 10 “Related party disclosures”.

3 Accounting policies

The accounting policies applied in the consolidated financial statements for financial year 2012/13 were adjusted to reflect the new standards, as stated in note 3.20.

3.1 Liquid funds

Liquid funds consist primarily of bank balances and are carried at their nominal amount. Amounts in foreign currency are translated at the reporting date.

3.2 Receivables and other financial assets

Trade receivables, intragroup receivables and other primary financial assets allocated to the loans and receivables category are carried at fair value plus transaction costs on initial recognition. Subsequent measurement is at amortized cost using the effective interest rate method. Risks of default are taken into account by way of appropriate valuation allowances, which are determined on the basis of empirical values and individual risk assessments. Concrete cases of default result in the derecognition of the receivables affected. Valuation allowances on trade receivables are reported in an allowance account. The decision as to whether a default risk is recognized via an allowance account or in the form of a direct write-down of the carrying amount of the receivable depends on the reliability of the assessment of the risk situation. An impairment loss is recognized when the carrying amount of a financial asset is higher than the present value of the expected future cash flow.

Impairment is tested at each balance sheet date and on an ongoing basis throughout the year. Objective evidence of impairment is identified on the basis of the following triggers, among other things:

- Significant financial difficulty of the obligor;
- The lender granting a concession to the borrower for economic or legal reasons relating to the borrower's financial difficulty;
- Likely insolvency or need for restructuring on the part of the borrower;
- Disappearance of an active market for the financial asset due to financial difficulties.

3.3 Inventories

Inventories comprise raw materials and supplies and work in progress. Raw materials and supplies are carried at the lower of cost or net realizable value. Work in progress is measured at the lower of cost or net realisable value. Net realizable value is the estimated selling price less the estimated costs of completion. The cost of inventories is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. In addition to material and production overheads, manufacturing costs comprise overheads attributable within the meaning of IAS 2, but not financing costs.

3.4 Property, plant and equipment

Property, plant and equipment is carried at cost and depreciated on a straight-line basis over their economic life. Cost includes all expenses for purchasing the assets, insofar as these can be reliably calculated or estimated. The manufacturing costs of internally generated equipment comprise direct costs as well as attributable overheads.

The assessment of depreciation is based on the following estimated useful lives:

	Useful life in years
Buildings	25 - 50
Technical equipment, plant and machinery	5 - 12
Office and operating equipment	3 - 14

3.5 Intangible assets

Acquired intangible assets are measured at cost and amortized on a straight- line basis over the respective useful life.

Research costs are recognized as expenses. Development costs for future products and other internally generated intangible assets are capitalized at cost, provided that the manufacture of these products is likely to generate an economic benefit for REpower. In the event that the requirements for capitalization are not satisfied, expenses are recognized directly in income in the year in which they occur.

Capitalized development costs comprise all direct costs and overheads attributable to the development process. Development costs that account for customer specific production orders are recorded in capitalized orders. Financing costs are not capitalized. Amortization is recognized on the basis of volume or on a straight-line basis.

If the sales volume can be estimated with reasonable assurance, amortization is recognized on the basis of volume as the ratio of wind turbines recognized in revenue to the total forecast sales volume. In the case of non-quantity-related development costs, amortization is recognized on a straight-line basis from the start of production for the expected product lifetime of the developed models.

	Useful life in years
Capitalized development costs	5*
Licences, software	3

* in years or according to quantity

3.6 Impairment of property, plant and equipment and intangible assets

REpower SE performs impairment testing for items of property, plant and equipment and intangible assets.

In accordance with IAS 36, annual goodwill impairment testing is performed at the level of the reporting units (cash-generating units) to which goodwill is also allocated in the Group's internal reporting system (impairment-only approach).

These reporting units generally correspond to the individual Group companies. This does not include Group companies whose cash flows are not independent of those of the parent company due to very close content links with REpower SE. In such cases, the Group companies in question form a cash-generating unit with REpower SE.

The recoverable amount is calculated on the basis of the value in use. Value in use is calculated on the basis of the budget for 2013/14 and the next two years. This allows the future cash flows from the respective cash-generating unit to be estimated. The discount rate of 8.2% (previous year: 8.0%) is calculated using the WACC (weighted average cost of capital) approach. The beta factor applied in the calculation and the ratio of the fair value of equity to debt were determined by reference to a corresponding peer group.

Impairment is recognized for other intangible assets and property, plant and equipment if certain events or developments result in the carrying amount of the asset no longer being covered by the expected proceeds of disposal or the discounted net cash flows from continued use. If the recoverable amount of individual assets cannot be calculated, the cash flow is calculated for the next highest group of assets for which such a cash flow can be calculated. Impairment losses are reversed if the reasons for their recognition no longer apply in subsequent periods.

Impairment cannot be reversed in excess of the carrying amount that would have applied if no impairment had been recognized. Goodwill impairment will not be reversed.

No impairment losses were recognised on intangible assets in financial year 2012/13, as the recoverable amount was greater than the carrying amount of the assets of the reporting units plus the carrying amount of the corresponding goodwill. Under property, plant and equipment, impairment losses were recognised on blade moulds.

3.7 Non-current assets held for sale and discontinued operations

Non-current assets held for sale are classified as held for sale, if their carrying amount will, in essence, be received through a sale and the sale is highly likely. They are measured at the lower of their carrying amount and fair value less costs to sell, if their carrying amount will be received principally through a sale rather than continuing use.

Major discontinued business units and regions are shown separately in the income statement and the statement of financial position. In this financial statement the activities of REpower North (China) are displayed as a discontinued operation.

3.8 Loans granted

Loans granted which are allocated to the loans and receivables category are carried at fair value on initial recognition. Subsequent measurement is at amortized cost using the effective interest rate method.

3.9 Share options

Share options granted to members of the Executive Board and senior managers are recognized in the consolidated financial statements in accordance with IFRS 2. Share options grant subscription rights to new Company shares from contingent capital. Transactions to be fulfilled by issuing shares are measured at fair value on the grant date. The fair value of share options on the grant date is determined by an external assessor using a binomial model. The expense calculated in this manner is distributed on a straight-line basis over the period in which the options can be exercised and is recognized directly in income with effect on the net income for the year. Correspondingly the counter-effect is reflected in additional paid-in capital.

3.10 Provisions

Provisions are recognized in accordance with IAS 37. This relates to legal or financial obligations for which settlement is likely to result in an outflow of financial resources and whose amount can be reliably estimated.

Warranty provisions are recognized both for known individual risks and for general risks. Specific technical warranty risks can be individually quantified by comprehensive documentation and are taken into consideration in the

form of individual provisions. The economic risk and the level of provisioning are evaluated on an ongoing basis in coordination with the technical departments, taking existing risks into account.

Provisions are recognized for general risks on the basis of experience. The system for recognizing general warranty provisions is as follows: for turbines erected, provisions are recognized for the anticipated actual costs per year of the warranty for the entire contractual warranty period. The actual costs are determined on the basis of past experience and reviewed on an ongoing basis. The uncertainties involved mean that the actual costs, and hence the amount of the provisions, may differ.

Non-current provisions are discounted.

3.11 Pensions and similar obligations

Plans for pensions and similar obligations are measured in accordance with IAS 19 "Employee Benefits". Pension provisions are measured using the projected unit credit method.

REpower SE has granted a pension commitment in the form of a defined contribution plan. If the benefits payable under the insurance policy are the same as the benefits payable under the obligation, the fair value of the asset is deemed to be the same as that of the obligation in accordance with IAS 19.104, meaning that such items are not included in the consolidated statement of financial provision or the income statement.

3.12 Liabilities

Trade accounts payable are measured at amortised cost using the effective interest rate method.

3.13 Revenue recognition

Revenue includes all revenues from the sale of wind energy turbines, license revenues, electricity revenues and revenues from service and maintenance contracts.

Revenue recognition according to percentage of completion method (IAS 11)

Revenue from the sale of wind turbines in particular includes the production, delivery and installation of wind turbines. For these construction contracts the percentage of completion method (POC) is applied in accordance with IAS 11. This is subject to the prerequisite that a legally effective customer order with specific requirements must exist at the balance sheet date and that both the outcome of the order and the expected total costs can be reliably estimated on the basis of Group cost accounting.

In the majority of cases, the percentage of completion is calculated using the cost-to-cost method, under which the fixed contract revenue is compared with the contract costs, with only those costs relating directly to the service rendered taken into account. Borrowing costs are recognized as an expense.

These construction contracts are recognized under the balance sheet item „Gross amount due from customers for contract work as an asset and liability". Advance payments received for contracts are deducted directly from future receivables from construction contracts.

In individual cases where a reliable estimate of the full construction contract is not possible, the zero profit method is applied, with no profit margin recognized in calculating the percentage of completion until reliable information becomes available. Customer orders for the production, delivery and installation of wind turbines are generally considered to be completed with commissioning of the wind turbines respectively the handing over of the wind farm to the customer. As long as no installation is agreed upon the contract is considered to be completed when the risks and benefits are transferred to the buyer and payment is probable.

Contract costs are monitored by Controlling. The forecast costs and the results of project controlling, which are used to determine the percentage of completion and the proportionate contribution margins, are significant assumptions in the measurement of contracts. As these assumptions are subject to uncertainty, the actual contract costs and contribution margins may be higher or lower than forecast when the final project invoice is prepared.

Revenue recognition according to transfer of risk (IAS 18)

To a limited degree REpower Systems sells single components of wind turbines. In these cases revenue is recognized in accordance with IAS 18 at the point of time when the risks and benefits are transferred to the buyer and payment is probable.

Revenues from licences, electricity and the sale of spare parts are recognised in accordance with IAS 18.

License revenues are generated from volume-based licenses.

In accordance with IAS 18, revenues from service and maintenance contracts are realized insofar as the respective services have been rendered; advance payments are deferred.

3.14 Income tax expense

REpower Systems AG recognizes current taxes when they are caused in the amount due. Deferred taxes are recognized according to the liability method, under which deferred tax assets and deferred tax liabilities are recognized with future tax effects arising as a result of differences between the carrying amount of the assets and liabilities in the IFRS financial statements and the tax base. The effects of changes in the tax rate on deferred taxes are recognized in income in the period in which the legislation mandating the change is substantially passed. However, the effects of changes in tax rates on items recognized in other operating income or directly in equity are also taken directly to equity. If it does not appear sufficiently likely that deferred tax assets will be realized in future, they are not recognized or their carrying amount is adjusted accordingly. In accordance with the requirements of IAS 12, deferred tax assets and deferred tax liabilities have been offset.

3.15 Borrowing costs

If borrowing costs cannot be allocated to qualifying assets in accordance with IAS 23, they are expensed and not included in cost.

3.16 Government grants (investment subsidies)

Government grants are recognized depending on the nature of the subsidized expenses. Insofar as subsidies relate to capitalized assets, the grants received serve to reduce the cost of the subsidized assets. Grants provided as an expenditure allowance are recognized in the income statement of the financial yearin which the subsidized expenses are incurred.

3 Accounting policies

3.17 Transactions in foreign currencies

Each entity within the Group determines its functional currency. The items contained in the financial statements of each entity are measured using this functional currency. Foreign currency transactions are first translated at the spot exchange rate between the functional currency and the foreign currency on the transaction date. Foreign currency monetary assets and liabilities are translated into the functional currency at the closing rate. All exchange differences are recognized in the net result for the period. Non-monetary items measured at historical cost in a foreign currency are translated at the applicable exchange rate on the transaction date. Non-monetary items measured at fair value in a foreign currency are translated at the applicable exchange rate on the date on which their fair value was determined.

3.18 Financial instruments

As a matter of principle, financial instruments are recognized as soon as a REpower company becomes a party to a financial instrument. Financial assets are recognized on delivery, i.e. the date of order fulfillment. Derivative financial instruments are recognized at the trade date. Financial assets and financial liabilities are generally reported separately; they are only offset if the reporting entity has a right to offset and the intention to settle on a net basis.

Financial instruments consist of cash and cash equivalents, receivables, equity instruments held in other companies (i.e. shares in project corporations) and other financial assets as well as financial liabilities and loans, insofar as these relate to a contract. The initial recognition of financial assets is at fair value plus directly attributable transaction costs, insofar as the financial assets are not recognized at fair value through profit and loss. Subsequent measurement is at fair value or amortized cost using the effective interest rate, depending on the allocation of the individual financial instruments to the IAS 39 categories.

Financial liabilities are carried at fair value less transaction costs on initial recognition and at amortized cost using the effective interest rate method in subsequent measurement.

Financial assets are derecognized if the rights to the cash flows resulting from the assets have expired or substantially all of the risks have been transferred to a third party such that the criteria for derecognition are met. Financial liabilities are derecognized if the relevant obligations have expired or been cancelled.

Derivative financial instruments are employed to hedge foreign exchange and interest rate risks. Derivative financial instruments are carried at fair value. The recognition of changes in the fair value of derivative financial instruments depends on whether these instruments are deployed as hedging instruments and the conditions for hedge accounting in accordance with IAS 39 are met.

If these conditions are not met despite the existence of a hedging relationship, the derivative financial instruments are allocated to the category “at fair value through profit and loss” and the changes in fair value are recognized directly in income. The effective portion of the change in the fair value of a derivative financial instrument which was classified as a hedging instrument and which meets the definition of a cash flow hedge is recognized directly in total other shareholders’ equity, taking into account the associated tax effects. The ineffective portion is recognized in the income statement. The effective portion is only recognized in income if the hedged item is also recognized in income.

The fair values of financial assets recognized in the consolidated statement of financial position generally correspond to their market prices. If these are not available by reference to an active market, the relevant assets are measured using standard market procedures (valuation models) based on instrument-specific market parameters.

The fair values of cash and cash equivalents and other current primary financial instruments correspond to their carrying amounts at the respective reporting date.

The fair values of non-current receivables and other assets and non- current provisions and liabilities are determined on the basis of the expected cash flow based on the reference interest rates at the balance sheet date. The fair value of derivative financial instruments corresponds to their market value and may be either positive or negative. If no market value is available, the fair value is calculated using present value and option pricing models. Where possible, the relevant market prices and interest rates observed at the balance sheet date are applied as input parameters for these models.

There were no reclassifications of financial instruments to other categories in financial years 2011/12 or 2012/13.

Under certain conditions, financial assets and financial liabilities falling within the scope of IAS 39 can be irrevocably allocated to the "fair value option" sub-category on initial recognition. REpower has not exercised the fair value option for any financial assets or financial liabilities.

3.19 Use of assumptions

The preparation of these consolidated financial statements requires the Group's management to make estimates and assumptions that form the basis for the value of assets and liabilities, contingent liabilities and other financial obligations as at the balance sheet date and revenue and expenses in the financial year. Key estimates and assumptions relate to impairment tests (see note 4.2), warranty provisions (see note 4.4.2), the measurement of share options (see note 4.6.2), the realisation of revenue according to the percentage of completion method (see note 4.1.2) and the value of deferred tax assets (see note 4.2.5). The actual circumstances may differ from these assumptions. Changes in current economic conditions and other events may also have a material impact on the actual figures.

3.20 New accounting standards and their application

Financial reporting at REpower SE in accordance with the IFRS is based on the IASB accounting standards adopted by the European Commission in the context of the endorsement process for the European Union, in accordance with Regulation (EC) no. 1606/2002 in conjunction with section 315a (1) of the German Commercial Code (HGB). The new IFRSs and amendments to existing IFRSs published by the IASB are mandatory only following a corresponding resolution by the Commission as part of the endorsement process.

The following standards were required to be applied for the first time in financial year 2012/13:

Standards / interpretations		Mandatory application	Endorsement by European Commission	Effect
IFRS 7	Financial instruments: Improvement in disclosures on transfers of financial assets	July 1, 2011	Yes	No effects
IAS 12.....	Income taxes: Amendments in December 2010 regarding recovery of underlying assets	January 1, 2012	Yes	No effects

- **Amendment to IFRS 7**—Financial Instruments

In October 2010, the IASB published amendments to IFRS 7 (Financial Instruments: Disclosures). These amendments require additional disclosures on transfers of financial assets, including an overview of possible effects of the risks that remain with the transferring entity. Additional disclosures are also required if a disproportionately large share of transfers occur at the end of a reporting period or if rights and duties are retained on full derecognition of a financial asset or are assumed as part of the transaction.

- **Amendment to IAS 12**—Income Taxes

In December 2010, the IASB published an amendment to IAS 12 (Income Taxes) according to which it is presumed, unless proven otherwise, that the carrying amount of an asset is usually realised through sale rather than through use of the asset. This provision is relevant particularly for the calculation of deferred taxes in countries where different income tax rates apply to profit from disposals and, for example, ongoing rental income. In this context, SIC 21 (Income Taxes—Recovery of Revalued Non-Depreciable Assets) has been integrated in IAS 12 (Income Taxes), except where it relates to investment property.

The following standards and interpretations published by the IASB and IFRIC are not yet mandatory because they have not yet been recognized by the EU or the date of first application has not yet been reached. Where these have already been endorsed by the EU, they have not been applied early by REpower SE.

In financial year 2012/13, the following standards and interpretations were not yet mandatory:

Standards / interpretations	Mandatory application	Endorsement by European Commission	Effect

IFRS 1	First-time adoption of IFRS: Government loans	January 1, 2013	No	No effects
IFRS 1	First-time adoption of IFRS: Amendments regarding dates for first-time adopters and hyperinflation	January 1, 2013	Yes	No effects
IFRS 7	Financial instruments: Offsetting financial assets and financial liabilities	January 1, 2013	Yes	No material effects
IFRS 9	With regard to disclosures on the transition to IFRS 9 and amendments of IFRS 7	January 1, 2015	No	Disclosures on financial instruments in the notes
IFRS 9	Classification and measurement: financial assets and financial liabilities	January 1, 2015	No	No material effects
IFRS 10	Consolidated financial statements	January 1, 2014	Yes	No material effects
IFRS 11	Joint arrangements	January 1, 2014	Yes	Discontinuation of proportionate consolidation/ no effects
IFRS 12	Disclosure of interests in other entities	January 1, 2014	Yes	Disclosures on the scope of consolidation in the notes
IFRS 13	Fair value measurement	January 1, 2013	Yes	No material effects
IAS 1	Presentation of financial statements: Amendments in June 2011 regarding the presentation of other comprehensive income	July 1, 2012	Yes	Changes in the structure of the statement of comprehensive income
IAS 19	Employee benefits: In June 2011, the IASB published amendments to IAS 19	January 1, 2013	Yes	No material effects
IAS 27	Separate financial statements	January 1, 2014	Yes	No effects
IAS 28	Investments in associates and joint ventures	January 1, 2014	Yes	No material effects
IAS 32	Financial instruments: Amendments in December 2011 with regard to offsetting financial assets and financial liabilities	January 1, 2014	Yes	No material effects
IFRIC 20	Stripping costs in the production phase of a surface mine	January 1, 2013	Yes	No effects
IFRS 10, IFRS 12, IAS 27	Investmentgesellschaften: IFRS 10, IFRS 12, IAS 27	January 1, 2014	No	No effects
IFRS 10, IFRS 11, IFRS 12	Amendment of transitional requirements (June 2012)	January 1, 2013	Yes	No effects
Annual Improvements	IFRS improvements (May 2012)	January 1, 2013	Yes	No material effects

4 Consolidated statement of financial position

4.1 Total current assets

4.1.1 Liquid funds

As in the previous year, there were no restrictions on access to liquid funds in the year under review.

4.1.2 Gross amount due from customers for contract work as an asset/as a liability

This item is used to report work in progress which is recognized using the percentage-of-completion method in accordance with IAS 11. Advance payments on the contracts recognized are deducted directly.

	2013/03/31	2012/03/31
	k EUR	k EUR
Receivables	1,320,496	1,003,490
Less advance payments received	−977,654	−690,810
	342,842	**312,680**

The amount of 342,842 k EUR (previous year: 312,680 k EUR) due to the netting consists of gross amounts due from customers for contract work as an asset with an amount of 363,607 k EUR (previous year: 330,707 k EUR) and as a liability with an amount of 20,765 k EUR (previous year: 18,027 k EUR). The gross amounts due from customers for contract work as a liability are shown on the liability side.

In financial year 2012/13, these contracts resulted in material costs of 1,080,573 k EUR (previous year: 837,043 k EUR). The net contribution of revenue and material costs to operating earnings from these projects in 2012/13 was 239,923 k EUR (previous year: 166,448 k EUR).

4.1.3 Trade accounts receivable

Trade accounts receivable primarily relate to receivables from customers for the delivery of wind turbines.

	2013/03/31	2012/03/31
	k EUR	k EUR
Trade receivables (after bad debt allowances)	144,053	104,488

In financial year 2012/13, specific valuation allowances of 4,816 k EUR were recognized on trade accounts receivable (previous year: 1,111 k EUR).

	2013/03/31	2012/03/31
	k EUR	k EUR
Changes in bad debt allowances		
At the start of the fiscal year	7,417	12,914
Reversals and utilizations	−1,433	−6,608
Additions	4,816	1,111
At the end of the fiscal year	**10,800**	**7,417**

The maturity structure of trade accounts receivable was as follows:

			Thereof: after bad debt allowances as of the end of te reporting period and past due as follows		
	Carrying amount	Thereof: neither impaired nor past due as of the end of the reporting period	Less than 30 days	Between 30 and 180 days	More than 180 days
as of 2013/03/31					
Trade accounts receivable (k EUR)	144,053	123,876	10,851	5,006	4,320
as of 2012/03/31					
Trade accounts receivable (k EUR)	104,488	88,710	8,697	4,690	2,391

(This page has been left blank intentionally.)

4 Consolidated statement of financial position

In the case of the trade accounts receivable that were neither impaired nor overdue, there was no evidence of the debtors being unable to meet their payment obligations as of the balance sheet date. Further information on the treatment of financial risks can be found in 7.2 "Information on the nature and extent of risks associated with financial instruments".

REpower SE requests collateral from its customers depending on the outcome of credit checks. Collateral is generally requested after signature of the purchase contract in the form of bank guarantees or Group warranties for the purchase price less any advance payments made. Accordingly, the nominal value of the collateral received typically exceeds the current level of accounts receivable. As of March 31, 2013, the value of the collateral received was 2,163.40 m EUR (previous year: 1,986.07 m EUR).

There were no trade accounts receivables whose terms were renegotiated and that would otherwise have been overdue or impaired, either at the current reporting date or in the previous year.

4.1.4 Receivables from related parties

This item is composed as follows:

Receivable from related parties	2013/03/31	2012/03/31
	k EUR	k EUR
Suzlon Energy Australia Pty Ltd.	14,557	4,677
Other	698	564
	15,255	**5,241**

4.1.5 Inventories

As of March 31, 2013, valuation allowances on inventories amounted to 3,921 k EUR (previous year: 4,684 k EUR). Expenses for raw materials and supplies amounted to 1,381,141 k EUR in the year under review (previous year: 1,038,212 k EUR).

	2013/03/31	2012/03/31
	k EUR	k EUR
Raw materials and supplies	208,949	275,527
Work in progress	20,931	44,707
	229,880	**320,234**

4.1.6 Other current assets

This item is composed as follows:

	2013/03/31	2012/03/31
	k EUR	k EUR
Miscellaneous other assets		
Receivables from other taxes	36,440	29,403
Advance payments on inventories	32,995	46,473
Creditors with debit balances	6,554	2,534
Deferred financing fees for guarantees	6,485	10,708
Equipment deposits	1,899	3,659
Other	29,049	12,655
	113,422	**105,432**
Other financial assets		
Derivative financial instruments	1,794	1,532
Loans	91	58
Advance payments for project financings	0	12,261
Receivables from insurance companies	0	3,000

Other	204	159
	2,089	**17,010**
Other current assets	**115,511**	**122,442**

4.2 Total non-current assets

4.2.1 Other intangible assets

In financial year 2012/13, research and development costs amounted to 42,054 k EUR (previous year: 35,238 k EUR).

Of the development costs 20,454 k EUR were capitalized (previous year: 17,593 k EUR). Amortization of capitalized development costs amounted to 4,646 k EUR in financial year 2012/13 (previous year: 1,538 k EUR).

The development of other intangible assets is shown in the consolidated statement of changes in non-current assets.

4.2.2 Property, plant and equipment

Land and buildings relate primarily to the Group's own production sites and administrative buildings.

Technical equipment and machinery primarily relates to facilities for the production of wind turbines. No own work was capitalised in either the current year or the previous year.

At the reporting date, assets under construction relate primarily to expenses for the construction of rotor blade moulds and expansion of production and warehouse space. Impairment losses totalling 159 k EUR were recognised on the rotor blade moulds in the financial year (previous year: 1,000 k EUR).

Land and buildings of Repower SE in the amount of 46,678 k EUR (value of the land charges) serve as collateral in the financial year (previous year: 49,745 k EUR) (see also note 4.5.).

The development of property, plant and equipment is shown in the consolidated statement of changes in non-current assets.

Government grants

In financial year 2012/13, REpower received grants totalling 1,299 k EUR within Germany (previous year: 2,172 k EUR).

The funds received primarily relate to the construction and commissioning of the turbine construction site in Bremerhaven and development projects for the optimisation of turbine components.

Specific subsidy conditions were in place particularly for the grants relating to turbine construction in Bremerhaven and rotor blade production, which had likewise been publicly subsidised in previous years. These conditions chiefly comprised making the necessary investments for the construction and commissioning and creating more than 400 jobs by 2012. REpower SE and PowerBlades GmbH have already made the necessary investments and the targets for new jobs have also been fulfilled to date.

Outside Germany, REpower was granted subsidies in the amount of 102 k CAD in Canada and subsidies of 13 k EUR in Portugal. These grants related to staff development.

4.2.3 Investments in joint ventures

The joint venture recognised at equity in the period from April 1, 2012 to February 28, 2013 generated earnings of 340 k EUR during this period (previous year: 160 k EUR). As in the previous year, no revenue was generated. As of February 28, 2013, this company had non-current assets of 472 k EUR (previous year: 521 k EUR), current assets of 2,284 k EUR (previous year: 1,912 k EUR) and current liabilities of 353 k EUR (previous year: 469 k EUR).

The average number of employees as at February 28, 2013 was 24 (previous year: 22).

4.2.4 Loans granted

This item includes loans granted to wind farm project companies. In the case of interest-bearing loans, the interest rates are between 2.05% and 6.56% p.a. (previous year: between 2.05% and 6.93% p.a.).

4.2.5 Income taxes

Current income tax expense in the individual countries and deferred taxes are reported as income taxes. Income tax expense is composed as follows:

	2012/13	2011/12
	k EUR	k EUR
Deferred taxes	18,325	22,635
thereof: temporary differences	28,751	23,255
thereof: tax loss carryforwards	−10,426	−620
Current income taxes	167	12,244
Current income taxes for previous years	−133	−1,488
Income taxes	**18,359**	**33,391**

Current taxes are calculated using the applicable tax rates in the individual countries.

Deferred taxes result from temporary differences in the carrying amounts in the companies' tax base and the consolidated financial statements, as well as from tax loss carryforwards. They are calculated using the liability method and the tax rate applicable in the respective countries at the date on which the differences are reversed, to the extent that this is known at the balance sheet date, or using the tax rate at the balance sheet date if a change in the tax rate is not likely.

In 2013, the corporation tax rate for companies in Germany was 15% plus the solidarity surcharge of 5.5% of this amount, meaning that the total corporation tax rate was 15.825% equal to the previous year. Including trade tax, the total tax rate was 29.11% (previous year: 28.79%).

With regard to minimum taxation, the utilization of tax loss carryforwards in Germany is restricted. There are no restrictions for a positive basis of assessment of up to 1 m EUR. No more than 60% of any amounts exceeding this level may be reduced by offsetting against existing tax loss carryforwards.

The effects of different tax rates in Germany and abroad compared with the tax rate of the Group parent are presented under tax rate differences in the reconciliation.

	2012/13	2011/12
	k EUR	k EUR
IFRS profit before income tax from continuing operations	**66,883**	**95,505**
Expected tax expense	19,466	27,496
Income taxes for previous year	746	−1,486
Changes in tax rates	584	−367
Non-deductible operating expenses	369	552
Different tax rates	233	948
Additions to/reductions in trade income tax (GewESt)	226	287
Inclusion of at-equity companies	47	23
Tax-exempt income	−40	−10
Employee option programs/share options	−41	−149
Ineligible foreign taxes	−246	373
Valuation adjustement of deferred taxes on tax loss carryforwards	−2,692	4,180
Other tax effects	−293	1,544
Acutal income tax expenses	**18,359**	**33,391**

The non-deductible operating expenses primarily result from special features of the tax regulations of the country of residence of the international companies.

A reconciliation effect also occurred in relation to expenses from employee option programs, since these expenses were not deductible from the taxable profit. The tax effect of this for the year under review was −41 k EUR (total for previous year: −149 k EUR). Please see the notes on the share option program.

Income from income tax (previous year: income tax expenses) from the value adjustment of tax loss carryforwards mainly relate to Riablades S.A., Portugal, RECA Holdings Pty. Ltd., Australia and RETC GmbH,

Germany. During the period under review additional losses carried forward were recognized for these companies as future earnings will suffice to make use of these losses carried forward.

The income taxes for previous years of 746 k € are on the one hand the result of current income taxes for previous years of −133 k EUR and on the other hand due to tax expenses resulting from an adjustment of deferred taxes for previous years of 879 k EUR. The tax expense mainly result from adjustments on group level of deferred taxes relating/with regard to the PPA Portugal in the year und review.

Deferred tax assets and deferred tax liabilities are composed as follows as of the balance sheet date:

	2013/03/31	2012/03/31
	k EUR	k EUR
Deferred tax assets		
Tax loss carryforwards	13,619	3,193
Provisions	3,662	4,594
Inventories and receivables	1,833	344
Property, plant and equipment	620	336
Other	3,049	1,044
Total deferred tax assets	**22,783**	**9,511**
Offsetting	−15,588	−4,786
Deferred tax assets after offsetting	**7,195**	**4,725**
Deferred tax liabilities		
Future accounts receivable/liabilities from contract orders	68,861	43,903
Development costs	24,411	19,714
Property, plant and equipment	646	672
Other	2,904	921
Total deferred tax liabilities	**96,822**	**65,210**
Offsetting	−15,588	−4,786
Deferred tax liabilities after offsetting	**81,234**	**60,424**

Deferred taxes include deferred tax liabilities of 97 k EUR (previous year: 38 k EUR) for temporary differences recognised in equity for financial instruments.

Deferred taxes on tax loss carry forwards are recognized in the amount of the tax effect of the expected utilizable tax losses of the German and international Group companies. The key factor for determining the value of deferred tax assets is the estimated probability of a reversal of the measurement differences and the usability of the tax loss carry forwards which led to deferred tax assets. This depends on the occurrence of future taxable profit during the periods in which tax measurement differences are reversed and tax loss carry forwards can be utilized. According to the current status, tax loss carry forwards can be carried forward without restriction in subsequent years in almost all countries where tax loss carry forwards occur. Exceptions include the tax loss carry forwards of REpower USA Corp., which amounted to 150 k EUR as of March 31, 2013 (previous year: 1,191 k EUR) and of RiaBlades S.A., Portugal, which amounted to 5,027 k EUR (previous year: 0 EUR). The tax loss carry forwards were only eligible to be carried forward until 2018 (USA) and 2014 till 2016 (Portugal), subject to the companies recording positive earnings.

No deferred tax assets were recognised on corporation tax losses totalling 11,263 k EUR (previous year: 15,503 k EUR) as well as trade tax losses of 96 k EUR (previous year: 0 EUR) due to the lack of prospects for offsetting in the near future.

4.3 Non-current assets held for sale and discontinued operations

The assets and liabilities of REpower North (China) Ltd. are recognised as held for sale as a consequence of the initiated sales activities of the shares in REpower North (China) Ltd. The company, which was founded as a joint venture, produces REpower wind turbines for the north Chinese market and is part of the Onshore segment. Completion of the sale is expected in the first half of financial year 2013/14.

4 Consolidated statement of financial position

A condensed cash flow statement of REpower North (China) Ltd. is shown below.

	2012/04/01 - 2013/03/31	2011/04/01 - 2012/03/31
	k EUR	k EUR
Cash flow from operating activities	3,269	−5,605
Cash flow from investing activities	−30	241
Cash flow from financing activities	0	0
Total cash flow	**3,239**	**−5,364**

For financial year 2012/13 the assets and liabilities of REpower North (China) Ltd are composed as follows:

	2013/03/31	2012/03/31
	k EUR	k EUR
Assets of disposal group classified as held for sale		
Inventories	8,183	12,697
Other current assets	20,746	10,538
	28,929	**23,235**
Liabilities of disposal group classified as held for sale		
Advance payment received	6,314	0
Trade accounts payable	297	1,101
Other current liabilities	1,905	1,835
Provisions	1,156	1,281
	9,672	**4,217**
Cumulative other comprehensive income associated with the discontinued operations		
Currency translation differences	2,064	1,062

The profit/loss for the year from discontinued operations and the profit/loss from marking-to-market of the assets held for sale are composed as follows:

	2013/03/31	2012/03/31
	k EUR	k EUR
Income	7,723	4,531
Expenses	8,093	4,601
Earnings before taxes from discontinued operations	**−370**	**−70**
Taxes	−73	−457
Earnings after taxes from discontinued operations	**−443**	**−527**

4.4 Total current liabilities

4.4.1 Advance payments received

Advance payments from customers for orders for which no production work has been carried out or for which the payments received exceed the capitalized costs are reported as advance payments received.

4.4.2 Provisions

Provisions developed as follows in the year under review:

	As of 2012/04/01	Addition	Utilization	Reversal	As of 2013/03/31
	k EUR	k EUR	k EUR	k EUR	k EUR
Specific warranty provisions	42,232	36,372	−8,161	−12,185	58,258
General warranty provisions	41,796	39,177	−26,108	−6,030	48,835
Warranty provisions	**84,028**	**75,549**	**−34,269**	**−18,215**	**107,093**

Other provisions	11,237	6,227	−5,909	−150	11,405
Total provisions	**95,265**	**81,776**	**−40,178**	**−18,365**	**118,498**

Provisions for warranties are utilized in accordance with legal or contractual obligations.

Other provisions primarily relate to provisions for legal disputes. Utilization is expected in the following financial year.

Provisions for pensions

Plans for pensions and similar obligations are measured in accordance with IAS 19 "Employee Benefits". Pension provisions are measured using the projected unit credit method.

REpower SE has granted a pension commitment in the form of a defined contribution plan involving benefits for retirement and surviving dependants. These benefits are financed by way of a matching insurance policy. The policyholder and beneficiary is REpower SE, while the insured parties are the former employees.

The insurance policy was fully financed with the payment of a non- recurring contribution; no further contributions are required. To guarantee the claims of the pension beneficiaries, REpower SE has pledged the claims arising from the insurance policy to the former employees and provided written confirmation of this pledge agreement. As a result, the insurance policy becomes a "plan asset" as defined in IAS 19. If the benefits payable under the insurance policy are the same as the benefits payable under the obligation, the fair value of the asset is deemed to be the same as that of the obligation in accordance with IAS 19.104, meaning that such items are not included in the consolidated statement of financial provision or the income statement. Thus the obligation stated in the statement of financial position equals to zero.

The Company has commitments under a provident fund for one employee. This relates to defined contribution obligations that are financed by way of a corresponding agreement on the waiver of salary in connection with the grant of a commitment for provident fund benefits. The benefits of the respective insurance policies financed by the payment are used solely to satisfy the provident fund benefit obligations.

4.4.3 Deferred income

Prepayments for revenue from service and maintenance are mainly reported as deferred income. Straight-line amortization is applied for these deferred positions over the entire term of the rendered service.

4.4.4 Income tax liabilities

Income tax liabilities primarily relate to current taxes for the financial year and previous years.

4.4.5 Other current liabilities

Other current liabilities are composed as follows:

	2013/03/31	2012/03/31
	k EUR	k EUR
Other financial liabilities		
Liabilities to employees	16,941	12,767
Derivative financial instruments	2,635	2,680
Debtors with credit balances	1,855	957
Purchase price liability for CGU Portugal[1]	0	925
Security deposit	10	10
	21,441	**17,339**
Miscellaneous other liabilities		
Liabilities from other taxes	6,525	4,328
Social security liabilities	1,258	1,031
Other	5,806	8,628
	13,589	**13,987**
Other current liabilities	**35,030**	**31,326**

(1) The long-term portion of these liabilities is reported under other non-current financial liabilities.

4.5 Long-term loans

Long-term loans totalling 30,061 k EUR (previous year: 39,018 k EUR) relate to liabilities to banks. The interest rate for bank loans was between 3% and 6.53% p.a. (previous year: between 4.55% and 7.9% p.a.). Non-current bank liabilities amounting to 46,678 k EUR (previous year: 49,745 k EUR) are secured by liens and assignments of security from electricity revenues as well as insurance claims.

On February 29, 2012, REpower SE took out a new syndicated loan with a total volume of 750,000 k EUR, which replaced the financing provided by the syndicated loan concluded on May 26, 2009 with a total volume of 600,000 k EUR.

725,000 k EUR of the new syndicated credit line can be utilised in the form of guarantees and the remaining 25,000 k EUR as a cash loan. As at March 31, 2013, these credit lines had been drawn on in the amount of 511.7 m EUR (previous year: 396.1 m EUR) exclusively for sureties and guarantees. The syndicated loan was secured by way of rights from registered patents and patent applications of REpower SE. Furthermore, the credit loan agreement contains common rights of termination for the lender that become valid as soon as regulated defaults occur. These breaches of contract may include the conclusion of control and profit transfer agreements, failure to comply with certain financial covenants, or a change of control. In addition, dividend payment is possible only to a limited extent.

The terms are variable and oriented to debt levels. Interest rate risks may arise from changes in the EURIBOR rate if cash credit lines are drawn on.

4.6 Total equity capital

The change in equity components is shown in the Group's statement of changes in equity.

4.6.1 Subscribed capital

At March 31, 2013, the share capital of REpower SE amounted to 9,220,179 EUR (previous year: 9,220,179 EUR) and was divided into 9,220,179 (previous year: 9,220,179) no-par value ordinary bearer shares, each with a notional interest in the share capital of 1.00 EUR.

4.6.2 Additional paid-in capital

The additional paid-in capital results from the initial public offering of REpower SE in 2002. In the year under review, 303,675 k EUR was reported under this item (previous year: 303,671 k EUR).

Of the increase of 4 k EUR in additional paid-in capital, 140 k EUR results from the presentation of share option plans, whereas the acquisition of the remaining shares in RETC by a Suzlon Group company reduced additional paid-in capital by 136 k EUR. Since this constituted a transaction between companies under common control, the difference between the consideration granted and the net total of the consolidated carrying amounts of the assets and liabilities acquired is offset against consolidated equity.

The development of additional paid-in capital is shown in the Group's statement of changes in equity.

Share option program

REpower SE operated two share option programmes in the period under review. No further option rights were issued in the period under review.

The programmes, which were initiated in financial years 2007 and 2008/09, give beneficiaries the right to acquire one share per option at a defined basic price. Cash settlement is not possible. The options can be exercised during an agreed period each with a duration of five years, but only starting from two years after they are granted (blocking period).

The exercise price for the share option programme initiated in 2007 (2007 option programme) is 112.20 EUR. The share options granted in financial year 2008/09 (2008 option programme) have an exercise price of 165.00 EUR.

In February 2011, the majority shareholder AE-Rotor Holding B.V. made an offer to all option holders from the 2007 option programme on a voluntary basis to pay compensation of 28.00 EUR per option in exchange for the option holders waiving their exercise rights. The offer was not processed to a large extent until April 2011. As a result, a total of 99,936 option rights from the 2007 option programme expired in financial year 2011/12.

As a result of the entry in the Company's commercial register of the squeeze-out resolved by the annual general meeting on September 21, 2011, REpower SE was delisted on November 9, 2011. Since the entry of the squeeze-out resolution in the commercial register, it is no longer possible for the share options to be exercised and the shares subsequently delivered. In this context, AE-Rotor Holding B.V. made an offer to all option holders from the 2007 option programme on a voluntary basis to pay compensation in the amount of the difference of 30.57 EUR per option between the defined cash settlement per REpower share for the squeeze-out (142.77 EUR) and the exercise price of the options (112.20 EUR). Acceptance of the offer was voluntary and was also dependent on the option holders waiving their right to exercise the option rights from the 2007 option programme. As a result of this offer, a total of 16,794 options from the 2007 option programme expired in financial year 2011/12.

Options issued in financial year 2008/09 may be exercised only on condition that the margin of the consolidated result from operating activities (EBIT margin) in financial year 2008/09 is at least 6.3% or the margin of the consolidated result from operating activities (EBIT margin) in financial year 2009/10 is at least 8.4%. In order to reflect the long-term nature of the option program, the options are to be exercised in the following tranches: a maximum of 50% of the option rights can be exercised after the legally prescribed holding period of two years from the issue date of the option rights, a further 25% three years after the issue date, and a further 25% four years after the issue date.

In the course of the delisting, the settlement claims for the beneficiaries of the 2008 option programme were determined based on the calculation bases included in the programme. There was no settlement amount on the basis of these calculations. The option rights are reported as settled.

In financial year 2012/13, the Company recognised personnel expenses from share-based payments totalling 140 k EUR (previous year: 516 k EUR).

4 Consolidated statement of financial position

4.6.3 Non-controlling interests

Non-controlling interests relate to the shares held by third parties in German and international Group companies. These include shares of third parties in the 2012/2013 financial year in REpower North (China) Ltd. and additionally in Repower Diekat S.A. in the previous fiscal year.

5 Income statement disclosures

5.1 Revenues

In financial years 2012/2013 and 2011/12, the operations of companies of REpower related almost exclusively to the development and manufacture of wind turbines and wind turbine projects.

	2012/13	2011/12
	k EUR	k EUR
Revenue from sale of wind turbines	2,064,556	1,549,967
Service/maintenance and material sales	130,464	92,697
License revenues	1,412	4,973
Electricity revenues	975	1,648
Other	23,999	25,276
	2,221,406	**1,674,561**

In accordance with IAS 11, contract revenue was recognised in the amount of 2,064,556 k EUR (previous year: 1,546,367 k EUR). This is reported under revenues from the sale of wind turbines.

5.2 Other operating income

Other operating income is composed as follows:

	2012/13	2011/12
	k EUR	k EUR
Currency translation gains	21,995	15,602
Income from reversal of provisions	18,365	15,460
Income from hedging transactions	11,572	9,308
Insurance payments/compensations	9,920	11,185
Income from reversal of bad debt allowances	7,369	5,516
Gain on decrease of contingent purchase price liability CGU Portugal	3,399	0
Investment subsidies, research and development subsidies	544	1,012
Gain on disposal of non-current assets	35	44
Other	1,336	2,892
	74,535	**61,019**

5.3 Personnel expenses

	2012/13	2011/12
	k EUR	k EUR
Wages and salaries	166,983	131,177
Social security contributions	31,311	23,388
	198,294	**154,565**

The average number of employees for the year 2012/13 was 3,180 (previous year: 2,508)

5.4 Other operating expenses

Other operating expenses are composed as follows:

	2012/13	2011/12
	k EUR	k EUR
Payment transaction costs/currency translation losses	41,902	21,291
Purchased services	31,049	19,517
Legal and consulting costs	26,874	16,991
Travel expenses	17,636	14,207
Warranty expenses	14,626	5,527
Office and land costs	16,102	13,601
Compensation for loss of production	13,220	7,054
Cost of training and appointing staff	9,663	7,270
Vehicle costs	9,638	6,766
IT & telecommunication costs	8,750	8,457
Administration costs	6,960	7,590
Repairs and maintenance	6,635	3,959
Write-offs/write-downs of receivables	4,816	10,812
Advertising and trade fair expenses	3,740	3,247
Insurance costs	3,657	2,559
Representation costs/Investor relations costs	1,605	1,289
Other fees and charges	1,479	2,512
Operational needs	360	3,081
Other	17,773	12,629
	236,485	**168,359**

5.5 Financial and investments result

Net finance costs and income from investments are composed as follows:

	2012/13	2011/12
	k EUR	k EUR
Interest and similar financial income		
Other interest and similar income	**2,808**	**2,978**
Interest and similar financial expenses		
Other interest and similar expenses	−16,048	−12,876
Write-down on financial assets+	−263	−508
	−16,311	**−13,384**
Interest from joint ventures	**234**	**80**
Net finance costs	**−13,269**	**−10,326**

Borrowing expenses largely relate to guarantee commissions and interest on loans taken out by the Company.

The share of result from joint ventures of 234 k EUR (previous year: 80 k EUR) results from the company RETC, which was recognised at equity in the period from April 1, 2012 to February 28, 2013.

6 Contingent liabilities and other financial obligations

	2013/03/31	2012/03/31
	k EUR	k EUR
Other financial obligations		
Obligations from leases and rentral contracts		
Due within one year	12,296	11,208
Due within 1 and 5 years	51,714	50,323
Due in more than 5 years	254,909	242,051
	318,919	**303,582**
Contingent liabilities		
Land charges	46,678	49.745

On February 29, 2012, REpower SE took out a new syndicated loan, which replaced the financing provided by the syndicated loan concluded on May 26, 2009. For the new syndicated loan, rights from registered patents and patent applications of REpower Systems SE were again assigned to the lender.

All leases at REpower SE and the companies included in the scope of consolidation are operating leases. Lease payments are recognized directly in income on a straight-line basis over the term of the lease.

Obligations from leases and rental contracts relate primarily to obligations for the rental of office and warehouse space. Expenses amounting to 15,182 k EUR (previous year: 14,771 k EUR) were recognised for leases and rental contracts in financial year 2012/13.

In financial year 2012/13, there were also three shipping charter agreements for offshore systems. One of these agreements was terminated in October 2012. The charter company was paid compensation of 700 k EUR for expenses incurred. The two remaining contracts each have a term of at least 10 years. The first charter is likely to come into effect on April 1, 2017. Together, the charter contracts are likely to result in charter fees of 26.5 m EUR a year. In financial year 2012/2013, advance payments of 1.8 m EUR were made (previous year: 3.7 m EUR).

At the balance sheet date, REpower SE reported land charges of 46.7 m EUR, (previous year: 49.7 m EUR). Utilization is considered to be unlikely.

At the balance sheet date, the Company had commitments of around 589.1 m EUR (previous year: 944.0 m EUR) for the purchase of inventories and around 7.1 m EUR (previous year: 7.7 m EUR) for the purchase of property, plant and equipment.

7 Financial risks and financial instruments

7.1 Principles of risk management

With regard to its assets, financial liabilities and planned transactions, REpower SE is subject to risks arising from changes in raw materials and purchase prices, exchange rates, interest rates and share prices. The aim of financial risk management is to limit these market risks through ongoing operating and financially oriented activities. To this end, specific hedging instruments are employed depending on the assessment of the respective risk. Risks are only hedged if they affect the Group's cash flow. Derivative financial instruments are only employed in exceptional circumstances to hedge exchange rate risks, particularly those relating to customer contracts, and are not used for trading or other speculative purposes.

The principles of financial policy are agreed on an annual basis by the Executive Board and monitored by the Supervisory Board. The implementation of financial policy and ongoing risk management is the responsibility of Group Treasury with the involvement of Group Controlling. Certain transactions require the prior consent of the Executive Board, which is also regularly informed of the scope and amount of the current risk exposure. Treasury considers the effective management of financial instruments and market risks as one of its main functions. In order to assess the effects of the different events on the market, simulation calculations are performed using various worst-case and market scenarios.

7 Financial risks and financial instruments

7.2 Information on the nature and extent of risks associated with financial instruments

Primary financial instruments classified as assets in accordance with IFRS 7 include receivables and other assets, provided that they are based on a contract, as well as cash and cash equivalents. Primary financial instruments classified as liabilities in accordance with IFRS 7 include all sub- groups of liabilities with the exception of provisions, deferred income and deferred taxes as well as income tax liabilities. Furthermore, those items which are not based on a contract are not included. Derivatives are only employed to a limited extent. Credit and default risk is constantly monitored. Before entering into purchase and delivery contracts, the Group checks the customer's credit rating using a standardized credit check process including the evaluation of information from external rating agencies and credit agencies and the analysis of financial information, and requests the provision of corresponding collateral. The result of the credit check process is documented for each customer.

The credit and default risk of financial assets is limited to a maximum of the amounts reported on the asset side of the consolidated statement of financial position. There is no material concentration of default risks within the Group.

Exchange rate risks only exist insofar as deliveries are made to countries outside the euro zone or cross-border deliveries are made from such countries. Risks within the meaning of IFRS 7 arise from financial instruments that are denominated in a currency other than the functional currency and that are of a monetary nature; exchange rate differences arising from the translation of financial statements into the Group currency are not included.

IFRS 7 requires the performance of a currency sensitivity analysis showing the effects of hypothetical changes in relevant risk variables on earnings and shareholders' equity. Foreign currency sensitivity is calculated for primary monetary financial instruments (cash and cash equivalents, trade receivables and payables, other assets and other liabilities) by simulating a 10% increase or decrease in the value of all foreign currencies against the functional currency.

The simulated appreciation or devaluation of the relevant currencies would have impacted the financial statements as of March 31, 2013 as follows:

Currency risk

2013/03/31	USD	AUD	CAD	GBP
Sensitivity analysis − Total				
Exchange rate + 10%	−1,960,108	1,363,096	26,311,556	−5,201,228
Profit impact in EUR	−1,654,373	−136,310	−1,886,267	520,123
Exchange rate − 10%	−787,993	1,666,006	38,412,908	−6,357,056
Profit impact in EUR	−732,183	166,601	8,719,771	−635,706

2012/03/31	USD	AUD	CAD	GBP
Sensitivity analysis − Total				
Exchange rate + 10%	11,817,733	362,541	−10,152,793	−2,720,850
Profit impact in EUR	1,898,820	−36,254	2,094,546	272,085
Exchange rate − 10%	2,209,320	443,106	−15,508,154	−3,325,483
Profit impact in EUR	−4,838,052	44,311	−2,560,000	−332,548

For reasons of materiality, the table deals with the foreign currencies USD, AUD, CAD and GBP. The underlying derivatives relate to financial instruments which are undesignated hedges. Foreign exchange volatility impacts derivatives on the basis of nominal values.

Regarding foreign currency hedges, the fair value of financial instruments used in cash flow hedges would decrease by 1,460 k EUR (previous year: 15,645 k EUR) if the foreign currency (USD) appreciated by 10% against the functional currency. In this case the fair value of the financial instruments used in cash flow hedges shall be allocated to shareholders' equity in full (decrease). The fair value of the financial instruments would increase by 3,007 k EUR (previous year 12,638 k EUR) if the foreign currency depreciated by 10%. In this case, the increased fair value of the financial instruments is allocable to equity capital in full (increase).

At REpower SE, exchange rate risk primarily arises from operating activities when contracts are concluded in a functional currency other than the EUR. The primary risks are in connection with the currency pairs EUR/USD, EUR/CAD, EUR/GBP and EUR/AUD. The recording and measurement of the potential risk from transactions and payments in foreign currency is performed centrally by Treasury and is ensured by way of direct reporting by the companies and divisions affected. The natural hedge approach is applied in order to harmonise global cash flows. Payments made and received in the same currency are offset and the net exposure is calculated for each foreign currency.

The risk position per currency measured in this manner is monitored and managed by the Treasury. Hedges are concluded to limit this risk. Exchange rate risks in the Company's operating activities are hedged using forward exchange contracts, currency swaps, currency options and derivatives.

Transacting or holding such contracts for trading or speculation purposes is not permitted. Derivative financial instruments that do not meet the conditions for hedge accounting are placed in the "held for trading" category.

Liquidity risk

Liquidity risk is monitored as part of rolling liquidity planning. Financing is provided mainly through advance payments for projects from customers. Payments made and received are monitored continuously as part of liquidity planning. As of March 31, 2013, unutilised guarantee facilities totalled 255,976 k EUR (previous year: 371,515 k EUR) and unutilised cash facilities totalled 23,737 k EUR (previous year: 23,767 k EUR). These facilities were mainly provided under the newly concluded syndicated loan with a term until August 2014.

The following table shows the contractually agreed, undiscounted interest and principal payments for the REpower Group's primary financial liabilities and derivative financial instruments with a negative fair value. Interest rate derivatives are included at their net cash flow, while currency derivatives are listed as cross-settlement derivatives. Derivatives with positive fair values constitute assets, and hence are not included.

Maturity of financial liabilities

	Carrying amount as of 2013/03/31	Cash flows up to 1 year	Cash flows between 1 and 5 years	Cash flows more than 5 years
	k EUR	k EUR	k EUR	k EUR
Short-term loans and current portion of long-term loans	9,837	11,698	0	0
—thereof redemption payments		*9,837*	*0*	*0*
—thereof interest payments		*1,861*	*0*	*0*
Trade accounts payable	312,334	312,334	0	0
Liabilities from related parties	2,920	2,920	0	0
Financial derivatives held for trading	2,215	942	1,273	0
Financial derivatives classified as hedging instruments	420	248	172	0
Long-term loans	30,061	0	31,965	1,476
—thereof redemption payments		*0*	*28,652*	*1,409*
—thereof interest payments		*0*	*3,313*	*67*
Other financial liabilities	29,660	20,2515	9,409	0
Total	**387,447**	**348,393**	**42,819**	**1,476**

	Carrying amount as of 2012/03/31	Cash flows up to 1 year	Cash flows between 1 and 5 years	Cash flows more than 5 years
	k EUR	k EUR	k EUR	k EUR
Short-term loans and current portion of long-term loans	9,060	11,255	0	0
—thereof redemption payments		*9,060*	*0*	*0*
—thereof interest payments		*2,195*	*0*	*0*
Trade accounts payable	370,157	370,157	0	0
Liabilities from related parties	4,181	4,181	0	0
Financial derivatives held for trading	1,477	1,038	439	0
Financial derivatives classified as hedging instruments	1,203	1,000	203	0
Long-term loans	39,018	0	34,849	9,394
—thereof redemption payments		*0*	*30,237*	*8,781*

—thereof interest payments		*0*	*4,612*	*613*
Other financial liabilities	27,996	14,659	13,337	0
Total	**453,092**	**402,290**	**48,828**	**9,394**

This table does not contain any budgeted figures, but rather only those financial instruments held as of March 31, 2013 and 2012 for which the Group had entered into contractual agreements on the corresponding payments. Foreign currency amounts are converted using the closing rate. The currency derivatives held for trading will be settled gross.

No financial assets were pledged as collateral as of March 31, 2013 or 2012.

For the variable-interest cash credit facility from the syndicated loan agreement effective up until the end of February 2012, there were two interest rate swaps in the amount of 20,000 k EUR each, which expired in May 2012. No further interest rate hedging transactions were concluded for the new cash credit facility.

The other financial liabilities related mainly to purchase price liabilities connected to the shares in the Portuguese companies acquired in the 2010/11 financial year.

Interest rate risk

The interest derivatives concluded have the following fair values as of March 31, 2013, including accrued interest which was calculated by marking to market:

Product	Nominal	Maturity	Fixed interest rate/strike	Reporting date measurement
	k EUR			k EUR
Cap	60	2013/06/28	5	0

Due to materiality considerations, no sensitivity analysis is performed.

Within the Group, interest rate changes result in an increase or decrease in the interest expense for variable-interest loans and overdrafts. In addition to the interest rate derivatives shown in the table, no interest risks are currency hedged. Overall, the Company does not have any material assets or liabilities that are sensitive to interest rates.

The recording and measurement of the potential risk from external financing is performed centrally by Treasury and is ensured by way of direct reporting by the responsible employees. The interest rate risk positions calculated in this manner are monitored and controlled by Treasury. Hedges are concluded to limit this risk. Interest rate risks are hedged using interest rate swaps, interest rate caps and derivatives. Transacting or holding such contracts for trading or speculation purposes is not permitted.

7 Financial risks and financial instruments

Financial derivatives

As part of the disclosure of market risks, IFRS 7 requires the disclosure of information on how hypothetical changes in risk variables would affect the price of financial instruments. In particular, these risk variable include purchase prices for components and share or index prices. The material market risk from component price development is offset by time- or volume-based contracts with suppliers or by the direct participation of suppliers in joint ventures.

The following table shows the carrying amounts and nominal volumes of financial derivatives as of March 31, 2013 and 2012:

	2013/03/31		2012/03/31	
Financial derivatives	**Carrying amount**	**Nominal value**	**Carrying amount**	**Nominal value**
	k EUR	**k EUR**	**k EUR**	**k EUR**
Assets				
Interest rate cap				
not used in hedges	0	60	0	180
used in cash flow hedges	0	0	0	0
Interest rate swap				
not used in hedges	0	0	2	12,143
used in cash flow hedges	0	0	0	0
Currency swaps				
not used in hedges	1,324	64,734	367	35,330
used in cash flow hedges	0	0	0	0
Forward exchange contracts				
not used in hedges	391	32,703	0	0
used in cash flow hedges	79	14,172	1,065	64,742
Currency option transactions				
not used in hedges	0	0	98	28,000
used in cash flow hedges	0	0	0	0
Liabilities				
Interest rate swap				
not used in hedges	0	0	99	40,000
used in cash flow hedges	0	0	0	0
Currency swaps				
not used in hedges	1,087	36,671	939	53,486
used in cash flow hedges	0	0	0	0
Forward exchange contracts				
not used in hedges	0	0	0	0
used in cash flow hedges	420	23,377	1,203	76,276
Currency option transactions				
not used in hedges	1,128	31,444	439	0
used in cash flow hedges	0	0	0	0

The effective portion of the income effect of changes in the fair value of financial derivatives used in cash flow hedges is taken directly to equity. The effective portion of the changes in the value of derivative financial instruments taken directly to equity in the period under review amounted to −147 k EUR (previous year: −2,878 k EUR).

During the financial year 2012/13, the amount transferred from equity to profit and loss as part of cash flow hedge accounting was −902 k EUR (previous year: + 184 k EUR; “other operating income”), which appears in the income statement item “other operating expenses”.

In the past financial year −943 k EUR (previous year: 0 EUR) was transferred from equity to profit and loss due to the discontinuation of underlying transactions.

With regard to hedged planned transactions, no amounts were removed from equity in the year under review and included in the cost of non-financial assets (basis adjustment).

As of March 31, 2013, there were no ineffective portions of the change in the fair value of hedging instruments (previous year: −15 k EUR).

The following table shows when the book values of the cash flow hedges are expected to occur and be recognized in profit or loss:

Occurence and recognition in profit or loss	Carrying amount	up to 1 year	between 1 and 5 year	more than 5 years
	k EUR	k EUR	k EUR	k EUR
2013/03/31				
Forward exchange contracts				
Assets	79	12	67	0
Liabilities	420	248	172	0
2012/03/31				
Forward exchange contracts				
Assets	1,065	1,065	0	0
Liabilities	1,203	1,000	203	0

7.3 Information on the significance of financial instruments for the consolidated financial statements

Based on the relevant consolidated statement of financial position items, the relationships between the classification of financial instruments in accordance with IFRS 7 and the carrying amounts of the financial instruments are shown in the following tables. Liquid funds not allocated to any IAS 39 category are also shown. The carrying amounts of the financial assets measured at fair value correspond to their market values.

	Category*	2013/03/31 Carrying amount	2012/03/31 Carrying amount
		k EUR	k EUR
Liquid funds	n.a.	236,879	272,212
Gross amount due from customers for contract work as an asset	L+R	363,607	330,707
Trade accounts receivable	L+R	144,053	104,488
Receivables from joint ventures	L+R	0	16
Loans granted	L+R	16,255	19,385
Advance payments for project financing	L+R	0	12,261
Other financial assets—miscellaneous	L+R	204	3,159
Other financial assets—loans	L+R	91	58
Other financial investments	L+R	66	87
Receivables from related parties	L+R	15,255	5,241
Total L+R	**L+R**	**776,410**	**747,614**
Other financial assets—financial derivatives held for trading	HFT	1,715	467
Other financial assets—financial derivatives classified as hedge instruments	n.a.	79	1,065

* L+R: loans and receivables
HFT: held for trading

Liquid funds, future accounts receivable from contract orders, trade accounts receivable, receivables from joint ventures and other financial assets generally have a term of twelve months or less, meaning that their carrying amounts on the reporting date correspond closely to their fair values.

The fair values of non-current receivables correspond to the present value of the payments associated with these assets, taking into account the current parameters reflecting changes in conditions and expectations due to market- and partner-related developments.

Financial liabilities are shown in the following table:

	Category*	2013/03/31 Carrying amount	2012/03/31 Carrying amount
		k EUR	k EUR
Trade accounts payable	OL	312,333	370,157
Liabilities to related parties	OL	2,920	4,181
Long-term loans	OL	30,061	39,018
Short-term loans and current portion of long-term loans	OL	9,838	9,060

Other non-current financial assets	OL	10,854	13,337
Other current financial assets	OL	18,806	14,659
Total OL	**OL**	**384,812**	**450,412**
Other financial liabilities—financial derivatives held for trading	HFT	2,215	1,477
Other financial liabilities—financial derivatives classified as hedge instruments	n.a.	420	1,203

* OL: other liabilities

The fair values of liabilities to banks and other financial liabilities mainly correspond to the present values of the payments associated with the debts, taking into account the relevant interest rate structure and the credit spread. This relates primarily to fixed-rate construction financing for the construction projects in Bremerhaven, Osterrönfeld and the Portuguese production companies.

Due to the short-term of trade payables and other financial liabilities, it is assumed that their carrying amounts and fair values are identical.

The following table provides a breakdown of financial assets and financial liabilities carried at fair value at the reporting date in terms of their relevance for the input data required for measurement. This implies a differentiation between values observable on active markets (level 1), observable input data based on a fair value measurement model (level 2) and input data not based on observable market data (level 3):

2013/03/31	Carrying amount	Level 1	Level 2	Level 3
	k EUR	k EUR	k EUR	k EUR
Assets carried at fair value				
Held for Trading (HfT)	1,715	0	1,715	0
Derivative financial instruments classified as hedge instrument	79	0	79	0
Total assets	**1,794**	**0**	**1,794**	**0**
Liabilties carried at fair value				
Held for Trading (HfT)	2,215	0	2,215	0
Derivative financial instruments classified as hedge instrument	420	0	420	0
Total liabilities	**2,635**	**0**	**2,635**	**0**

2012/03/31	Carrying amount	Level 1	Level 2	Level 3
	k EUR	k EUR	k EUR	k EUR
Assets carried at fair value				
Held for Trading (HfT)	467	0	467	0
Derivative financial instruments classified as hedge instrument	1,065	0	1,065	0
Total assets	**1,532**	**0**	**1,532**	**0**
Liabilties carried at fair value				
Held for Trading (HfT)	1,477	0	1,477	0
Derivative financial instruments classified as hedge instrument	1,203	0	1,203	0
Total liabilities	**2,680**	**0**	**2,680**	**0**

Net gains and losses on loans and receivables consist primarily of results from write-downs and reversals thereof. With regard to write-downs, please see the notes on trade accounts receivable (4.1.3) and other current assets (4.1.6). The net results of write-downs and reversals thereof are primarily reported in other operating expenses.

The following table shows the net gains and losses for each valuation category:

	Nettoergebnis	
	2012/13	2011/12
	Tsd. EUR	Tsd. EUR
Loans and receivables (L+R)	−3,383	−6,062
Financial instruments held for trading (HFT)	510	−1,010
Total	**−2,873**	**−7,072**

As part of the recognition of changes in the value of available-for-sale financial assets directly in equity, no remeasurement gains or losses were taken directly to equity in financial year 2012/13 or in the previous year. Accordingly, no gains or losses were transferred from equity to profit or loss in either of these periods.

For information on the provision of collateral, please refer to note 4.1.3.

REpower has received collateral amounting to 2,163,371 k EUR (previous year: 1,986,070 k EUR); this represents the fair value of the collateral, which primarily relates to standard industry guarantees from third parties for obligations of customers and suppliers for which REpower has carried out preliminary work or made advance payments.

8 Capital management

The aim of the Group's capital management is to ensure that it maintains a good equity ratio and a high credit rating in order to support its business activities and maximize shareholder value. This is especially significant in the context of growth targets.

REpower SE has a balanced capital structure. Shareholders' equity covers non-current assets by more than 100%. The Company is not subject to any statutory capital requirements.

The Group monitors its capital on the basis of the equity ratio, this being the ratio of the shareholders' equity reported in the IFRS consolidated financial statements to total assets. Another figure used in capital management is net working capital or the net working capital ratio. Net working capital is calculated as follows: current assets (adjusted for liquid funds) minus current liabilities (adjusted for provisions). To calculate the net working capital ratio, this net figure is compared with the total operating performance for the last 12 months.

9 Information on the consolidated statement of cash flows

In accordance with IAS 7, the consolidated statement of cash flows is classified into the areas operating activity, investing activity and financing activity. The cash and cash equivalents shown in the cash flow statement contain cash and bank balances. Short-term bank liabilities are deducted.

Liquid funds are composed as follows:

	2012/13	2011/12
	k EUR	k EUR
Cash and cash equivalents at the beginning of the period		
Liquid funds	272,212	320,448
Less short-term bank liabilities	−9,060	−15,615
Cash and cash equivalents reported "Assets of disposal group of classified as held for sale"	1,095	6,460
Total	**264,247**	**311,293**
Cash and cash equivalents at the end of the period		
Liquid funds	236,879	272,212
Less short-term bank liabilities	−9,838	−9,060
Cash and cash equivalents reported "Assets of disposal group of classified as held for sale"	4,335	1,095
Total	**231,376**	**264,247**

The indirect method was used to calculate the cash flow from operating activity. The cash flow statement starts with net income for the year before taxes. The cash outflows from interest and taxes were allocated to ongoing business activity and recognized separately there.

The cash flow from investing activities is composed of payments for investment in intangible assets and in property, plant and equipment as well as receipts for the disposal of fixed assets.

As part of the acquisition of RETC, cash and cash equivalents of 151 k EUR were transferred through the inclusion of the companies in the consolidated group.

10 Related parties disclosures

For REpower Group, related parties as defined by IAS 24 are, in particular, shareholders, subsidiaries, unless they are already included in the consolidated financial statements as consolidated entities, joint ventures and associates including close family members and intermediary companies. Subsidiaries of associates are also related parties.

In addition, members of the management and Supervisory Board are related parties as defined by IAS 24, as are people who hold a key position in the management of a parent company of the REpower Systems SE Group.

For information on the joint venture, please refer to note 2.2. The composition and remuneration of the Executive Board and Supervisory Board are described in notes 11 and 12 respectively.

In addition to business relationships with the subsidiaries included in the consolidated financial statements by means of full consolidation, there were the following business relationships with related parties.

The following transactions were concluded with the shareholder Suzlon Energy Ltd. and its subsidiaries as well as its related parties:

10.1 REpower Systems SE's transactions with Suzlon Energy Ltd., its subsidiaries and its related parties

Company	Content	Services / Goods obtained 2012/13	Services / Goods delivered 2012/13	Receivables 31.03.2013	Liabilities 31.03.2013
		EUR	EUR	EUR	EUR
Suzlon Energy Ltd. / SE Blades Ltd., India	Supply contract no. REP-027-2008 dated January 18/31, 2008 for the supply of RE45 rotor blades to REpower Systems SE and other Group companies in the period from 2008 to 2011 with a volume of around 77 m EUR. The contract was prolonged and transferred onto Suzlon Composites which was renamed to SE Blades. Orders in 2012/13. Orders in 2012/13: 10,738 k EUR	3,282,683	—	7,352,004 Prepayments	—
SE Blades B.V., Hengelo, Netherlands	Consultancy Agreement in relation with „fatigue crack detection" at MM92-blades dated 10.08.2012; expected volume 20 k EUR (200 hours at 100 EUR)	12,228	—	—	—
Suzlon Energy Ltd., Indien/SE Drive Technik GmbH, Bochum	Joint venture agreement dated February 6, 2008 on cooperation in the area of common fundamental research and training on wind energy topics (RETC).	In a purchase agreement dated February 13, 2013 and with effect from March 1, 2013, REpower Systems SE became the sole shareholder of RETC and the joint venture agreement was terminated.			
Suzlon Energy GmbH, Hamburg	Transfer of expenses for audit preparation of project management	—	387	—	—
SE Forge Ltd., India	Supply agreement concerning hubs and main frames for MM92 turbines, no orders in 2012/2013	199,500	—	1,260	—
SE Electricals Ltd., India	Advance Payment of costs for the production ramp-up of the facility in Padubidri, India	—	—	99,000 Prepayments	—
SE Electricals Ltd., India	Supply agreement for generators, orders in 2012/13: 4,670 k EUR	676,900	—	2,025,000 Prepayments	—
Suzlon Wind International Ltd., India	Job Order for production of nacelles and hubs in Padubidri, India, and Supply agreement (several orders) about nacelle covers, spinners, smaller composite parts, including rework, and 24 sets of Top/Bottom Boxes, Orders in 2012/13: 3,138 k EUR	3,583,239	—	80,000 Prepayments	149,464

Suzlon Wind Energy Spain, S.L.U.	REpower provides training for Suzlon-Employees for service on REpower WTG in Italy in connection with orders for blade repairs by PowerBlades GmbH	—	3,960	3,960	—
Suzlon Wind Energy Corporation, USA	Sales agency agreement dated January 11, 2011 between REpower and Suzlon. Suzlon supports REpower in marketing its wind turbines (MM82, MM92, 3.XM series) in the USA and by amendment to the agency agreement also in Canada (excluding the Quebec region).	No transactions under this contract in fiscal year 2012/13.			
Suzlon Energy Australia Pty. Ltd., Australia	Agency agreement dated January 11, 2011 between RE-power and Suzlon. Suzlon supports RE-power in marketing its wind turbines (MM82, MM92, 3.XM series) in Australia	No transactions under this contract in fiscal year 2012/13.			

10 Related parties disclosures

10.2 Transactions by REpower Systems SE subsidiaries with Suzlon Energy Ltd., its subsidiaries and its related parties

10.2.1 RETC Renewable Energy Technology Centre GmbH, Hamburg, Bremerhaven (RETC)

In an agreement dated February 13, 2013 with effect from March 1, 2013, REpower SE acquired the remaining 50% of shares in RETC and has since been sole shareholder.

The acquisition of the remaining 50% of shares in RETC Renewable Energy Technology Centre GmbH, Hamburg, (RETC) by REpower SE was performed in two steps. In the first step, RETC's receivables from companies of the Suzlon Group totalling 1,337,488.45 EUR were sold and assigned to REpower SE at their carrying amount effective March 1, 2013 by an agreement dated February 13, 2013.

In the second step, REpower SE purchased the remaining 50% of shares in RETC from SE Drive Technik GmbH by an agreement dated February 2013 with effect from March 1, 2013 for a purchase price of 1,337,488.45 EUR. The purchase price was settled by the assignment of the receivables from Suzlon Group companies purchased in the first step to SE Drive Technik GmbH.

10.2.2 PowerBlades GmbH, Bremerhaven

Company	Content	Services / Goods obtained 2012/13	Services / Goods delivered 2012/13	Receivables 31.03.2013	Liabilities 31.03.2013
		EUR	EUR	EUR	EUR
SE Blades Ltd., India / SCS Composite, Spain.....	PowerBlades places orders for blade repairs	69,140	—	2,345	—
Suzlon Rotor Corporation, Pipestone, USA.....	Purchase orders for supplies	5,565	—	—	—

10.2.3 RECA Holdings Pty Ltd. (formerly REpower Australia Pty Ltd.), Melbourne, Australia

Company	Content	Services / Goods obtained 2012/13	Services / Goods delivered 2012/13	Receivables 31.03.2013	Liabilities 31.03.2013
		EUR	EUR	EUR	EUR
Suzlon Energy Australia Pty. Ltd., Australia (SEA)	Facilities and Service Agreement: RECA supports SEA within the area of Service and Maintenance, Contract dated October 5, 2011 (Cost + Margin (3%))	2,155,390	19,626,353	14,557,368	1,550,630
Suzlon Energy Australia Pty. Ltd., Australia.....	Consultancy Services Agreement dated February 28, 2011: Utilization of Suzlon Australia services related to tender preparation or project management	No transactions under this contract in fiscal year 2012/13.			

10.2.4 REpower USA Corp., Denver, U.S.A.

Company	Content	Services / Goods obtained 2012/13	Services / Goods delivered 2012/13	Receivables 31.03.2013	Liabilities 31.03.2013
		EUR	EUR	EUR	EUR

Suzlon Wind Energy Corporation, USA	Service Level Agreement dated July 2012 concerning diverse services in relation with project management, service and commissioning of WECs, contract management, logistics and delivery in the US	1,716,469	—	—	909,226
Suzlon Rotor Corp., USA	Services from Suzlon for REpower based on purchase orders e.g. related to repairs of nacelles damaged in shipping	64,145	—	—	—

10.2.5 REpower Systems Northern Europe A/S, Aarhus, Denmark

Company	Content	Services / Goods obtained 2012/13	Services / Goods delivered 2012/13	Receivables 31.03.2013	Liabilities 31.03.2013
		EUR	EUR	EUR	EUR
Suzlon Wind Energy A/S, Denmark	Recruitment of staff previously working for Suzlon Wind Energy A/S: Adoption of claims earned within the scope of vacation entitlements, in return REpower received a credit note. Furthermore REpower A/S pays 81 k EUR rent to Suzlon A/S each quarter and receives working materials to a small extend.	328,805	—	—	50,921

10 Related parties disclosures

10.2.6 Repower Systems India Ltd., Pune, India

Company	Content	Services / Goods obtained 2012/13	Services / Goods delivered 2012/13	Receivables 31.03.2013	Liabilities 31.03.2013
		EUR	EUR	EUR	EUR
Suzlon Energy Ltd., India....	Service agreement dated January 1, 2013 for the provision of accounting and tax consulting services and service in the HR and IT area for REpower activities in India.	47,001	—	—	8,369

10.2.7 REpower North (China) Ltd., Baotou, VR China

On the basis of the blades supply contract between REpower North (China) Ltd. and Suzlon Energy Ltd. dated November 1, 2007 concerning RE40 blades, no blades were supplied to REpower Group in fiscal year 2008/09. The blade supplies committed for 2008 on the basis of this contract therefore had to be purchased by the REpower Group on the European market from other blade suppliers. However, the contract prices and conditions agreed with Suzlon could not be met and additional transport costs were incurred. The additional expenses of 7.73 m EUR were transferred from REpower North (China) Ltd., Baotou, China to Suzlon Group during the fiscal year 2009/10. An agreement for the balancing with Suzlon Group (Settlement Agreement) has been set up during the fiscal year 2010/11.

10.3 Transactions with related parties in financial year 2011/2012

10.3.1 REpower Systems SE's transactions with Suzlon Energy Ltd., its subsidiaries and its related parties

Company	Contents	Services / Goods obtained 2011/12	Services / Goods delivered 2011/12	Receivables 2012/03/31	Liabilities 2012/03/31
		EUR	EUR	EUR	EUR
Suzlon Energy Ltd. / SE Blades Ltd., India.....	Supply contract no. REP-027-2008 with Suzlon Energy Ltd. dated 18/31 January 2008 for the supply of RE45 rotor blades to REpower Systems SE and other Group companies in the period from 2008 to 2011 with a volume of around 77 m EUR. The contract was prolonged and transferred onto Suzlon Composites which was renamed to SE Blades. Orders in 2011/12: 6,535 k EUR	6,437,956	—	920,000 (prepayments)	—
Suzlon Energy Ltd., India /SE Drive Technik GmbH, Bochum.....	Joint venture agreement dated February 6, 2008 on cooperation in the area of common fundamental research and training on wind energy topics (RETC)				Not applicable.

RETC Renewable Energy Technology Center GmbH, Hamburg, Germany	The services obtained by REpower relate to certain project orders. The services delivered essentially relate to rent payments.	2,182,822	245,754	—	3,234
Suzlon Energy Ltd., India	Transfer of consulting expenses incurred in connection with the preparation of limited reviews and other services in fiscal year 2011/12 as well as in the previous year.	—	55,883	191,262	—
Suzlon Wind Energy Corporation, USA	Sales agency agreement dated January 11, 2011 between REpower and Suzlon. Suzlon supports REpower in marketing its wind turbines (MM82, MM92, 3.XM series) in the USA and by amendment to the agency agreement also in Canada (excluding the Quebec region).	No transactions under this contract in financial year 2011/12.			
Suzlon Energy Australia Pty. Ltd., Australia.....	Agency agreement dated January 11, 2011 between REpower and Suzlon. Suzlon supports REpower in marketing its wind turbines (MM82, MM92, 3.XM series) in Australia	No transactions under this contract in financial year 2011/12.			
Suzlon Energy Australia Pty. Ltd., Australia.....	Consultancy services agreement dated February 28, 2011: Utilisation of Suzlon Australia services related to tender preparation or project management.	No transactions under this contract in financial year 2011/12.			
SE Forge Ltd., India.....	Supply agreement concerning hubs and main frames for MM92 turbines, orders in 2011/2012: 1,029 k EUR	20,826	—	—	—
SE Electricals Ltd., India.	Advance payments for the production ramp-up of the facility in Padubidri, India	—	—	150,000 (prepayments)	—
SE Electricals Ltd., India.	Supply agreement for generators, orders in 2011/12: 925 k EUR	51,000	—	—	51,000
Suzlon Wind International Ltd.	Job Order for production of nacelles and hubs in Padubidri, India, and Supply agreement (several orders) about nacelle covers, spinners, smaller composite parts, including rework, and 24 sets of Top/Bottom Boxes	1,928,742	—	—	782,493

10.3.2 RECA Holdings Pty Ltd. (formerly REpower Australia Pty Ltd.), Melbourne, Australia

Company	Contents	Services / Goods obtained 2011/12	Services / Goods delivered 2011/12	Receivables 2012/03/31	Liabilities 2012/03/31
		EUR	EUR	EUR	EUR
Suzlon Energy Australia Pty. Ltd., Australia (SEA)	Facilities and service agreement: RECA supports SEA in the area of service and maintenance, contract dated 5 October 2011 (cost plus margin (3%))	7,381,941	23,583,451	4,181,542	4,677,379

10.3.3 REpower USA Corp., Denver, U.S.A.

Company	Contents	Services / Goods obtained 2011/12	Services / Goods delivered 2011/12	Receivables 2012/03/31	Liabilities 2012/03/31
		EUR	EUR	EUR	EUR
Suzlon Wind Energy Corporation, USA	Consultancy service agreement dated January 2012 concerning project management in the USA.	622,597	—	—	44,218
Suzlon Rotor Corp., USA	Payments from Suzlon to REpower for provided workforce.	—	9,755	—	—

10.3.4 REpower Systems Northern Europe A/S, Aarhus, Denmark

Company	Contents	Services / Goods obtained 2012/13	Services / Goods delivered 2012/13	Receivables 2012/03/31	Liabilities 2012/03/31
		EUR	EUR	EUR	EUR
Suzlon Wind Energy A/S, Denmark	Recruitment of staff previously working for Suzlon Wind Energy A/S: Adoption of claims earned within the scope of vacation entitlements, in return REpower received a credit note.	—	492,353	492,353	—

11 Information on the corporate bodies of REpower Systems SE, Hamburg

The following are or were appointed as members of the Supervisory Board:

- Mr. Tulsi R. Tanti, Pune, India (Chairman)
- Mr Girish Tanti, Pune, India (Deputy Chairman until November 2012)
- Mr Frans H. J. Visscher, Bergen, Netherlands (Deputy Chairman since December 2012)
- Mr. Kirtikant J. Vagadia, Pune, India
- Mr Thomas Rex, Breydin
- Mr Roland Fischer, Rantrum (until August 2010)
- Mr Bernhard Band, Tellingstedt (since August 2012)
- Mr Ravi Uppal, New Delhi, India (since December 2012)

The following are or were appointed to the Executive Board of REpower SE:

- Mr Andreas Nauen, Brande (Chairman)
- Mr Marcus A. Wassenberg, Hamburg (since June 1, 2012)
- Mr Vinod R. Tanti, Pune, India (since June 1, 2012)
- Mr Matthias Schubert, Rendsburg (until March 31, 2013)
- Mr Derrick Noe, Hamburg (until April 19, 2012)
- Mr Gregor Gnädig, Hamburg (until May 31, 2012)

12 Remuneration for the Supervisory Board and the Executive Board of REpower Systems SE

The remuneration of members of the Supervisory Board was adjusted by resolution of the extraordinary general meetings on 19 and 20 December 2011.

For financial year 2012/13, remuneration in accordance with the Articles of Association in the version dated May 31, 2011 and the resolutions of the extraordinary general meetings of 19 and 20 December 2011 of 291,196 EUR (previous year: 157,500 EUR) was paid to the Supervisory Board.

Retired members of the Supervisory Board received remuneration of 67,391 EUR in 2012/13 (previous year: 16,875 EUR).

The actual remuneration paid to the Executive Board members in the financial year 2012/13 was calculated and determined on the basis of the remuneration schemes applicable to each Executive Board member.

The total remuneration of the current Executive Board for financial year 2012/13 amounted to 1,403,844 EUR (previous year: 2,291,250 EUR).

One Executive Board member's 20,000 outstanding option rights at the beginning of the financial year are reported as expired/forfeited. The Executive Board member accepted the compensation offer from the majority shareholder AE Rotor Holding B.V. For further details, please refer to note 4.6.2 Additional paid-in capital.

In the past financial year 2012/2013, total remuneration of 2,084,228 EUR was paid to departed Executive Board members (previous year: 0 EUR).

13 Information on the remuneration paid to the auditor

In total, an amount of 372 k EUR (previous year: 312 k EUR) was expensed as a fee for auditing the consolidated financial statements and the annual financial statements of the parent company and its subsidiaries for the past financial year. In addition, fees totalling 1,725 k EUR (previous year: 704 k EUR) were agreed in the period under review for services outside the audit of these companies. Here, 194 k EUR (previous year: 137 k EUR) were attributable to tax consultation and 1.531 k EUR (previous year: 567 k EUR) to other services.

14 Material events after the reporting date

In order to become less dependent on the volatilities of the market in the medium term, a global reorganisation to reposition REpower more competitively was resolved upon after the reporting date. In particular, the reorganisation is to involve the cutting of 750 jobs worldwide and the generation of savings potential, for example in purchasing, production and manufacture. A cost reduction of 100 m EUR is targeted for the coming 2013/14 financial year. As a measure to increase flexibility, the Group will deploy its central functions of sales, project management and service internationally in future.

Futhermore the company announced that the Chief Operating Officer (COO) Vinod R. Tanti will withdraw from the Executive Board of REpower SE before the end of the contractual relationship in order to take on important group-wide duties for the Suzlon Group in India. Vinod R. Tanti will hand over his office to Lars Rytter who will start on 1st October 2013 the latest. Lars Rytter already was responsible for the areas of production, purchasing and logistics at Repower SE in his role as Chief Supply Chain Officer from April 1, 2008 until September 30, 2010.

The Chief Technology Officer (CTO) of REpower Systems SE, Matthias Schubert, has withdrawn from the Executive Board of REpower SE on 31st March 2013. Until a successor to head REpower's technology function has been identified the Chief Executive Officer (CEO), Andreas Nauen, will oversee this portfolio.

The consolidated financial statements were prepared on 17 May 2013 and consequently released for submission to the Supervisory Board. The consolidated financial statements will be presented to the Supervisory Board for approval in the Supervisory Board meeting on 23 May 2013.

Hamburg, 17 May 2013

The Executive Board

Andreas Nauen (CEO) Marcus A. Wassenberg (CFO) Vinod R. Tanti (COO)

Notes to the consolidated financial statements (Continued)
to the financial year 2012/13

Statement of consolidated fixed assets

	Acquisitions and production costs							Depreciation and amortization							Book values	
	Balance 2012/04/01	Additions	Additions from first consolidation	Reclassifications	Disposals	Exchange differences	Balance 2013/03/31	Balance 2012/04/01	Additions	Additions from first consolidation	Reclassifications	Disposals	Exchange differences	Balance 2013/03/31	2013/03/31	2012/03/31
	EUR	EUR	EUR	EUR	EUR	EUR EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Fixed Assets																
I. Intangible Assets																
1. Software and other licences	35,308,676.94	2,504,618.18	44,867.97	414,328.75	−5,532.45	752.24	38,267,711.63	15,206,524.86	5,587,389.77	34,821.97	0.00	5,532.45	0.00	20,823,204.15	17,444,507.48	20,102,152.08
2. Goodwill	18,869,870.00	0.00	0.00	0.00	0.00	0.00	18,869,870.00	3,237,696.00	0.00	0.00	0.00	0.00	0.00	3,237,696.00	15,632,174.00	15,632,174.00
3. Development costs	65,231,522.78	20,454,494.19	0.00	0.00	0.00	0.00	85,686,016.97	8,115,724.81	4,646,357.83	0.00	0.00	0.00	0.00	12,762,082.64	72,923,934.33	57,115,797.97
Total intangible assets	**119,410,069.72**	**22,959,112.37**	**44,867.97**	**414,328.75**	**−5,532.45**	**752.24**	**142,823,598.60**	**26,559,945.67**	**10,233,747.60**	**34,821.97**	**0.00**	**5,532.45**	**0.00**	**36,822,982.79**	**106,000,615.81**	**92,850,124.05**
II. Property, plant and equipment																
1. Land, leasehold rights and buildings on non-owned land	106,883,071.35	1,581,923.88	0.00	8,471,316.27	−60,980.00	30,653.78	116,905,985.28	10,792,182.40	4,364,139.59	0.00	0.00	0.00	0.00	15,156,321.99	101,749,663.29	96,090,888.95
2. Technical equipment, plant and machinery	85,596,887.47	21,082,790.37	421,331.53	3,066,567.03	−692,557.00	94,547.34	109,569,566.74	33,949,671.48	16,537,984.09	67,534.53	0.00	57,168.76	0.00	50,498,021.34	59,071,545.40	51,647,215.99
3. Other equipment, fixtures, fittings and equipment	55,511,413.70	7,129,904.31	232,556.91	123,519.21	−916,679.36	5,936.32	62,086,651.09	29,993,160.48	8,272,873.08	124,235.91	0.00	723,258.54	0.00	37,667,010.93	24,419,640.16	25,518,253.22
4. Advance payments and plant and machinery in process of construction	20,054,365.86	1,850,601.37	0.00	−12,075,731.26	−510,591.65	0.00	9,318,644.32	2,541,032.76	159,540.00	0.00	0.00	0.00	0.00	2,700,572.76	6,618,071.56	17,513,333.10
Total fixed Property, plant and equipment	**268,045,738.38**	**31,645,219.93**	**653,888.44**	**−414,328.75**	**−2,180,808.01**	**131,137.44**	**297,880,847.43**	**77,276,047.12**	**29,334,536.76**	**191,770.44**	**0.00**	**780,427.30**	**0.00**	**106,021,927.02**	**191,858,920.41**	**190,769,691.26**
Total fixed assets	**387,455,808.10**	**54,604,332.30**	**698,756.41**	**0.00**	**−2,186,340.46**	**131,889.68**	**440,704,446.03**	**103,835,992.79**	**39,568,284.36**	**226,592.41**	**0.00**	**785,959.75**	**0.00**	**142,844,909.81**	**297,859,536.22**	**283,619,815.31**

Notes to the consolidated financial statements fiscal year 2012/13

	Acquisitions and production costs							Depreciation and amortization						Book values	
	Balance 2011/04/01	Additions	Additions from first consolidation	Reclassifications	Disposals	Exchange differences	Balance 2012/03/31	Balance 2011/04/01	Additions	Reclassifications	Disposals	Exchange differences	Balance 2012/03/31	2012/03/31	3/31/2011
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Fixed Assets															
I. Intangible assets															
1. Software and other licences	22,412,764.32	926,017.32	39,117.28	13,247,603.26	−1,316,856.04	30.80	35,308,676.94	13,243,207.12	3,715,467.03	−468,066.74	1,283,651.04	−431.51	15,206,524.86	20,102,152.08	9,169,557.20
2. Goodwill	36,349,270.00	0.00	0.00	−17,238,400.00	−241,000.00	0.00	18,869,870.00	3,237,696.00	241,000.00	0.00	241,000.00	0.00	3,237,696.00	15,632,174.00	33,111,574.00
3. Development costs	47,638,713.49	17,592,809.29	0.00	0.00	0.00	0.00	65,231,522.78	6,577,378.64	1,538,346.17	0.00	0.00	0.00	8,115,724.81	57,115,797.97	41,061,334.85
Total Intangible assets	**106,400,747.81**	**18,518,826.61**	**39,117.28**	**−3,990,796.74**	**−1,557,856.04**	**30.80**	**119,410,069.72**	**23,058,281.76**	**5,494,813.20**	**−468,066.74**	**1,524,651.04**	**−431.51**	**26,559,945.67**	**92,850,124.05**	**83,342,466.05**
II. Property, plant and equipment															
1. Land, leasehold rights and buildings, including buildings on non-owned land	103,549,313.38	1,064,845.63	428,813.93	2,865,555.51	−1,039,449.59	13,992.49	106,883,071.35	6,087,277.41	4,725,380.88	0.00	0.00	−20,475.89	10,792,182.40	96,090,888.95	97,462,035.97
2. Technical equipment, plant and machinery	61,809,375.01	18,811,246.83	1,507,122.30	8,579,522.68	−5,143,916.92	33,537.57	85,596,887.47	23,244,771.67	12,128,090.74	0.00	1,410,227.58	−12,963.35	33,949,671.48	51,647,215.99	38,564,603.34
3. Other equipment, fixtures, fittings and equipment	50,406,312.52	9,301,088.05	1,933,485.13	−3,843,355.63	−2,360,093.05	73,976.68	55,511,413.70	24,661,478.08	7,046,748.93	0.00	1,715,066.53	0.00	29,993,160.48	25,518,253.22	25,744,834.44
4. Advance payments and plant and machinery in process of construction	14,707,649.25	12,948,436.96	0.00	−7,601,722.56	0.00	2.21	20,054,365.86	1,528,503.76	1,012,529.00	0.00	0.00	0.00	2,541,032.76	17,513,333.10	13,179,145.49
Total Property, plant and equipment	**230,472,650.16**	**42,125,617.47**	**3,869,421.36**	**0.00**	**−8,543,459.56**	**121,508.95**	**268,045,738.38**	**55,522,030.92**	**24,912,749.55**	**0.00**	**3,125,294.11**	**−33,439.24**	**77,276,047.12**	**190,769,691.26**	**174,950,619.24**
Total fixed assets	**336,873,397.97**	**60,644,444.08**	**3,908,538.64**	**−3,990,796.74**	**−10,101,315.60**	**121,539.75**	**387,455,808.10**	**78,580,312.68**	**30,407,562.75**	**−468,066.74**	**4,649,945.15**	**−33,870.75**	**103,835,992.79**	**283,619,815.31**	**258,293,085.29**

The following English-language translation of the German-language audit opinion (Bestätigungsvermerk) refers to the consolidated financial statements of REpower Systems SE (now Senvion SE), Hamburg, prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to Section 315a (1) HGB ("Handelsgesetzbuch", German Commercial Code), as well as the group management report, prepared on the basis of German commercial law (HGB), as of and for the financial year ended March 31, 2013 as a whole and not solely to the consolidated financial statements presented in this offering memorandum on the preceding pages.

Audit Opinion

We have audited the consolidated financial statements prepared by REpower Systems SE, Hamburg, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from April 1, 2012 to March 31, 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs (International Financial Reporting Standards) as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, May 17, 2013

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Klimmer	Grummer
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

REpower Systems SE
(now Senvion SE),
Hamburg
Consolidated Financial Statements
as of and for the Financial Year ended March 31, 2012

Consolidated statement of financial position

	Notes	2012/03/31 EUR	2011/03/31 EUR adjusted[1]
Assets			
Current assets	4.1		
Liquid funds	4.1.1	272,212,060	320,447,706
Gross amount due from customers for contract work as an asset	4.1.2	330,707,260	199,894,621
Trade accounts receivable	4.1.3	104,487,993	72,422,388
Receivables from related parties	4.1.4	5,241,352	613,586
Receivables from joint ventures	4.1.5	16,375	6,470
Inventories	4.1.6	320,233,732	347,553,080
Receivables from income tax		14,470,882	12,716,846
Other financial assets	4.1.7	17,009,692	16,670,455
Other miscellaneous assets	4.1.7	105,432,552	72,724,910
Total current assets		**1,169,811,898**	**1,043,050,062**
Assets of disposal group of classified as held for sale	4.3	**23,234,718**	**31,175,261**
Non-current assets			
Other intangible assets	4.2.1	77,217,950	65,030,892
Goodwill		15,632,175	15,873,175
Property, plant and equipment	4.2.2	190,769,691	174,950,619
Investments in joint ventures	4.2.4	965,837	336,948
Other financial investment		86,701	1,769,357
Loans granted	4.2.5	19,384,561	7,161,819
Deferred taxes	4.2.6	4,724,931	4,140,499
Total other non-current assets		64,264	320,533
Total non-current assets		**308,846,110**	**269,583,842**
Total assets		**1,501,892,726**	**1,343,809,165**

(1) Due to adjustments some figures may deviate from the figures in the consolidated financial statements of fiscal year 2010/11. For details please refer to section 2.2 “Scope of Consolidation” in the notes to the consolidated financial statements.

	Notes	2012/03/31 EUR	2011/03/31 EUR adjusted[1]
Shareholders' equity and liabilities			
Current liabilities	4.4		
Short-term loans and current portion of long-term loans	7.2	9,060,493	15,614,559
Trade accounts payable		370,156,998	234,084,297
Liabilities from investments		4,181,209	162,697
Advance payments received	4.4.2	273,237,571	315,558,317
Gross amounts due from customers for contract work as a liability	4.1.2	18,026,503	11,654,487
Provisions	4.4.3	95,264,870	96,824,296
Deferred income	4.4.4	15,605,335	11,490,215
Income tax liabilities	4.4.5	7,478,676	965,232
Other financial liabilities	4.4.6	17,339,067	19,236,608
Other miscellaneous liabilities	4.4.6	13,986,993	14,457,116
Total current liabilities		**824,337,715**	**720,047,824**
Liabilities of disposal group of classified as held for sale	4.3	**4,216,614**	**6,244,323**
Non-current liabilities	4.5		
Long-term loans	4.5	39,017,922	50,869,988
Deferred taxes	4.2.5	60,424,145	38,842,336
Other financial liabilities	7.2	13,337,463	8,950,782
Total non-current liabilities		**112,779,530**	**98,663,106**
Equity capital	4.6		
Subscribed capital	4.6.1	9,220,179	9,220,179
Additional paid-in capital	4.6.2	303,671,109	306,163,161
Other reserves		−295,503	3,163,575
Revaluation reserve		776,000	776,000
Currency translation		−983,324	−401,919
Cash flow hedging reserve		−88,179	2,789,494
Retained earnings		239,113,294	191,415,840
Equity attributable to shareholders of the parent company		**551,709,079**	**509,962,755**
Non-controlling interests	4.6.3	8,849,788	8,891,157
Total equity capital		**560,558,867**	**518,853,912**
Total equity and liabilities		**1,501,892,726**	**1,343,809,165**

(1) Due to adjustments some figures may deviate from the figures in the consolidated financial statements of fiscal year 2010/11. For details please refer to section 2.2 "Scope of Consolidation" in the notes to the consolidated financial statements.

Consolidated income statement

	Notes	2011/04/01 - 2012/03/31	2010/04/01 - 2011/03/31
		EUR	EUR
Revenues	5.1	1,674,560,982	1.216,101,802
Changes in work in progress		−58,107,369	35,067,813
Work performed by the entity and capitalized		17,854,395	24,524,975
Total performance		**1,634,308,008**	**1,275,694,590**
Other operating income	5.2	61,019,275	38,144,500
Cost of materials / cost of purchased services		−1,236,165,027	−949,972,641
Personnel expenses	5.3	−154,564,778	−118,351,152
Depreciation on property, plant and equipment and amortization of intangible assets		−30,407,563	−26,789,017
Other operating expenses	5.4	−168,359,157	−132,702,799
Result from operating activities		**105,830,758**	**86,023,481**
Interest and similar financial income	5.5	2,978,325	6,726,475
Interest and similar financial expenses	5.5	−13,383,918	−11,450,928
Share of result from joint ventures	5.5	79,889	−360,868
Result before income taxes		**95,505,054**	**80,938,160**
Income tax expense		−33,391,481	−23,296,747
Profit/loss for the year from continuing operations		**62,113,575**	**57,641,413**
Profit/loss for the year from discontinued operations		−527,219	−2,066,580
Net income for the year		**61,586,354**	**55,574,833**
Share of net income for the year attributable to non-controlling interests		−4,750,529	−2,577,534
Continuing operations		−5,118,697	−1,635,587
Discontinued operations		368,168	−941,947
Share of net income for the year attributable to shareholders of the parent company		66,336,883	58,152,366
Continuing operations		67,232,272	59,277,000
Discontinued operations		−895,389	−1,124,633

Consolidated statement of comprehensive income

	2011/04/01 - 2012/03/31	2010/04/01 - 2011/03/31
	EUR	EUR
Net income for the year	**61,586,354**	**55,574,833**
Other income of cash flow hedges	−4,040,824	−1,382,683
Deferred taxes on other income of cash flow hedges	1,163,151	395,447
Reserve of cash flow hedges	**−2,877,673**	**−987,236**
Currency translation	−581,405	−380,370
Other comprehensive income	**−3,459,078**	**−1,367,606**
Total comprehensive income	**58,127,276**	**54,207,227**

Consolidated statement of cash flows

	Notes	2011/04/01 - 2012/03/31	2010/04/01 - 2011/03/31
		EUR	EUR
Cash flow from operating activities			
Profit before income taxes from continuing operations	9	95,505,054	80,938,160
Adjustments for:			
Depreciation on property, plant and equipment, amortization on intangible assets and write-offs on financial assets		30,407,563	26,789,017
Profit/loss from joint ventures		−79,889	−360,868
Interest income		−2,978,325	−6,726,475
Interest expenses		13,383,918	11,450,928
Increase/decrease in provisions		−459,425	35,176,073
Profit/loss from sales of property, plant and equipment, intangible and other long-term assets		156,373	376,606
Change in working capital		−43,419,781	75,856,693
Interest received		2,978,325	6,501,475
Interest paid		−21,363,809	−11,090,928
Income tax paid		−10,532,746	−22,416,345
Other non-cash income and expenses		−2,951,869	−5,861,307
Cash flow from operating activities		**60,645,389**	**190,633,029**
Cash flow from investing activities	9		
Cash receipts from sales of property, plant and equipment, intangibles and other long-term assets		2,218,239	3,777,337
Cash payments for the purchase of intangible assets		−18,557,975	−20,625,022
Cash payments from purchase of property, plant and equipment and other long-term assets		−56,656,635	−51,695,829
Acquisition of subsidiary less cash acquired		−2,999,262	1,976,033
Cash payments to acquire equity of joint ventures		−649,000	270,800
Cash flow from investing activities		**−76,644,633**	**−66,296,681**
Cash flow from financing activities	9		
Cash proceeds from issuing shares		0	1,858,010
Cash payments issued to shareholders of the parent company (dividend distribution)		−13,830,269	−14,443,730
Cash repayments of amounts borrowed		−11,852,066	0
Cash proceeds from borrowings		0	−2,616,963
Cash flow from financing activities		**−25,682,335**	**−15,202,683**
Cash flow from discontinued operations		−5,364,158	−9,478,842
Increase/decrease in cash and cash equivalents		**−47,045,737**	**99,654,823**
Exchange rate related change in cash and cash equivalents		0	−81,569
Cash and cash equivalents at the beginning of the period		311,292,771	211,719,517
Cash and cash equivalents at the end of the period		**264,247,034**	**311,292,771**
Liquid funds	9	272,212,060	320,447,706
Cash displayed in „Assets of disposal group of classified as held for sale"		1,095,467	6,459,624
Short-term bank liabilities	9	−9,060,493	−15,614,559
Cash and cash equivalents at the end of the period	**9**	**264,247,034**	**311,292,771**

Consolidated statement of changes in shareholders' equity

(EUR)	Subscribed Capital	Additional paid-in capital	Currency translation	Cash flow hedge reserve	Revaluation reserve	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at 2010/04/01	**9,199,829**	**303,059,835**	**−21,549**	**3,776,730**	**776,0000**	**147,707,203**	**464,498,048**	**11,473,691**	**475,971,739**
Capital increase of executed employee stock option program	20,350	1,825,173					1,845,523		1,845,523
Stock option plans.....		1,278,153					1,278,153		1,278,153
Distribution dividends FY 2009/10						−14,443,730	−14,443,730		−14,443,730
Change in the consolidated group...								−5,000	−5,000
Net result for the year ..						58,152,367	58,152,367	−2,577,534	55,574,833
Other income				−1,382,683			−1,382,683		−1,382,683
Deferred taxes on other income				395,447			395,447		395,447
Currency translation.....			−380,370				−380,370		−380,370
Group result			−380,370	−987,236		58,152,367	56,784,761	−2,577,534	54,207,227
Balance at 2011/03/31	**9,220,179**	**306,163,161**	**−401,919**	**2,789,494**	**776,000**	**191,415,840**	**509,962,755**	**8,891,157**	**518,853,912**
Balance at 2011/04/01	**9,220,179**	**306,163,161**	**−401,919**	**2,789,494**	**776,000**	**191,415,840**	**509,962,755**	**8,891,157**	**518,853,912**
Stock option plans.....		516,208					516,208		516,208
Distribution dividends FY 2010/11						−13,830,269	−13,830,269		−13,830,269
Common control transactions		−3.008,260					−3,008,260		−3,008,260
Deduction of acquisition of non-controlling interests.....						−4,809,160	−4,809,160	4,709,160	−100,000
Net result for the year ..						66,336,883	66,336,883	−4,750,529	61,586,354
Other income				−4,040,824			−4,040,824		−4,040,824
Deferred taxes on other income				1,163,151			1,163,151		1,163,151
Currency translation.....			−581,405				−581,405		−581,405
Group result			−581,405	−2,877,673		66,336,883	62,877,805	−4,750,529	58,127,276
Balance at 2012/03/31	**9,220,179**	**303,671,109**	**−983,324**	**−88,179**	**776,000**	**239,113,294**	**551,709,079**	**8,849,788**	**560,558,867**

Due to rounding differences figures in the consolidated statement of changes in shareholders' equity may deviate by 1 Euro from those displayed in the consolidated statement of financial position and consolidated income statement.

Notes to the consolidated financial statements fiscal year 2011/12

1 Introduction

The REpower Systems Group with REpower Systems SE, Überseering 10, 22297 Hamburg, Federal Republic of Germany, as its parent company, operates in the area of manufacturing and selling wind energy turbines as well as developing and providing turnkey wind farms.

REpower Systems SE has an obligation to prepare consolidated financial statements for the fiscal year ended March 31, 2012. The consolidated financial statements for the year ended March 31, 2012 were prepared in accordance with section 315a (1) of the *Handelsgesetzbuch* (HGB—German Commercial Code) in conjunction with section 4 of Regulation (EC) no. 01606/2002 of the European Parliament and of the Council dated July 19, 2002 concerning the adoption of international accounting standards in the currently valid version of the International Financial Reporting Standards (IFRS) as applicable in the European Union. The IFRSs comprise the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC). The requirements of the IFRSs have been met in full and result in a true and fair view of the net assets, financial position and results of operations of the REpower Systems Group.

The consolidated financial statements of the company consolidated management report of the company and the Group are published in the electronic Federal Gazette (Bundesanzeiger).

Individual items of the consolidated statement of financial position and the income statement have been summarized to improve the clarity of presentation. These items are explained in the notes. The consolidated financial statements are prepared with the euro as the functional currency. The income statement is broken down according to the nature of expense method. Unless stated otherwise, all figures are accurate to the nearest thousand euro (EUR thousand) using commercial rounding.

The company exercised the option of displaying a statement of comprehensive income according to IAS 1 in that the income statement is presented as a separate part of the annual financial statements. The consolidated financial statements are prepared on the basis of assets and liabilities recognized at amortized cost. This does not include derivative financial instruments, which are carried at fair value as of the end of the reporting period.

2 Consolidation

2.1 Principles of consolidation

These consolidated financial statements include all significant German and foreign subsidiaries over whose financial and business policies REpower Systems SE has direct or indirect control.

Capital consolidation of subsidiaries is performed in line with the purchase method. In this process, the cost of the shares acquired is offset against the fair value of the net assets of the subsidiary attributable to the parent company at the time of acquisition. Any positive difference resulting from company acquisitions is recognized as goodwill. Any negative differences resulting from capital consolidation at the acquisition date are expensed immediately following a repeated review of the fair values of the assets and liabilities. Goodwill is examined for impairment at least annually in subsequent periods and amortized to the lower recoverable amount as required. Hidden reserves and charges disclosed as a result of the fair value measurement of the assets and liabilities on initial consolidation are carried, amortized or realized in subsequent periods in line with the development of the assets and liabilities. Expenses and income, intragroup transactions and receivables and liabilities between the companies included in consolidation are eliminated in accordance with IAS 27.

In the event that REpower acquires control of a company through a business combination achieved in stages, the equity interest previously held by REpower in the company shall be determined as the fair value at the time of the acquisition and the resulting profit or loss shall be recognized in the income statement. Companies which the Group manages jointly with other partners and associated companies over which the Group can exert a significant influence on financial and business policy but which it cannot control are included at equity in the consolidated financial statements. The principles of full consolidation are applied in determining goodwill and the fair value of assets and liabilities. Recognition at equity is based on the IFRS financial statements of the respective companies at the Group reporting date. Losses from associates which exceed the carrying amount of the investment or other non-current receivables from financing of these companies are not recognized as long as there is no obligation to make supplementary payments. Significant intragroup transactions are eliminated.

Companies are withdrawn from the scope of consolidation at the date on which shares in those companies are sold or the Group can no longer control those companies. As part of deconsolidation, the pro rata assets and liabilities allocated to the Group are eliminated at the amortized Group carrying amounts, including any goodwill. The difference between the net assets sold and the proceeds from the disposal of the shares is recognized in profit or loss in the consolidated income statement. The income and expenses incurred from the beginning of the respective fiscal year until the deconsolidation date are recognized in the consolidated income statement.

The financial statements of REpower Systems SE and the subsidiaries, associates and joint ventures included in consolidation are prepared in accordance with uniform accounting policies. The financial statements of companies included in consolidation are prepared as of the REpower Systems SE reporting date. The consolidated international companies prepare their financial statements in their functional currency. As of the end of the reporting period, the assets and liabilities of these subsidiaries are translated into the reporting currency of the REpower Group (euro) at the closing rate. Income and expenses are translated at the weighted average rate for fiscal year, provided this is not inappropriate due to significant fluctuations in exchange rates. Equity components are translated at the corresponding historical rate on the date of their occurrence. Translation differences are recognized in equity as a separate equity component. If Group companies are removed from the scope of consolidation, the corresponding currency translation differences are derecognized in profit or loss.

2.2 Scope of consolidation

2.2.1 Fully consolidated companies

The consolidated group includes REpower Systems SE and the following German and international companies which are fully consolidated in the consolidated financial statements:

	Share in %
Project companies	
REpower Betriebs- und Beteiligungs GmbH, Rendsburg, Germany	100.00
REpower Windpark Betriebs GmbH, Hamburg, Germany	100.00
REpower Investitions- und Projektierungs GmbH & Co. KG, Rendsburg	100.00
Windpark Blockland GmbH & Co. KG, Hamburg, Germany	100.00
Production and service companies	
PowerBlades GmbH, Bremerhaven, Germany	100.00
REpower Systems GmbH, Hamburg	100.00
REpower North (China) Ltd., Baotou, PR China	54.42
PowerBlades S.A., Vagos, Portugal	100.00
Ventipower S.A., Oliveira de Frades, Portugal	3.00
RiaBlades S.A., Vagos, Portugal	3.00
Sales companies	
REpower España S.L., Madrid, Spain	100.00
REpower S.A.S., Courbevoie, France	100.00
REpower Italia S.r.l., Milan, Italy	100.00
REpower Australia Pty Ltd., Melbourne, Australia	100.00
Renewable Energy Contractors Australia Pty Ltd., Melbourne, Australia	100.00
REpower Wind Systems Trading, Beijing, PR China	100.00
REpower USA Corp., Denver, USA	100.00
REpower Systems Inc., Montreal, Canada	100.00
REpower Benelux b.v.b.a., Ostend, Belgium	100.00
REpower UK Ltd., Edinburgh, United Kingdom	100.00
REpower Systems Polska, Sp.z o.o., Warsaw, Poland	100.00
REpower Portugal Sistemas Eólicos S.A., Oliveira de Frades, Portugal	100.00
REpower Systems Scandinavia AB, Stockholm, Sweden	100.00
REpower Systems Northern Europe A/S (formerly Renewable Energy Contractors A/S), Aarhus, Denmark	100.00
REpower Diekat S.A., Athens, Greece (in liquidation)	60.00
Shelf or shell companies	
WEL Windenergie Logistik GmbH, Schloß Holte-Stukenbrock	100.00
REpower Systems India Ltd. (formerly Sunset Windfarms Private Limited), Pune, India	100.00

REpower Systems GmbH is exercising the relief provided by section 264(3) HGB for the preparation, auditing and disclosure of annual financial statements and the management report in fiscal 2011/12.

2.2.2 Change in the consolidated group

Effective December 31, 2011, REpower Systems SE acquired the remaining 49% of shares in PowerBlades GmbH from SGL Rotec GmbH & Co. KG, a majority-owned company of the SGL Group. The company, based in Bremerhaven, was founded in 2007 as a joint venture for the production of rotor blades for wind turbines. REpower held 51% in PowerBlades GmbH from the start of the cooperation while SGL Rotec held 49% of shares.

In December 2011, REpower Systems Northern Europe A/S, based in Aarhus, Denmark, was founded as a service and sales company for Repower wind turbines to manage activities on the Northern European wind energy market. The company was included in consolidation for the first time as of January 31, 2012 and commenced operations as of February 1, 2012.

In October 2011 the acquisition process of Renewable Energy Contractors Australia Pty. Ltd. (RECA) by Repower Energy Australia Pty Ltd. (REPA) was concluded and RECA was included in the consolidation for the first time. The new subsidiary supports the sales activities of REpower Australia Pty Ltd. on the local market and performs maintenance and servicing for the company. For further details regarding the acquisition transactions please refer to section 10 “Related parties disclosures”.

Rep Ventures Portugal S.A. based in Porto, Portugal, was liquidated effective March 31, 2012. In future, the sales activities of the liquidated company will be performed by REpower Portugal Sistemas Eólicos S.A.

As part of the expansion of supply chain activities in India, REpower Systems SE founded REpower Systems India Ltd. based in Pune, India, in February 2012. This subsidiary commenced operations in April 2012 and will coordinate Indian production and procurement activities in particular in future.

The Group acquired the remaining 50% of shares in REpower Portugal Sistemas Eólicos S.A. as of 3 February 2011, thereby increasing its share to 100%. As part of the purchase agreement for the remaining shares in REpower Portugal Sistemas Eólicos S.A., changes to its articles of association were also negotiated with regard to RiaBlades S.A. and Ventipower S.A. As a result of the restructuring, REpower Systems SE also acquired control over these two companies on February 3, 2011 and included them in consolidation in full for the first time as of February 28, 2011. The new contract structure meant that no non-controlling interests are recognized on account of subsequent share transfers agreed.

The allocation and calculation of the purchase price for the inclusion of the group REpower Portugal Sistemas Eólicos S.A., Riablades S.A. and Ventipower S.A. in the consolidated financial statements of REpower SE as of February 28, 2011 were finalized in the year under review. The final assessment of the assets and liabilities recognized was therefore completed within the prescribed period of twelve months after the acquisition. As a result of new information in the completed purchase price allocation, the identifiable assets and liabilities of the group were remeasured using the adjusting provisional fair values as of the date of acquisition. In this context, intangible assets increased from EUR 0.2 million to EUR 15.0 million and inventories from EUR 7.9 million to EUR 8.2 million. In addition, provisions rose by EUR 1.1 million and the recognized deferred taxes by EUR 2.8 million. The resulting adjustment of net assets entailed a reduction in goodwill of EUR 11.2 million.

In addition, within the framework of continued purchase price allocation an improved presentation concerning the purchase price recognition was selected. This reporting adjustment led to a reduction in other liabilities of EUR 6 million offset by a reduction in goodwill in the same amount.

All adjustments shown were made retrospectively in accordance with IFRS 3.45 et seq. within the assessment period. The adjustments made in updating and specifying the purchase price allocation and calculation described above for the date of acquisition are shown together with their effects on 31 March 2011 in the table below.

2 Consolidation

Adjustments in the consolidated statement of financial position—fiscal year 2010/11

Assets (k EUR)	2011/03/31	Adjustments from provisional purchase price allocation	2011/03/31 adjusted
Current assets			
Liquid funds	320,448	0	320,448
Gross amount due from customers for contract work as an asset	199,895	0	199,895
Trade accounts receivable	72,422	0	72,422
Receivables from related parties	614	0	614
Receivables from joint ventures	6	0	6
Inventories	347,205	348	347,553
Receivables from income tax	12,717	0	12,717
Other financial assets	16,670	0	16,670
Other miscellaneous assets	72,725	0	72,725
Total current assets	**1,042,702**	**348**	**1,043,050**
Assets held for sale	**31,175**	**0**	**31,175**
Non-current assets			
Other intangible assets	50,231	14,800	65,031
Goodwill	33,112	−17,239	15,873
Property, plant and equipment	174,951	0	174,951
Investments in joint ventures	337	0	337
Other financial investment	1,769	0	1,769
Loans granted	7,162	0	7,162
Deferred taxes	4,140	0	4,140
Total other non-current assets	321	0	321
Total non-current assets	**272,023**	**−2,439**	**269,584**
Total assets	**1,345,900**	**−2,091**	**1,343,809**

Shareholders' equity and liabilities (EUR k)	2011/03/31	Adjustments from provisional purchase price allocation	2011/03/31 adjusted
Current liabilities			
Short-term loans and current portion of long-term loans	15,615	0	15,615
Trade accounts payable	234,084	0	234,084
Liabilities from joint ventures	163	0	163
Advance payments received	315,558	0	315,558
Gross amounts due to customers for contract work as a liability	11,655	0	11,655
Provisions	95,724	1,100	96,824
Deferred income	11,490	0	11,490
Income tax liabilities	965	0	965
Other financial liabilities	19,237	0	19,237
Other miscellaneous liabilities	14,457	0	14,457
Total current liabilities	**718,948**	**1,100**	**720,048**
Liabilities of disposal group as classified as held for sale	**6,244**	**0**	**6,244**
Non-current liabilities			
Long-term loans	50,870	0	50,870
Deferred taxes	36,033	2,809	38,842
Other financial liabilities	14,951	−6,000	8,951
Total non-current liabilities	**101,854**	**−3,191**	**98,663**
Equity capital			
Subscribed capital	9,220	0	9,220
Additional paid-in capital	306,163	0	306,163
Other reserves	3,164	0	3,164
Revaluation reserve	776	0	776

Currency translation	−402	0	−402
Cash flow hedging reserve	2,790	0	2,790
Retained earnings	191,416	0	191,416
Equity attributable to shareholders of the parent company	**509,963**	**0**	**509,963**
Non-controlling interests	8,891	0	8,891
Total equity capital	**518,854**	**0**	**518,854**
Total equity and liabilities	**1,345,900**	**−2,091**	**1,343,809**

2.2.3 Joint ventures

The following material joint venture is recognized at equity in the consolidated financial statements:

	2012/03/31 %	2011/03/31 %
RETC Renewable Energy Technology Center GmbH, Hamburg, Germany	50.00	50.00

RETC Renewable Energy Technology Centre GmbH (RETC) based in Hamburg is a joint venture between REpower Systems SE, Hamburg and Suzlon Energy Ltd, India. As an international center, the company operates in the fields of research, innovation, validation and technical processes in particular.

Detailed information on above listed joint venture can be found in the list of share ownership.

3 Accounting policies

The accounting policies applied in the consolidated financial statements for fiscal 2011/12 were adjusted to reflect the new standards, as stated in note 3.20.

3.1 Liquid funds

Liquid funds consist primarily of bank balances and are carried at their nominal amount. Amounts in foreign currency are translated at the reporting date rate.

3.2 Receivables and other financial assets

Trade accounts receivable, intragroup receivables, receivables from project companies and other primary financial assets allocated to the loans and receivables category are carried at fair value plus transaction costs on initial recognition. Subsequent measurement is at amortized cost using the effective interest rate method. Risks of default are taken into account by way of appropriate valuation allowances, which are determined on the basis of empirical values and individual risk assessments. Specific cases of default result in derecognition of the receivables concerned. Impairment losses on trade receivables are reported in an allowance account. The decision as to whether a default risk is recognized using an allowance account or in the form of a direct write-down of the carrying amount of the receivable depends on the reliability of the assessment of the risk situation. An impairment loss is recognized when the carrying amount of a financial asset is higher than the present value of the expected future cash flow.

Impairment is tested at the end of each reporting period and on an ongoing basis throughout the year. Objective evidence of impairment is identified on the basis of the following triggers, among other things:

- Significant financial difficulty of the obligor;
- The lender granting a concession to the borrower for economic or legal reasons relating to the borrower's financial difficulty;
- Likely insolvency or need for restructuring on the part of the borrower;
- Disappearance of an active market for the financial asset due to financial difficulties.

3.3 Inventories

Inventories comprise raw materials and supplies and work in progress. Raw materials and supplies are carried at the lower of cost or net realizable value. Work in progress is measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price less the estimated costs of completion. The cost of inventories is calculated

using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. In addition to material and production overheads, manufacturing costs comprise overheads attributable within the meaning of IAS 2, but not financing costs.

3.4 Property, plant and equipment

Property, plant and equipment are carried at cost and depreciated on a straight-line basis over their economic life. Cost includes all expenses for purchasing the assets, insofar as these can be reliably calculated or estimated. The manufacturing costs of internally generated equipment comprise direct costs and attributable overheads.

The assessment of depreciation is based on the following estimated useful lives:

	Useful life in years
Buildings	25 - 50
Technical equipment, plant and machinery	5 - 12
Office and operating equipment	3 - 14

3.5 Intangible assets

Acquired intangible assets are measured at cost and amortized on a straight- line basis over the respective useful life.

3 Accounting policies

Research costs are recognized as expenses. Development costs for future products and other internally generated intangible assets are capitalized at cost, provided that the manufacture of these products is likely to generate an economic benefit for the REpower Systems Group. In the event that the requirements for capitalization are not satisfied, expenses are recognized in profit or loss in the year in which they occur.

Capitalized development costs comprise all direct costs and overheads attributable to the development process. Development costs that account for customer-specific production orders are recognized in capitalized orders. Financing costs are not capitalized. Amortization is recognized on the basis of volume or on a straight-line basis.

If the sales volume can be estimated with reasonable assurance, amortization is recognized on the basis of volume as the ratio of wind turbines recognized in revenue to the total forecast sales volume. In the case of non-quantity-related development costs, amortization is recognized on a straight-line basis from the start of production for the expected product lifetime of the developed models.

The following useful lives were applied:

	Useful life in years
Capitalized development costs	5*
Licenses, software	3

* In years or according to quantity

3.6 Impairment of property, plant and equipment and intangible assets

REpower Systems SE performs impairment testing for items of property, plant and equipment and intangible assets.

In accordance with IAS 36, annual goodwill impairment testing is performed at the level of the reporting units (cash-generating units) to which goodwill is also allocated in the Group's internal reporting system (impairment-only approach).

These reporting units generally correspond to the individual Group companies. This does not apply for Group companies whose cash flows are not independent from the cash flow of the parent company due to a very close substantive link with Repower Systems SE. In this case the affected Group companies build a cash generating unit together with Repower Systems SE. The recoverable amount is calculated on the basis of the value in use. Value in use is calculated on the basis of the budget for 2012/13 and the next two years. This allows the future cash flows from the respective cash-generating unit to be estimated. The discount rate is calculated using the WACC (weighted average cost of capital) approach. The beta factor applied in the calculation and the ratio of the fair value of equity to debt were determined by reference to a corresponding peer group.

Impairment is recognized for other intangible assets and property, plant and equipment if certain events or developments result in the carrying amount of the asset no longer being covered by the expected proceeds of disposal or the discounted net cash flows from continued use. If the recoverable amount of individual assets cannot be calculated, the cash flow is calculated for the next highest group of assets for which such a cash flow can be calculated. Impairment losses are reversed if the reasons for their recognition no longer apply in subsequent periods.

Impairment cannot be reversed in excess of the carrying amount that would have applied if no impairment had been recognized. Goodwill impairment is not reversed.

No impairment losses were recognized in fiscal 2011/12, as the recoverable amount was greater than the carrying amount of the assets of the respective cash-generating units plus the carrying amount of the corresponding goodwill. Within property, plant and equipment impairment losses on rotor blades were recognized.

3.7 Non-current assets held for sale and discontinued operations

Non-current assets held for sale are classified as held for sale, if their carrying amount will, in essence, be received through a sale and the sale is highly likely. They are measured at the lower of their carrying amount and fair value less costs to sell, if their carrying amount is realized principally through sale rather than continuing use. Major

discontinued business units and regions are shown separately in the income statement and the statement of financial position. In these financial statements the activities of REpower North (China) are shown as a discontinued operation.

3.8 Loans granted

Loans granted which are allocated to the loans and receivables category are carried at fair value on initial recognition. Subsequent measurement is at amortized cost using the effective interest method.

3.9 Share options

Share options granted to members of the Executive Board and senior managers are recognized in the consolidated financial statements in accordance with IFRS 2. Share options grant subscription rights to new shares from contingent capital. Transactions to be fulfilled by issuing shares are measured at fair value on the grant date. The fair value of share options on the grant date is determined by an external assessor using a binomial model. The expense calculated in this manner is distributed on a straight-line basis over the period in which the options can be exercised and in profit or loss in net income for the year. Correspondingly the counter-effect is reported in additional paid-in capital.

3.10 Provisions

Provisions are recognized in accordance with IAS 37. This relates to legal or financial obligations for which settlement is likely to result in an outflow of financial resources and whose amount can be reliably estimated.

Warranty provisions are recognized both for known individual risks and for general risks. Specific technical warranty risks can be individually quantified by comprehensive documentation and are taken into consideration in the form of individual provisions. The economic risk and the level of provisioning are evaluated on an ongoing basis in coordination with the technical departments, taking existing risks into account.

Provisions are recognized for general risks on the basis of experience. The system for recognizing general warranty provisions is as follows: for turbines erected, provisions are recognized for the anticipated actual costs per year of the warranty for the entire contractual warranty period. The actual costs are determined on the basis of past experience and reviewed on an ongoing basis. The uncertainties involved mean that the actual costs, and hence the amount of the provisions, may differ.

Non-current provisions are discounted

3.11 Pensions and similar obligations

Plans for pensions and similar obligations are measured in accordance with IAS 19 “Employee Benefits”. Pension provisions are measured using the projected unit credit method.

REpower Systems SE has granted a pension commitment in the form of a defined contribution plan. If the benefits payable under the insurance policy are the same as the benefits payable under the obligation, the fair value of the asset is deemed to be the same as that of the obligation in accordance with IAS 19.104, meaning that such items are not reported in the consolidated statement of financial position or the income statement.

3.12 Liabilities

Trade accounts payable are measured at amortized cost using the effective interest method.

3.13 Revenue recognition

Revenue includes all revenues from the sale of wind energy turbines, license revenues, electricity revenues and revenues from service and maintenance contracts.

Revenue recognition according to percentage of completion method (IAS 11)

Revenue from the sale of wind turbines in particular includes the production, delivery and installation of wind turbines. For these construction contracts the percentage of completion method (POC) is applied in accordance with IAS 11. Prerequisites are that at the end of the reporting period a specific legally effective customer order exists and that the outcome of the order and the expected total costs can be reliably estimated on the basis of Group cost accounting.

In the majority of cases, the percentage of completion is calculated using the cost-to-cost method, under which the fixed contract revenue is compared with the contract costs, with only those costs relating directly to the service rendered taken into account. Borrowing costs are recognized in profit or loss.

These construction contracts are recognized in the statement of financial position under "Gross amounts due from customers for contract work as an asset and liability". Advance payments received for contracts are deducted directly from future receivables from construction contracts.

In individual cases where a reliable estimate of the full construction contract is not possible, the zero profit method is applied, with no profit margin recognized in calculating the percentage of completion until reliable information becomes available.

Customer orders for the production, delivery and installation of wind turbines are generally considered to be completed with commissioning of the wind turbines respectively the handing over of the wind farm to the customer. As long as no installation is agreed upon the contract is considered to be completed when the risks and benefits are transferred to the buyer and payment is probable.

Contract costs are monitored by Controlling. The forecast costs and the results of project controlling, which are used to determine the percentage of completion and the proportionate contribution margins, are significant assumptions in the measurement of contracts. As these assumptions are subject to uncertainty, the actual contract costs and contribution margins may be higher or lower than forecast when the final project invoice is prepared.

Revenue recognition according to transfer of risk (IAS 18)

To a limited degree REpower Systems sells single components of wind turbines. In these cases revenue is recognized in accordance with IAS 18 at the point of time when the risks and benefits are transferred to the buyer and payment is probable.

Revenues from licenses, electricity and the sale of spare parts are recognized in accordance with IAS 18.

License revenues are generated from volume-based licenses.

In accordance with IAS 18, revenues from service and maintenance contracts are realized insofar as the respective services have been rendered; advance payments are deferred.

3.14 Income tax expense

The Group recognizes current taxes when they are caused in the amount due. Deferred taxes are recognized according to the liability method, under which deferred tax assets and deferred tax liabilities are recognized with future tax effects arising as a result of differences between the carrying amount of the assets and liabilities in the IFRS financial statements and the tax base. The effects of changes in the tax rate on deferred taxes are recognized in profit or loss in the period in which the legislation mandating the change is substantially passed. However, the effects of changes in tax rates on items recognized in other operating income or directly in equity are also taken directly to equity. If it does not appear sufficiently likely that deferred tax assets will be realized in future, they are not recognized or their carrying amount is adjusted accordingly. In accordance with the requirements of IAS 12, deferred tax assets and deferred tax liabilities have been offset.

3.15 Borrowing costs

If borrowing costs cannot be allocated to qualifying assets in accordance with IAS 23, they are expensed and not included in cost of production.

3.16 Government grants (investment subsidies)

Government grants are recognized depending on the nature of the subsidized expenses. Insofar as subsidies relate to capitalized assets, the grants received serve to reduce the cost of the subsidized assets. Grants provided as an expenditure allowance are recognized in profit or loss in the fiscal year in which the subsidized expenses are incurred.

3.17 Transactions in foreign currencies

Each entity within the Group determines its functional currency. The items contained in the financial statements of each entity are measured using this functional currency. Foreign currency transactions are first translated at the spot

exchange rate between the functional currency and the foreign currency on the transaction date. Foreign currency monetary assets and liabilities are translated into the functional currency at the closing rate. All exchange differences are recognized in the net result for the period. Non-monetary items measured at historical cost in a foreign currency are translated at the applicable exchange rate on the transaction date. Non-monetary items measured at fair value in a foreign currency are translated at the applicable exchange rate on the date on which their fair value was determined.

3.18 Financial instruments

Financial instruments are recognized as soon as a REpower Group company becomes a party to a financial instrument. Financial assets are recognized on delivery, i.e. the date of order fulfillment. Derivative financial instruments are recognized at the trade date. Financial assets and financial liabilities are generally reported separately; they are only offset if the reporting entity has a right to offset and the intention to settle on a net basis.

Financial instruments consist of cash and cash equivalents, receivables, equity instruments held in other companies, other financial assets and financial liabilities and loans, insofar as these relate to a contract. The initial recognition of financial assets is at fair value plus directly attributable transaction costs, insofar as the financial assets are not recognized at fair value through profit and loss. Subsequent measurement is at fair value or amortized cost using the effective interest rate, depending on the allocation of the individual financial instruments to the IAS 39 categories.

Financial liabilities are carried at fair value less transaction costs on initial recognition and at amortized cost using the effective interest method in subsequent measurement.

Financial assets are derecognized if the rights to the cash flows resulting from the assets have expired or substantially all of the risks have been transferred to a third party such that the criteria for derecognition are met. Financial liabilities are derecognized if the relevant obligations have expired or been cancelled.

Derivative financial instruments are employed to hedge foreign exchange and interest rate risks. Derivative financial instruments are carried at fair value. The recognition of changes in the fair value of derivative financial instruments depends on whether these instruments are used as hedging instruments and the conditions for hedge accounting in accordance with IAS 39 are met.

If these conditions are not met despite the existence of a hedging relationship, the derivative financial instruments are allocated to the category “at fair value through profit and loss” and the changes in fair value are recognized in profit or loss. The effective portion of the change in the fair value of a derivative financial instrument which was classified as a hedging instrument and which meets the definition of a cash flow hedge is recognized directly in revenue reserves, taking into account the associated tax effects. The ineffective portion is recognized in the income statement. The effective portion is only recognized in profit or loss if the hedged item is also recognized in profit or loss.

The fair values of financial assets recognized in the consolidated statement of financial position generally correspond to their market prices. If these are not available by reference to an active market, the relevant assets are measured using standard market procedures (valuation models) based on instrument-specific market parameters.

The fair values of cash and cash equivalents and other current primary financial instruments correspond to their carrying amounts at the end of the respective reporting period.

The fair values of non-current receivables and other assets and non- current provisions and liabilities are determined on the basis of the expected cash flow based on the reference interest rates at the end of the reporting period. The fair value of derivative financial instruments corresponds to their market value and may be either positive or negative. If no market value is available, the fair value is calculated using present value and option pricing models. Where possible, the relevant market prices and interest rates observed at the end of the reporting period are applied as input parameters for these models.

There were no reclassifications of financial instruments to other categories in the fiscal years 2010/11 or 2011/12.

Under certain conditions, financial assets and financial liabilities falling within the scope of IAS 39 can be irrevocably allocated to the “fair value option” sub-category on initial recognition. The REpower Group has not exercised the fair value option for any financial assets or financial liabilities.

3.19 Use of assumptions

The preparation of these consolidated financial statements requires the Group's management to make estimates and assumptions that form the basis for the value of assets and liabilities, contingent liabilities and other financial obligations as of the end of the reporting period and revenue and expenses in the fiscal year. Key estimates and assumptions relate to impairment tests (see note 4.2), warranty provisions (see note 4.4.3), the measurement of share options (see note 4.6.2), the realization of revenue according to the percentage-of-completion method (see note 4.1.2) and the value of deferred tax assets (see note 4.2.5). The actual circumstances may differ from these assumptions. Changes in current economic conditions and other events may also have a material impact on the actual figures.

3.20 New accounting standards and their application

Financial reporting at REpower Systems SE in accordance with IFRSs is based on the IASB accounting standards adopted by the European Commission in the context of the endorsement process for the European Union, in accordance with Regulation (EC) no. 1606/2002 in conjunction with section 315a(1) HGB. The new IFRSs and amendments to existing IFRSs published by the IASB are mandatory only following a corresponding resolution by the Commission as part of the endorsement process.

The following standards were required to be applied for the first time in fiscal 2011/12:

Standards / interpretations		Mandatory application	Adoption by the European Commission	Effect
IAS 24	Related Party Disclosures	January 1, 2011	Yes	No effects
IFRIC 14	IAS 19—Prepayments on a Minimum Funding Requirement	January 1, 2011	Yes	No effects
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010	Yes	No effects
Annual Improvement Project 2010	Annual collective standard to make amendments to the IFRSs	January 1, 2011	Yes	No significant effects

- **Amendment to IAS 24—Related Party Disclosures (amended)**

The IASB has issued an amendment to IAS 24 that contains a clarification of the definitions of related parties. The new definition strengthens the symmetrical approach to determining relationships to related parties and clarifies the circumstances under which persons and persons in key positions influence an entity's relationships to related parties. Furthermore, the amendment results in a partial exemption from the IAS 24 disclosure requirements for transactions with public sector entities and with entities that are controlled, jointly controlled or significantly influenced by the same public sector entity as the reporting entity.

- **Amendment to IFRIC 14—Prepayments on a Minimum Funding Requirement (amended)**

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes prepayments to meet these requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as plan assets. The Group is not subject to any minimum funding requirements. Therefore, this amendment to the interpretation has no effect on the presentation of the net assets, financial position and results of operations of the Group.

- **Improvements to IFRS**

In May 2010, the IASB published its third collective standard to amend various IFRSs with the main aim of eliminating inconsistencies and clarifying formulations. The collective standards stipulate transitional regulations for each amended IFRS. Although the application of the following new regulations resulted in a change of accounting policies, it did not have any effect on the Group's net assets, financial position and results of operations:

- IFRS 3 *Business Combinations*: The accounting policy choices for non-controlling interests were amended. Only components of non- controlling interests that constitute a current right of ownership and, in case of liquidation, a claim to a proportionate share in the net assets of the entity may be measured at fair value or at the proportionate share of the current right of ownership in identifiable net assets of the acquired entity. All other components are to be measured at their fair value as of the date of acquisition. The amendments to IFRS 3 are effective for periods beginning on or after 1 July 2011.

- IFRS 7 *Financial Instruments—Disclosures*: The objective of the amendment was to simplify disclosures by reducing the scope of disclosures about securities held and to improve them with additional qualitative information to complement the quantitative information.

- IAS 1 *Presentation of Financial Statements*: The amendment clarifies that an entity can present the analysis of each component of other comprehensive income either in the statement of changes in equity or in the notes.

3 Accounting policies

The following standards and interpretations published by the IASB and IFRIC are not yet effective as they have not yet been recognized by the EU or the date of first application has not yet been reached. Where these have already been endorsed by the EU, they have not been applied early by REpower Systems SE.

In fiscal 2011/12, the following standards and interpretations were not yet effective:

Standards / interpretations		Mandatory application	Adoption by the European Commission	Effect
IFRS 1	Government Loans	January 1, 2013	No	No effects
IFRS 7	Financial Instruments: Enhancing disclosures about transfers of financial assets	July, 1 2011	Yes	No effects
IFRS 7	Financial Instruments: Offsetting Financial Assets and Financial Liabilities	January 1, 2013	No	No significant effects
	Related to transition to IFRS 9	January 1, 2015	No	Disclosures in the notes about financial instruments
IFRS 11	Joint Arrangements	January 1, 2013	No	Discontinuation of proportionate consolidation / no effects
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013	No	Disclosures in the notes about the scope of consolidation
IFRS 13	Fair Value Measurement	January 1, 2013	No	No significant effects
IAS 1	Presentation of Financial Statements: Amendment in June 2011 relating to the presentation of other comprehensive income	July 1, 2012	No	Changed structure of the statement of comprehensive income
IAS 19	Employee Benefits: The IASB published amendments to IAS 19 in June 2011	January 1, 2013	No	No significant effects
IAS 27	Separate Financial Statements	January 1, 2012	No	No effects
IAS 32	Financial Instruments: Amendments in December 2011 regarding offsetting financial assets and financial liabilities	January 1, 2014	No	No significant effects
IFRS 1	First-time Adoption of International Financial Standards: Amendment relating to transition dates and hyperinflation	July 1, 2011	No	No effects
IFRS 10	Consolidated Financial Statements	January 1, 2013	No	No significant effects
IAS 12	Income Taxes Amendments in December 2010 relating to the recovery of underlying assets	January 1, 2012	No	No effects
IAS 28	Investments in Associates and Joint Ventures: This version replaces the previous version IAS 28 Investments in Associates	January 1, 2013	No	No significant effects

IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013	No	No effects
IFRS 9	Financial Instruments: In December 2011, the IASB published Mandatory Effective Date and Transition Disclosures, which revised the original date	January 1, 2015	No	No significant effects

4 Notes to the statement of financial position

4.1 Current assets

4.1.1 Liquid funds

As in the previous year, there were no restrictions on liquid funds in the year under review.

4.1.2 Gross amounts due from customers for contract work as an asset / as a liability

This item is used to report work in progress which is recognized using the percentage-of-completion method in accordance with IAS 11. Advance payments on the contracts recognized are deducted directly.

	2012/03/31	2011/03/31
	k EUR	k EUR
Receivables	1,003,490	549,295
Less advance payments received	−690,810	−361,054
	312,680	**188,241**

The amount of 312,680 k EUR (previous year: 188,241 k EUR) due to netting consists of gross amounts due from customers for contract work of 330,707 k EUR (previous year: 199,895 k EUR) and due to customers 18.027 k EUR (previous year: 11,654 k EUR). The gross amounts due from customers for contract work are shown on the equity and liabilities side.

4 Notes to the statement of financial position

These contracts resulted in costs of materials of 837,043 k EUR (previous year: 453,393 k EUR) in fiscal 2011/12. The net contribution of revenue and costs of materials to operating earnings from these projects in 2011/12 was 166,448 k EUR (previous year: 95,902 k EUR).

4.1.3 Trade accounts receivable

Trade accounts receivable primarily relate to receivables from customers for the delivery of wind turbines.

	2012/03/31	2011/03/31
	k EUR	k EUR
Trade receivables (after bad debt allowances)	104,488	72,422

In fiscal 2011/12, bad debt allowances of 1,111 k EUR were recognized on trade receivables (previous year: 6,424 k EUR).

Changes in bad debt allowances	2011/12	2010/11
	k EUR	k EUR
At the start of the fiscal year	12,914	9,252
Reversals and Usage	−6,608	−2,762
Additions	1,111	6,424
At the end of the fiscal year	**7,417**	**12,914**

The maturity structure of trade accounts receivable was as follows:

Maturity structure of trade accounts receivable

			Of which: after bad debt allowances as of the end of the reporting period and past due as follows		
	Carrying amount	Of which: neither impaired nor past due as of the end of the reporting period	Less than 30 days	Between 30 and 180 days	More than 180 days
as of March 31, 2012					
Trade accounts receivable (k EUR)	104,488	88,710	8,697	4,690	2,391
as of March 31, 2011					
Trade accounts receivable (k EUR)	72,422	57,860	6,597	6,583	1,382

In the case of the trade accounts receivable that were neither impaired nor past due, there was no evidence of the debtors being unable to meet their payment obligations as of the end of the reporting period. Further information on the treatment of financial risks can be found in 7.2 “Information on the nature and extent of risks associated with financial instruments”.

REpower Systems SE requests collateral from its customers depending on the outcome of credit checks. Collateral is generally requested after signature of the purchase contract in the form of bank guarantees or warranties for the purchase price less any advance payments made. Accordingly, the nominal value of the collateral received typically exceeds the current level of receivables. As of March 31, 2012, the value of the collateral received was 1,986.07 m EUR (previous year: 1,279.53 m EUR).

There were no trade receivables whose terms were renegotiated and that would otherwise have been past due or impaired, either at the end of the current reporting period or in the previous year.

4.1.4 Receivables from related parties

This item breaks down as follows:

Receivables from related parties	2012/03/31	2011/03/31
	k EUR	k EUR
Suzlon Energy Australia Pty Ltd.	4,677	0
Loan to Windpark Finsterwalde GmbH, Finsterwalde	0	450

Other	564	164
	5,241	**614**

The loan to Windpark Finsterwalde GmbH was written down in full in the year under review.

4.1.5 Receivables from joint ventures

Receivables from joint ventures are due in the amount of 16 k EUR (previous year: 6 k EUR) from RETC Renewable Energy Technology Centre GmbH.

4.1.6 Inventories

As of March 31, 2012, the write-down on inventories amounted to 4,684 k EUR (previous year: 9,297 k EUR). Expenses for raw materials and supplies amounted to 1,038,212 k EUR in the fiscal year (previous year: 797,255 k EUR).

	2012/03/31	2011/03/31
	k EUR	k EUR
Raw materials and supplies	275,527	244,739
Work in progress	44,707	102,814
	320,234	**347,553**

4.1.7 Other current assets

This item breaks down as follows:

	2012/03/31	2011/03/31
	k EUR	k EUR
Miscellaneous other assets		
Advance payments on non-current assets and inventories	46,473	31,649
Receivables from other taxes	29,403	28,657
Deferred financing fees for guarantees	10,708	0
Equipment deposit	3,659	1,329
Creditors with debit balances	2,534	1,132
Other	12,655	9,958
	105,432	**72,725**
Other financial assets		
Advance payments for project financings	12,261	3,341
Receivables from insurance companies	3,000	61
Derivative financial instruments	1,532	3,913
Loans	58	9,006
Other	159	349
	17,010	**16,670**
Other current assets	**122,442**	**89,395**

4.2 Non-current assets

4.2.1 Other intangible assets

In fiscal 2011/12, research and development costs amounted to 35.238 k EUR (previous year: 36,905 k EUR).

In total 17,593 k EUR of development costs were capitalized (previous year: 18,359 k EUR). Amortization of capitalized development costs amounted to 1,538 k EUR in fiscal 2011/12 (previous year: 3,664 k EUR).

The development of other intangible assets is shown in the statement of consolidated fixed assets.

4.2.2 Property, plant and equipment

Land and buildings relate primarily to the Group's own production sites and administrative buildings.

Technical equipment and machinery primarily relates to facilities for the production of wind turbines. In the year under review no own work was capitalized (previous year: 6,166 k EUR).

Assets under construction mainly relate to expenses for the construction of rotor blade modules as well as for the expansion of production and storage sites. In fiscal year 2011/12 impairment losses on the rotor blade modules of in total 1,000 k EUR were recognized.

As in the previous year, land and buildings in the amount of 49,745 k EUR (value of the land charges) serve as collateral (see also note 4.5.).

The development of property, plant and equipment is shown in the statement of consolidated fixed assets.

4.2.3 Benefits from public authorities

In fiscal 2011/12, subsidies of 2,172 k EUR (previous year: 2,891 k EUR) were deducted directly in assets.

These subsidies are primarily related to the construction and commissioning of the rotor blade and turbine construction site in Bremerhaven and development projects for REpower offshore technology.

The subsidies for the Bremerhaven production facilities (rotor blade and turbine construction site) are largely granted on the condition that the necessary investments for the construction and commissioning of these plants are made by 2012 and that over 400 jobs are created by this date. REpower Systems SE and PowerBlades GmbH have already made the necessary investments and the job creation targets have been met.

4.2.4 Interests in joint ventures

The joint ventures recognized using the equity method reported total earnings of 160 k EUR (previous year: −360 k EUR) and revenue of 0 EUR (previous year: 5,464 k EUR) in fiscal 2011/12. As of March 31, 2012, these companies had non-current assets of 521 k EUR (previous year: 336 k EUR), current assets of 1,912 k EUR (previous year: 791 k EUR), and current liabilities of 469 k EUR (previous year: 321 k EUR).

The average number of employees as of March 31, 2012 was 22 (previous year: 19).

4.2.5 Loans granted

This item includes loans granted to wind farm project companies. In the case of interest-bearing loans, the interest rates are between 2.05% and 6.93% p.a. (previous year: 2.05% to 6.64%).

4.2.6 Income taxes

Current income tax expense in the individual countries and deferred taxes are reported as income taxes. Income tax expense is composed as follows:

	2011/12	2010/11
	k EUR	k EUR
Deferred taxes	22,635	12,868
Current income taxes	12,244	11,800
Current income taxes for previous years	−1,488	−1,372
Income taxes	**33,391**	**23,296**

Current taxes are calculated using the applicable tax rates in the individual countries.

Deferred taxes result from temporary differences in the carrying amounts in the companies' tax base and the consolidated financial statements, and from tax loss carryforwards. They are calculated using the liability method and the tax rate applicable in the respective countries at the date on which the differences are reversed, to the extent that this is known at the end of the reporting period, or using the tax rate at the end of the reporting period if a change in the tax rate is not likely.

In 2011, the corporation tax rate for companies in Germany was 15.0% (previous year: 15.0%) plus the solidarity surcharge of 5.5% of this amount (previous year: 5.5%), meaning that the total corporation tax rate was 15.825% (previous year: 15.825%). Including trade tax, the total tax rate was 28.79% (previous year: 28.70%).

With regard to minimum taxation, the utilization of tax loss carryforwards in Germany is restricted. There are no restrictions for a positive basis of assessment of up to 1 m EUR. No more than 60% of any amounts exceeding this level can be reduced by offsetting against existing tax loss carryforwards.

The effects of different tax rates in Germany and abroad compared with the tax rate of the Group parent are presented under tax rate differences in the reconciliation.

	2011/12	2010/11
	k EUR	k EUR
IFRS profit before income tax from continuing operations	95,505	80,938
Expected tax expense	27,496	23,229
Valuation adjustment of deferred taxes on tax loss carryforwards	4,180	1,615
Different tax rates	948	−11
Non-deductible operating expenses	552	451
Ineligible foreign taxes	373	428
Additions to/reductions in trade income tax (GewESt)	287	359
Inclusion of at-equity companies	23	−1,083
Tax-exempt income	−10	−348
Employee option programs/share options	−149	367
Changes in tax rates	−367	43
Income taxes for previous years	−1,486	−1,372
Other tax effects	1,544	−382
Actual income tax expenses	**33,391**	**23,296**

The non-deductible operating expenses primarily result from special features of the tax regulations of the country of residence of the international companies (e.g. US: non-deductibility of interest expenses until the payment has been made, 650 k EUR).

A reconciliation effect also occurred in relation to expenses from employee option programs, since these expenses were not deductible from the taxable profit. The tax effect of this for the year under review was −149 k EUR (total for previous year: 367 k EUR). Please see the notes on the share option program.

4 Notes to the statement of financial position

Income tax expenses from the value adjustment of tax loss carryforwards mainly relate to Powerblades GmbH and RiaBlades S.A., Portugal.

Deferred tax assets and deferred tax liabilities as per balance sheet date consist of the following items:

	2011/12	2010/11
	k EUR	k EUR
Deferred tax assets		
Provisions	4,594	3,775
Tax loss carryforwards	3,193	2,573
Inventories and receivables	344	2,063
Property, plant and equipment	336	223
Other	1,044	2,235
Total deferred tax assets	9,511	10,869
Offsetting	−4,786	−6,729
Deferred tax assets after offsetting	**4,725**	**4,140**
Deferred tax liabilities		
Future accounts receivable/liabilities from contract orders	43,903	28,424
Development costs	19,714	12,539
Property, plant and equipment	672	212
Other	921	4,396
Total deferred tax liabilities	65,210	45,571
Offsetting	−4,786	−6,729
Total deferred tax liabilities after offsetting	**60,424**	**38,842**

Deferred taxes include deferred tax liabilities of 38 k EUR (previous year: 1,121 k EUR) for temporary differences recognized in equity for financial instruments.

Deferred taxes on tax loss carryforwards are recognized in the amount of the tax effect of the expected utilizable tax losses of the German and international Group companies. The key factor for determining the value of deferred tax assets is the estimated probability of a reversal of the measurement differences and the usability of the tax loss carryforwards which led to deferred tax assets. This depends on the occurrence of future taxable profit during the periods in which tax measurement differences are reversed and tax loss carryforwards can be utilized. According to the current status, tax loss carryforwards can be carried forward without restriction in subsequent years in almost all countries where tax loss carryforwards occur. Exceptions include the tax loss carryforwards of REpower USA Corp., which amounted to 1,191 k EUR as of March 31, 2012 and were only eligible to be carried forward until 2019, subject to the company generating positive earnings.

Due to missing prospects concerning a timely offsetting possibility no deferred tax assets have been calculated on losses of in total 15,503 k EUR.

4.3 Non-current assets held for sale and discontinued operations

The assets and liabilities of REpower North (China) Ltd. are recognized as held for sale as a consequence of the initiated sales activities of the shares in REpower North (China) Ltd. The company, which was founded as a joint venture, produces REpower wind turbines for the north Chinese market and is part of the Onshore segment. The sale is expected to be concluded in the first half of fiscal 2012/2013.

A condensed statement of cash flows of REpower North (China) Ltd. is shown below.

	2011/04/01 - 2012/03/31	2010/04/01 - 2011/03/31
	k EUR	k EUR
Cash flow from operating activities	−5,880	−13,127
Cash flow from investing activities	241	−3
Cash flow from financing activities	0	3,651
Total cash flow	**−5,639**	**−9,479**

For fiscal 2011/12 the assets and liabilities of REpower North (China) Ltd are composed as follows:

	2012/03/31	2011/03/31
	k EUR	k EUR
Assets of disposal group classified as held for sale		
Inventories	12,697	11,508
Other current assets	10,538	19,667
	23,235	**31,175**
Liabilities of disposal group classified as held for sale		
Trade accounts payable	1,101	1,391
Other current liabilities	1,835	−1,837
Provisions	1,281	6,690
	4,217	**6,244**
Cumulative other comprehensive income associated with the discontinued operations		
Currency translation differences	1,062	778

The result of discontinued operations and the result of the fair value measurement of assets held for sale break down as follows:

	2012/03/31	2011/03/31
	k EUR	k EUR
Income	4,531	19,903
Expenses	4,601	−21,904
Earnings before taxes from discontinued operations	**−70**	**−2,001**
Taxes	457	−65
Earnings after taxes from discontinued operations	**−527**	**−2,066**
Thereof loss from the revaluation of assets of discontinued operations	0	−8,004

Due to the revaluation of the assets on the fair value less costs to sell an impairment loss of 8,004 k EUR was recorded in net profit from discontinued operations in the income statement of the previous year

4.4 Current liabilities

4.4.1 Capital from profit participation rights

The capital from profit participation rights of 10,000 k EUR was repaid in full in the reporting period.

4.4.2 Advance payments received

Advance payments from customers for orders for which no production work has been carried out or for which the payments received exceed the capitalized costs are reported as advance payments received.

4.4.3 Provisions

Provisions developed as follows in the year under review:

	As of 2011/04/01	Addition	Utilization	Reversal	As of 2012/03/31
	k EUR	k EUR	k EUR	k EUR	k EUR
Specific warranty provisions	44,192	20,869	−9,676	−13,153	42,232
General warranty provisions	35,697	20,263	−13,266	−898	41,796
Warranty provisions	**79,889**	**41,132**	**−22,942**	**−14,051**	**84,028**
Other provisions	16,935	4,428	−10,009	−117	11,237
Total provisions	**96,824**	**45,560**	**−32,951**	**−14,168**	**95,265**

Provisions for warranties are utilized in accordance with legal or contractual obligations.

Other provisions essentially include provisions for litigation and provisions for onerous contracts. Utilization is expected within the following fiscal year.

Provisions for pensions

Plans for pensions and similar obligations are measured in accordance with IAS 19 “Employee Benefits”. Pension provisions are measured using the projected unit credit method.

REpower Systems SE granted a pension commitment in the form of a defined contribution plan involving benefits for retirement and surviving dependants. These benefits are financed by way of a matching insurance policy. The policyholder and beneficiary is REpower Systems SE, while the insured parties are the former employees.

The insurance policy was fully financed with the payment of a non- recurring contribution; no further contributions are required. To guarantee the claims of the pension beneficiaries, REpower Systems SE has pledged the claims arising from the insurance policy to the former employees and provided written confirmation of this pledge agreement. As a result, the insurance policy becomes a “plan asset” as defined in IAS 19. If the benefits payable under the insurance policy are the same as the benefits payable under the obligation, the fair value of the asset is deemed to be the same as that of the obligation in accordance with IAS 19.104, meaning that such items are not reported in the consolidated statement of financial position or the income statement. Thus the obligation stated in the statement of financial position is zero.

The company has commitments under a provident fund for one employee. This relates to defined contribution obligations that are financed by way of a corresponding agreement on the waiver of salary in connection with the grant of a commitment for provident fund benefits. The benefits of the respective insurance policies financed by the payment are used solely to satisfy the provident fund benefit obligations.

4.4.4 Deferred income

Deferred income essentially related to service income paid in advance. Deferred income is reversed to profit or loss on a straight-line basis over the term of the services rendered.

4.4.5 Income tax liabilities

Income tax liabilities primarily relate to current taxes for the fiscal year.

4 Notes to the statement of financial position

4.4.6 Other current liabilities

Other current liabilities break down as follows:

	2012/03/31	2011/03/31
	k EUR	k EUR
Other financial liabilities		
Liabilities to employees	12,767	14,564
Derivative financial instruments	2,680	1,203
Debtors with credit balances	957	459
Purchase price liability for Portugal CGU	925	0
Security deposit	10	10
Liabilities to Ventinveste S.A. from supplementary capital[1]	0	3,000
	17,339	**19,236**
Miscellaneous other liabilities		
Liabilities from other taxes	4,328	10,008
Social security liabilities	1,031	1,001
Other	8,628	3,448
	13,987	**14,457**
Other current liabilities	**31,326**	**33,693**

(1) These liabilities are reported under non-current other financial liabilities.

4.5 Long-term loans

Long-term loans totaling 39,018 k EUR (previous year: 50,870 k EUR) relate to amounts due to banks. The interest rate for bank loans was between 4.55% and 7.9% p.a. (previous year: 5% to 7.25%). Non-current bank liabilities amounting to 49,745 k EUR (previous year: 49,745 k EUR including collateral for profit participation rights) are secured by liens, assignments of security from electricity revenues and insurance claims.

On February 29, 2012, REpower Systems SE took up a new syndicated loan totaling 750,000 k EUR replacing the syndicated loan concluded on May 26, 2009 of in total 600,000 k EUR.

In total 725,000 k EUR of the new syndicated loan can be utilized as guarantees and 25,000 k EUR as a cash loan. As of March 31, 2012, credit facilities had been utilized in the amount of 396.1 m EUR only for sureties and guarantees. The syndicated loan was secured by way of rights from registered patents and patent applications of REpower Systems SE. Furthermore, the credit loan agreement contains common rights of termination for the lender that become valid as soon as regulated defaults occur. These violations include concluding a control or profit transfer agreement, non-compliance with certain financial covenants or a change of control. In addition, the payment of dividends is only permitted to a limited extent.

The terms are variable and based on gearing. Interest rate risks may arise from changes in the EURIBOR rate if cash credit lines are utilized. Interest rates are thus hedged for a certain base amount.

4.6 Equity

The development of components of equity is shown in the consolidated statement of changes in equity.

4.6.1 Issued capital

As of March 31, 2012, the share capital of REpower Systems SE amounted to 9,220,179 EUR (previous year: 9,220,179 EUR) and are divided into 9,220,179 (previous year: 9,220,179) no-par-value bearer shares, each with a notional interest in the share capital of 1.00. EUR. The listing of REpower Systems SE shares was discontinued effective November 9, 2011.

Disclosures on authorized capital and contingent capital

By way of resolution of the Extraordinary General Meeting on December 19, 2011, the authorized capital and the contingent capital 2010 resolved by the Annual General Meeting on October 25, 2010 were withdrawn. Furthermore, the Annual General Meeting on September 21, 2011 resolved to withdraw the contingent capital III resolved on June 21, 2007 and August 20, 2008. There was therefore no longer any contingent or authorized capital as of the end of the reporting period. The Articles of Association of the company were amended accordingly.

4.6.2 Capital reserve

The capital reserve originates from REpower Systems SE's IPO in 2002. In total 303,671 k EUR was reported under this item in the year under review (previous year: 306,163 k EUR).

The decrease in capital reserves by 2,492 k EUR is mainly due to the acquisition of shares in Renewable Energy Contractors Australia Pty Ltd. (RECA) from a Suzlon group company amounting to 3,008 k EUR. As this is a common control transaction the difference between the consideration transferred and the balance of the carrying amount of the transferred assets and liabilities was offset against the group equity. On the contrary, the capital reserve was increased by 516 k EUR (previous year: 1,278 k EUR) due to the presentation of stock option plans.

The development of capital reserves is shown in the consolidated statement of changes in equity.

Share option program

REpower Systems SE had two share option programs in the reporting period. No further option rights were issued in the period under review.

The programs that were initiated in the 2007 and 2008/09 fiscal years grant the beneficiaries the right to acquire one share per option at a set strike price. Cash settlement is not permitted. The options can be exercised during an agreed period within a term of five years, but only starting from two years after they are granted (blocking period).

The strike price of the share option program launched in 2007 (2007 option program) is 112.20 EUR. The share options granted in fiscal 2008/09 (2008 option program) have a strike price of 165.00 EUR.

In February 2011, the majority shareholder AE Rotor Holding B.V. made a voluntary offer to all bearers of options from the 2007 option program of 28.00 EUR per option for them to waive their exercise rights. The majority of offer was not settled until April 2011. As a result, a total of 99,936 options under the 2007 program expired in fiscal 2011/12.

As part of the entry in the company's commercial register of the squeeze-out resolved by the Annual General Meeting on September 21, 2011, the shares of REpower Systems SE were delisted on November 9, 2011. As explained in more detail in the transfer report to the Annual General Meeting of the company, it has no longer been possible to exercise share options or to have such shares delivered since the squeeze-out resolution was entered in the commercial register. In light of this, AE-Rotor Holding B.V. made a voluntary offer to all bearers of options from the 2007 option program to pay the difference between the stipulated squeeze-out cash settlement per REpower share (142.77 EUR) and the strike price of the options (112.20 EUR) of 30.57 EUR per option as compensation. Acceptance of the offer was voluntary and also entailed waiving option rights from the 2007 program. As a result of this offer, a total of 16,794 options from the 2007 program expired in fiscal 2011/12.

Options issued in fiscal 2008/09 can only be exercised on condition that the EBIT margin in fiscal 2008/09 is at least 6.3% or the EBIT margin in fiscal 2009/10 is at least 8.4%. In order to reflect the long-term nature of the option program, the options are to be exercised in the following tranches: a maximum of 50% of the option rights can be exercised after the legally prescribed holding period of two years from the issue date of the option rights, a further 25% three years after the issue date and a further 25% four years after the issue date.

As part of the delisting, compensation was calculated for the beneficiaries of the 2008 option program using the program's basis of calculation. Based on these calculations, there was no compensation. The option rights are therefore reported as settled.

In fiscal 2011/12, the company recognized staff costs from share-based payments totaling 516 k EUR (previous year: 1,278 k EUR).

4.6.3 Non-controlling interests

Non-controlling interests relate to the shares held by third parties in German and international Group companies. These include shares held by minorities in REpower North (China) Ltd. and REpower Diekat S.A. in fiscal 2011/12 as well as additionally in PowerBlades GmbH in the previous fiscal year.

5 Notes to the income statement

5.1 Revenue

In the fiscal years 2011/12 and 2010/11, the operations of companies of the REpower Systems Group related almost exclusively to the development and manufacture of wind turbines and wind turbine projects.

	2011/12	2010/11
	k EUR	k EUR
Revenue from the sale of wind turbines	1,549,967	1,116,639
Service/maintenance and material sales	92,697	81,784
License revenues	4,973	7,530
Electricity revenues	1,648	1,597
Other	25,276	8,552
	1,674,561	**1,216,102**

Contract revenue of 1.546.367 k EUR was recognized in accordance with IAS 11 (previous year: 1,095,943 k EUR). This is reported under revenue from the sale of wind turbines.

5.2 Other operating income

Other operating income breaks down as follows:

	2011/12	2010/11
	k EUR	k EUR
Income from the reversal of provisions	15,460	113
Currency translation gains	15,602	9,876
Insurance payments/compensation	11,185	8,198
Income from hedging transactions	9,308	935
Income from the reversal of bad debt allowances	5,516	2,564
Investment subsidies, research and development subsidies	1,012	1,590
Gains on the disposal of non-current assets	44	64
Income from the Blockland sale	0	1,483
Gains on the sale of WEL assets	0	1,339
Income from Portugal first-time consolidation	0	5,667
Income from early terminated hedge accounting	0	4,680
Other	2,892	1,635
	61,019	**38,144**

5.3 Staff costs

	2011/12	2010/11
	k EUR	k EUR
Wages and salaries	131,177	98,539
Social security contributions	23,388	19,812
	154,565	**118,351**

The average number of employees for fiscal 2011/12 was 2,508 (previous year: 2,132)

5.4 Other operating expenses

Other operating expenses break down as follows:

	2011/12	2010/11
	k EUR	k EUR
Payment transaction costs/currency translation losses	21,291	16,371
Purchased services	19,517	12,880

Legal and consulting costs	16,991	19,584
Travel expenses	14,207	10,325
Office and land costs	13,601	10,764
Write-offs/write-downs of receivables	10,812	6,759
IT & telecommunication costs	8,457	5,869
Administration costs	7,590	3,828
Costs of training and appointing staff	7,270	5,820
Compensation for loss of production	7,054	4,447
Vehicle costs	6,766	6,860
Warranty expenses	5,527	9,893
Repairs and maintenance	3,959	4,215
Advertising and trade fair expenses	3,247	3,653
Operational needs	3,081	1,943
Insurance costs	2,559	1,284
Other fees and charges	2,512	995
Representation/Investor Relations expenses	1,289	1,025
Other	12,629	6,188
	168,359	**132,703**

5.5 Net finance costs and income from investments

Net finance costs and income from investments are composed as follows:

	2011/12	2010/11
	k EUR	k EUR
Interest and similar financial income		
Other interest and similar income	2,978	6,722
Income from other loans and securities	0	4
	2,978	**6,726**
Interest and similar financial expenses		
Other interest and similar expenses	−12,876	−11,451
Write-downs on financial assets	−508	0
	−13,384	**−11,451**
Interests in from joint ventures	**80**	**−360**
Net finance costs	**−10,326**	**−5,085**

5 Notes to the income statement

Borrowing expenses largely relate to warranty commission and interest on loans taken out by the company.

In total 374 k EUR of other interest and similar expenses relates to the share of transaction costs for the conclusion of the new syndicated credit facility which are allocated to the month of March 2012. The other transaction costs have been deferred over the term of the credit facility.

The interest in joint ventures amounts to 80 k EUR (previous year: −275 k EUR) results from RETC.

6 Contingent liabilities and other financial obligations

	2012/03/31	2011/03/31
	k EUR	k EUR
Other financial obligations		
Obligations from leases and rental contracts		
Due within one year	11,208	18,553
Due between 1 and 5 years	50,323	44,804
Due in more than 5 years	242,051	240,243
	303,582	**303,600**
Contingent liabilities		
Land charges	49,745	49,745

On February 29, 2012 REpower Systems SE signed a new syndicated loan replacing the syndicated loan from May 26, 2009. Also for the new syndicated loan rights were secured from registered patents and patent applications of REpower Systems SE.

All leases at REpower Systems SE and the companies included in the scope of consolidation are operating leases. Lease payments are recognized directly in profit or loss on a straight-line basis over the term of the lease.

Obligations from leases and rental contracts relate primarily to obligations for the rental of office and warehouse space. Expenses of 14,771 k EUR (previous year: 9,810 k EUR) were recognized for leases and rental contracts in fiscal 2011/12.

In fiscal 2011/12, there were also three shipping charter agreements for offshore systems that will be renegotiated at end of the year under review and into the next fiscal year. The contracts each have a term of at least 10 years. The first charter is likely to come into effect on February 28, 2014. Together, the charter contracts are likely to result in charter fees of 27.7 m EUR. Advance payments of 3.7 m EUR (previous year 650 k EUR) were already made in fiscal 2011/12.

As of the end of the reporting period, REpower Systems SE reported land charges of 49.7 m EUR. The utilization of the contingent liabilities is considered unlikely.

As of the end of the reporting period, the company had purchase commitments of around 944.0 m EUR (previous year: 484.5 m EUR) for inventories and around 7.7 m EUR (previous year: 6.3 m EUR) for property, plant and equipment.

7 Financial risks and financial instruments

7.1 Principles of risk management

With regard to its assets, financial liabilities and planned transactions, REpower Systems SE is subject to risks arising from changes in raw materials and purchase prices, exchange rates, interest rates and share prices. The aim of financial risk management is to limit these market risks through ongoing operating and financially oriented activities. To this end, specific hedging instruments are employed depending on the assessment of the respective risk. Risks are only hedged if they affect the Group's cash flow. Derivative financial instruments are only employed in exceptional circumstances to hedge exchange rate risks, particularly those relating to customer contracts, and are not used for trading or other speculative purposes.

The principles of financial policy are agreed on an annual basis by the Executive Board and monitored by the Supervisory Board. The implementation of financial policy and ongoing risk management is the responsibility of Group Treasury with the involvement of Group Controlling. Certain transactions require the prior consent of the Executive Board, which is also regularly informed of the scope and amount of the current risk exposure. Treasury considers the effective management of financial instruments and market risks as one of its main functions. In order to assess the effects of different events on the market, simulation calculations are performed using various worst-case and market scenarios.

7.2 Information on the nature and extent of risks associated with financial instruments

Primary financial instruments classified as assets in accordance with IFRS 7 include receivables and other assets, provided that they are based on a contract, and cash and cash equivalents. Primary financial instruments classified as liabilities in accordance with IFRS 7 include all sub- groups of liabilities with the exception of provisions, deferred income and deferred taxes and income tax liabilities. Furthermore, those items which are not based on a contract are not included. Derivatives are only employed to a limited extent. Credit and default risk is constantly monitored. Before entering into purchase and delivery contracts, the Group checks the customer's credit rating using a standardized credit check process including the evaluation of information from external rating agencies and credit agencies and the analysis of financial information, and requests the provision of corresponding collateral. The result of the credit check process is documented for each customer. The credit and default risk of financial assets is limited to a maximum of the amounts reported on the asset side of the consolidated statement of financial position. There is no material concentration of default risks within the Group.

Exchange rate risks only exist insofar as deliveries are made to countries outside the euro zone or cross-border deliveries are made from such countries. Risks within the meaning of IFRS 7 arise from financial instruments that are denominated in a currency other than the functional currency and that are of a monetary nature; exchange rate differences arising from the translation of financial statements into the Group currency are not included.

IFRS 7 requires the performance of a currency sensitivity analysis showing the effects of hypothetical changes in relevant risk variables on earnings and equity. Foreign currency sensitivity is calculated for primary monetary financial instruments (cash and cash equivalents, trade receivables and payables, other assets and other liabilities) by simulating a 10% increase or decrease in the value of all foreign currencies against the functional currency.

The simulated appreciation or depreciation of the relevant currencies would have affected the financial statements as of March 31, 2012 as follows:

Currency risk

2012/03/31	USD	AUD	CAD
Sensitivity analysis—Total			
Exchange rate +10%	11,817,733	362,541	−10,152,793
Profit impact in EUR	1,898,820	−36,254	2,094,546
Exchange rate −10%	2,209,320	443,106	−15,508,154
Profit impact in EUR	−4,838,052	44,311	−2,560,000

2011/03/31	USD	AUD	CAD
Sensitivity analysis—Total			
Exchange rate +10%	25,535,290	13,525,009	13,518,888
Profit impact in EUR	−4,693,915	−1,352,501	−1,165,605
Exchange rate −10%	35,438,457	16,530,567	15,971,418
Profit impact in EUR	4,132,266	1,653,057	1,424,628

For reasons of materiality, the table deals with the foreign currencies USD, AUD and CAD. Derivatives relate to financial instruments which are undesignated hedges. Foreign exchange volatility impacts derivatives on the basis of nominal values.

Regarding foreign currency hedges, the fair value of financial instruments used in cash flow hedges would decrease by 15,645 k EUR (previous year: 15,986 k EUR) if the foreign currency (USD) appreciated by 10% against the functional currency. In this case the fair value of the financial instruments used in cash flow hedges shall be allocated to equity in full (decrease). The fair value of the financial instruments would increase by 12,638 k EUR (previous year: 15,006 k EUR) if the foreign currency depreciated by 10%. In this case, the increased fair value of the financial instruments is allocated in full to equity (increase).

At REpower Systems SE, exchange rate risk primarily arises from operating activities when contracts are concluded in a functional currency other than the EUR. The primary risks are in connection with the currency pairs EUR/USD, EUR/CAD and EUR/AUD and. The recording and measurement of the potential risk from transactions and payments in foreign currency is performed centrally by Treasury and is ensured by way of direct reporting by the companies and divisions affected. The natural hedge approach is applied in order to harmonize global cash flows. Payments made and received in the same currency are offset and the net exposure is calculated for each foreign currency.

The risk position per currency measured in this manner is monitored and managed by the Treasury. Hedges are concluded to limit this risk. Exchange rate risks in the company's operating activities are hedged using forward exchange contracts, currency swaps, currency options and derivatives.

Transacting or holding such contracts for trading or speculation purposes is not permitted. For derivative financial instruments that do not fulfill the requirements for hedge accounting are recorded as "Held for Trading".

Liquidity risk

Liquidity risk is monitored as part of rolling liquidity planning. Financing is provided mainly through advance payments for projects from customers. Payments made and received are monitored continuously as part of liquidity planning. As of March 31, 2012, unutilized guarantee facilities totaled 371,515 k EUR (previous year: 126,823 k EUR) and unutilized cash facilities totaled 23,767 k EUR (previous year: 94,350 k EUR). These facilities were mainly provided under the new syndicated loan with a term until August 2014.

The following table shows the contractually agreed, undiscounted interest and principal payments for the REpower Group's primary financial liabilities and derivative financial instruments with a negative fair value. Interest rate derivatives are included at their net cash flow, while currency derivatives are listed as cross-settlement derivatives. Derivatives with positive fair values constitute assets, and hence are not included.

7 Financial risks and financial instruments

Maturity of financial liabilities

	Carrying amount as of 2012/03/31	Cash flows up to 1 year	Cash flows between 1 and 5 years	Cash flows more than 5 years
	k EUR	k EUR	k EUR	k EUR
Short-term loans and current portion of long-term loans	9,060	11.255	0	0
—thereof redemption payments		9.060	0	0
—thereof interest payments		2.195	0	0
Trade accounts payable	370,157	370,157	0	0
Liabilities from joint ventures	4,181	4,181	0	0
Derivatives held for trading	1,477	1,038	439	0
Derivatives classified as hedging instruments	1,203	1,000	203	0
Long-term loans	39,018	0	34,849	9,394
—thereof redemption payments		0	30,237	8,781
—thereof interest payments		0	4,612	613
Other financial liabilities	27,996	14,659	13,337	0
Total	**453,092**	**402,290**	**48,828**	**9,394**

	Carrying amount as of 2011/03/31	Cash flows up to 1 year	Cash flows between 1 and 5 years	Cash flows more than 5 years
	k EUR	k EUR	k EUR	k EUR
Short-term loans and current portion of long-term loans	5,615	7,515	0	0
—thereof redemption payments		5,615	0	0
—thereof interest payments		1,900	0	0
Capital from profit participation rights	10,000	10,066	0	0
Trade accounts payable	234,084	234,084	0	0
Liabilities from joint ventures	163	163	0	0
Derivatives held for trading	1,203	1,079	124	0
Long-term loans	50,870	17,313	26,440	15,251
—thereof redemption payments		15,889	20,996	13,985
—thereof interest payments		1,424	5,444	1,266
Other financial liabilities	22,205	13,254	8,951	0
Total	**324,140**	**283,474**	**35,515**	**15,251**

This table does not contain any budgeted figures, but rather only those financial instruments held as of March 31, 2012 and March 31, 2011 for which the Group had entered into contractual agreements on the corresponding payments. Foreign currency amounts are converted using the closing rate. The currency derivatives held for trading will be settled gross.

No financial assets were pledged as collateral as of March 31, 2012 or March 31, 2011.

As in the previous year, two interest rate swaps for the cash loan at variable rate as part of the syndicated loan valid until the end of February 2012 were concluded in the amount of 20,000 k EUR each. These will expire in May 2012. No new interest rate hedges were entered into as the new cash loan facility is not expected to be utilized.

The other financial liabilities mainly concern purchase price liabilities regarding the acquisition of shares in the Portuguese subsidiaries in the previous fiscal year.

Interest rate risk

The interest derivatives concluded have the following fair values as of March 31, 2012, including accrued interest which was calculated by mark- to-market in k EUR:

Product	Nominal	Maturity	Fixed interest rate/strike	Reporting date measurement

	k EUR			k EUR
Cap	180	2013/06/28	5.000	0
Swap	20,000	2012/05/28	1.890	−50
Swap	20,000	2012/05/28	1.875	−49
Swaption	12,143	2012/12/27	1.423	2

Due to materiality considerations, sensitivity analysis is only performed for material items:

Sensitivity analysis interest rate swaps

Product	Nominal	Fixed interest rates	Maturity	Reporting date measurement	Scenario + 100 BP	Scenario −100 BP
	k EUR			k EUR	k EUR	k EUR
Swap	20,000	1.890	2012/05/28	−50	16	−66
Swap	20,000	1.875	2012/05/28	−49	15	−65
Swaption	12,143	1.423	2012/12/27	2	50	0

Within the Group, interest rate changes result in an increase or decrease in the interest expense for variable-interest loans and overdrafts. In addition to the interest rate derivatives shown in the table, no interest risks are currency hedged. Overall, the company does not have any material assets or liabilities that are sensitive to interest rates.

The recording and measurement of the potential risk from external financing is performed centrally by Treasury and is ensured by way of direct reporting by the responsible employees. The interest rate risk positions calculated in this manner are monitored and controlled by Treasury. Hedges are concluded to limit this risk. Interest rate risks are hedged using interest rate swaps, interest rate caps and derivatives. Transacting or holding such contracts for trading or speculation purposes is not permitted.

Financial derivatives

As part of the disclosure of market risks, IFRS 7 requires the disclosure of information on how hypothetical changes in risk variables would affect the price of financial instruments. In particular, these risk variables include purchase prices for components and share or index prices. The material market risk from component price development is offset by time- or volume-based contracts with suppliers or by the direct participation of suppliers in joint ventures.

The following table shows the carrying amounts and nominal volumes of financial derivatives as of March 31, 2012 and March 31, 2011:

	2012/03/31		2011/03/31	
Financial derivatives	Carrying amount	Nominal volume	Carrying amount	Nominal volume
	k EUR	k EUR	k EUR	k EUR
Assets				
Interest rate caps				
not used in hedges	0	180	0	300
used in cash flow hedges	0	0	0	0
Interest rate swaps				
not used in hedges	2	12,143	0	0
used in cash flow hedges	0	0	0	0
Currency swaps				
not used in hedges	367	35,330	436	15,319
used in cash flow hedges	0	0	0	0
Forward exchange contracts				
not used in hedges	0	0	0	0
used in cash flow hedges	1,065	64.742	3,917	164,276
Currency option transactions				
not used in hedges	98	28.000	0	0
used in cash flow hedges	0	0	0	0
Liabilities				
Interest rate swaps				
not used in hedges	99	40,000	152	40,808
used in cash flow hedges	0	0	0	0
Currency swaps				
not used in hedges	939	53,486	1,051	26,806

used in cash flow hedges	0	0	0	0
Forward exchange contracts				
not used in hedges	0	0	0	0
used in cash flow hedges	1,203	76,276	0	0
Currency option transactions				
not used in hedges	439	0	0	0
used in cash flow hedges	0	0	0	0

The effective portion of the income effect of changes in the fair value of financial derivatives used in cash flow hedges is taken directly to equity. The effective portion of the changes in the value of derivative financial instruments taken directly to equity in the period under review amounted to −2,878 k EUR (previous year: −987 k EUR).

In the period under review in total 184 k EUR was transferred from equity to profit and loss in cash flow hedge accounting. It is recorded under the position "Other operating income" in the income statement.

No amounts were transferred from equity to profit and loss owing to termination of hedge accounting. No amounts were transferred from equity to the cost of non-financial assets for hedged planned transactions (basis adjustment) in the year under review.

The ineffective portion of the change in the fair value of hedging instruments amounted to 15 k EUR (previous year: 10 k EUR). This amount was reported in the income statement under "Other operating income".

The following table shows the development in the carrying amounts of cash flow hedges and when they will be recognized in profit or loss:

Occurrence and recognition in profit or loss	Carrying amount	up to 1 year	between 1 and 5 years	more than 5 years
	k EUR	k EUR	k EUR	k EUR
2012/03/31				
Forward exchange contracts				
Assets	1,065	1,065	0	0
Liabilities	1,203	1,000	203	0
2011/03/31				
Forward exchange contracts				
Assets	3,917	3,478	439	0
Liabilities	0	0	0	0

7.3 Information on the significance of financial instruments for the consolidated financial statements

Based on the relevant consolidated statement of financial position items, the relationships between the classification of financial instruments in accordance with IFRS 7 and the carrying amounts of the financial instruments are shown in the following tables. Cash and cash equivalents not allocated to any IAS 39 category are also shown. The carrying amounts of the financial assets measured at fair value correspond to their market values.

	Category*	2012/03/31 Carrying amount	2011/03/31 Carrying amount
		k EUR	k EUR
Cash and cash equivalents	n.a.	272,212	320,447
Gross amount due from customers for contract work	L+R	330,707	199,895
Trade accounts receivable	L+R	104,488	72,422
Receivables from joint ventures	L+R	16	6
Loans granted	L+R	19,385	7,162
Advance payments for project financings	L+R	12,261	3,341
Other financial assets—miscellaneous	L+R	3,159	6.347
Other financial assets—loans	L+R	58	9,006
Other financial investment	L+R	87	1,769
Receivables from related parties	L+R	5,241	614
Total L&R	**L+R**	**747,614**	**621,009**
Other financial assets—derivatives	HFT	467	436
Other financial assets—derivatives used in hedge accounting	n.a.	1,065	3,917

* L&R: loans and receivables

HFT: Held for Trading

Liquid funds, amounts due from customers for contract work, trade accounts receivable, receivables from joint ventures and other financial assets predominantly have a term of twelve months. Therefore their carrying amounts as of the end of the reporting period are approximately their fair values.

The fair values of non-current receivables correspond to the present value of the payments associated with these assets, taking into account the current parameters reflecting changes in conditions and expectations due to market- and partner-related developments.

Financial liabilities are shown in the following table:

	Category*	2012/03/31 Carrying amount	2011/03/31 Carrying amount
		k EUR	k EUR
Trade accounts payable	OL	370,157	234,084
Liabilities from associates and joint ventures	OL	4,181	163
Capital from profit participation rights	OL	0	10,000
Long-term loans	OL	39,018	50,870
Short-term loans	OL	9,060	5,615
Other non-current financial liabilities	OL	13,337	8,951
Other current financial liabilities	OL	17,339	19,236
Total OL	**OL**	**453,092**	**328,919**

* OL Other liabilities

The fair value of bank liabilities and other financial liabilities mainly correspond to the present values of the payments connected to liabilities applying the respective interest rate structure and taking into account the credit spread. This mainly concerns fixed-rate mortgage loans for the construction projects in Bremerhaven, Osterrönfeld and in the Portuguese production companies.

Due to the short term of trade accounts payable and other financial liabilities, it is assumed that their carrying amounts and fair values are identical.

The following table provides a breakdown of financial assets and financial liabilities carried at fair value at the end of the reporting period in terms of their relevance for the input data required for measurement. This implies a differentiation between values observable on active markets (level 1), observable input data based on a fair value measurement model (level 2) and input data not based on observable market data:

2012/03/31	Carrying amount	Level 1	Level 2	Level 3
	k EUR	k EUR	k EUR	k EUR
Assets carried at fair value				
Financial assets at FV through profit or loss	0	0	0	0
Held for trading (HFT)	467	0	467	0
Derivative financial instruments used in hedges	1,065	0	1,065	0
Total assets	**1,532**	**0**	**1,532**	**0**
Liabilities carried at fair value				
Held for trading (HFT)	1,477	0	1,477	0
Derivative financial instruments used in hedges	1,203	0	1,203	0
Total liabilities	**2,680**	**0**	**2,680**	**0**

2011/03/31	Carrying amount	Level 1	Level 2	Level 3
	k EUR	k EUR	k EUR	k EUR
Assets carried at fair value				
Financial assets at FV through profit or loss	0	0	0	0
Held for trading (HFT)	436	0	436	0
Derivative financial instruments used in hedges	3,917	0	3,917	0
Total assets	**4,353**	**0**	**4,353**	**0**
Liabilities carried at fair value				
Held for trading (HFT)	1,203	0	1,203	0

Derivative financial instruments used in hedges.....	0	0	0	0
Total liabilities.....	**1,203**	**0**	**1,203**	**0**

7 Financial risks and financial instruments

Net gains and losses on loans and receivables consist primarily of results from write-downs and reversals thereof. With regard to write-downs, please see the notes on trade receivables (4.1.3.) and other current assets (4.1.7.). The net results of write-downs and reversals thereof are primarily reported in other operating expenses.

The following table shows the net gains and losses for each measurement category:

	Net gain/loss	
	2011/12	2010/11
	k EUR	k EUR
Loans and receivables (L&R)	−6,062	3,662
Financial instruments held for trading (HFT)	−1,010	−767
Total	**−7,072**	**2,895**

As part of the recognition of changes in the value of available-for- sale financial assets directly in equity, no remeasurement gains or losses were taken directly to equity in fiscal 2011/12 or in the previous year. Accordingly, no gains or losses were transferred from equity to profit or loss in either of these periods.

For information on the provision of collateral, please refer to note 4.1.3.

REpower Systems has received collateral amounting to 1,986,070 k EUR (previous year: 1,279,530 k EUR); this represents the fair value of the collateral, which primarily relates to standard industry guarantees from third parties for obligations of customers and suppliers for which REpower has carried out preliminary work or made advance payments.

8 Capital management

The aim of the Group's capital management is to ensure that it maintains a good equity ratio and a high credit rating in order to support its business activities and maximize shareholder value. This is especially significant in the context of growth targets.

REpower Systems SE has a balanced capital structure. Equity covers non- current assets by more than 100%. The company is not subject to any statutory capital requirements.

The Group monitors its capital on the basis of the equity ratio, this being the ratio of the equity reported in the IFRS consolidated financial statements to total assets. Another figure used in capital management is net working capital or the net working capital ratio. Net working capital is calculated as follows: current assets (adjusted for liquid funds) minus current liabilities (adjusted for provisions). To calculate the net working capital ratio, this net figure is compared with the total operating performance for the last 12 months.

9 Notes to the consolidated statement of cash flows

In accordance with IAS 7, the consolidated statement of cash flows is classified into the areas operating activity, investing activity and financing activity. The cash and cash equivalents shown in the statement of cash flows contain cash and bank balances. Short-term bank liabilities are deducted.

Cash and cash equivalents break down as follows:

	2011/12	2010/11
	k EUR	k EUR
Cash and cash equivalents at the beginning of the period		
Cash and cash equivalents	320,448	215,856
Less short-term bank liabilities	−15,615	−4,137
Cash and cash equivalents reported "Assets of disposal group of classified as held for sale" in the statement of financial position	6,460	0
Total	**311,293**	**211,719**
Cash and cash equivalents at the end of the period		
Cash and cash equivalents	272,212	320,448
Less short-term bank liabilities	−9,060	−15,615

Cash and cash equivalents reported "Assets of disposal group of classified as held for sale" in the statement of financial position	1,095	6,460
Total	**264,247**	**311,293**

The indirect method was used to calculate the cash flow from operating activities. The statement of cash flows starts with net income for the year before taxes. The cash outflows from interest and taxes were allocated to ongoing business activity and recognized separately there.

The cash flow from investing activities is composed of payments for investments in intangible assets and property, plant and equipment and receipts from disposals of non-current assets.

As part of the acquisition of shares in subsidiaries, a purchase price totaling 3,000 k EUR was settled through cash and cash equivalents. As part of the acquisition, cash and cash equivalents amounting to 8 k EUR were transferred through the inclusion of the company in the consolidated group.

10 Related parties disclosures

Related parties and companies of the Repower Systems Group according to IAS 24 mainly constitute shareholders, subsidiaries (provided that they are not consolidated), associated companies and joint ventures including their families or interposed companies. Furthermore, also subsidiaries of associated companies are defined as related parties.

In addition also members of the Executive and the Supervisory Board as well as persons that hold a key position in the Management of a parent company of Repower Systems Group constitute related parties in accordance with IAS 24.

Concerning the joint venture please see section 2.2.3 of these Notes to the consolidated financial statements. The composition and Remuneration of the Executive and Supervisory Board is shown in section 11 and section 12 of these Notes to the consolidated financial statements.

In addition to business relationships with the subsidiaries included in the consolidated financial statements by means of full consolidation, there were the following business relationships with related parties.

The following transactions were concluded with the shareholder Suzlon Energy Ltd., its subsidiaries and its related parties:

10.1 REpower Systems SE transactions with Suzlon Energy Ltd. and / or affiliated companies of Suzlon Energy Ltd.

Company	Content	Services / Goods obtained 2011/12	Services / Goods delivered 2011/12	Receivables 2012/03/31	Liabilities 2012/03/31
		EUR	EUR	EUR	EUR
Suzlon Energy Ltd./ SE Blades Ltd., India	Supply contract no. REP-027-2008 dated January 18/31, 2008 for the supply of RE45 rotor blades to REpower Systems AG and other Group companies in the period from 2008 to 2011 with a volume of around 77 m EUR.	6,437,956	—	920,000 (Prepayments)	—

	The contract was prolonged and transferred onto Suzlon Composites which was renamed to SE Blades. Orders in 2011/12: 6,535 k EUR				
Suzlon Energy Ltd., India/ SE Drive Technik GmbH, Bochum	Joint venture agreement dated February 6, 2008 on cooperation in the area of common fundamental research and training on wind energy topics (RETC)	Not applicable.			
RETC Renewable Energy Technology Center GmbH, Hamburg	The services obtained by REpower relate to certain project orders.	2,182,822	245,754	—	3,234
Suzlon Energy Ltd., India	The Services delivered essentially relate to rent payments. Transfer of consulting expenses incurred in connection with the preparation of limited reviews and other services in fiscal year 2011/12 as well as in the previous years	—	55,883	191,262	—
Suzlon Wind Energy Corporation, USA	Sales agency agreement dated January 11, 2011 between REpower and Suzlon. Suzlon supports REpower in marketing its wind turbines (MM82, MM92, 3.XM series) in the USA and by amendment to the agency agreement also in Canada (excluding the Quebec region).	No transactions under this contract in fiscal year 2011/12.			

Suzlon Energy Australia Pty. Ltd., Australia.....	Agency agreement dated January 11, 2011 between REpower and Suzlon. Suzlon supports REpower in marketing its wind turbines (MM82, MM92, 3.XM series) in Australia	No transactions under this contract in fiscal year 2011/12.			
Suzlon Energy Australia Pty. Ltd., Australia.....	Consultancy Services Agreement dated February 28, 2011: Utilization of Suzlon Australia services related to tender preparation or project management	No transactions under this contract in fiscal year 2011/12.			
SE Forge Ltd., India.....	Supply agreement concerning hubs and main frames for MM92 turbines, Orders in 2011/2012: 1,029 k EUR	20,826	—	—	—
SE Electricals Ltd.	Advance Payment of costs for the produc-tion ramp-up of the facility in Padubidri, India	—	—	150,000 (Prepayments)	—
SE Electricals Ltd.	Supply agreement for generators, orders in 2011/12: 925 k EUR	51,000	—	—	51,000
Suzlon Wind International Ltd.	Job Order for production of nacelles and hubs in Padubidri, India, and Supply agreement (several orders) about nacelle covers, spinners, smaller composite parts, including rework, and 24 sets of Top/Bottom Boxes	1,928,742	—	—	782,493

10.2 Transactions between subsidiaries of REpower Systems SE and/or affiliated companies of Suzlon Energy Ltd.

10.2.1 REpower Australia Pty Ltd., Melbourne, Australia

Company	Content	Services / Goods obtained 2011/12	Services / Goods delivered 2011/12	Receivables 31.3.2012	Liabilities 31.3.2012
		EUR	EUR	EUR	EUR

Suzlon Energy Australia Pty. Ltd., Australia (SEA)	Facilities and Service Agreement: RECA supports SEA within the area of Service and Maintenance, Contract dated October 5, 2011 (Cost plus Margin (3%))	7,381,941	23,583,451	4,181,542	4,677,379

With a contract dated October 1, 2011 the acquisition of Renewable Energy Contractors Australia Pty.Ltd (RECA) by REpower Energy Australia Pty Ltd (REPA) was conducted in two steps. In a first step through an asset sale parts of the assets and employees of Suzlon Energy Australia Pty Ltd (SEA) were transferred to RECA, which at that point was still a 100% subsidiary of AE Rotor Holding B.V. (AE Rotor). In an immediately following second step through a share-sale the equity of RECA was sold to REPA from AE Rotor for a prive of 3.000.000 EUR. At March 31, 2012 the purchase price liability had been settled completely.

For existing service- and maintenance contracts the SEA stays contractor for its customers. For this reason a facilities and services agreement has been closed between SEA and RECA. RECA will provide SEA with certain equipment and personnel to enable SEA to perform its obligations under service and maintenance as well as deliver support with wind farm development projects. Please find further details in the table above.

10.2.2 REpower USA Corp., Denver, U.S.A.

Company	Content	Services / Goods obtained 2011/12	Services / Goods delivered 2011/12	Receivables 2012/03/31	Liabilities 2012/03/31
		EUR	EUR	EUR	EUR
Suzlon Wind Energy Corporation, USA.....	Consultancy Services Agreement dated January 2012 concerning project management in the USA	622,597	—	—	44,218
Suzlon Rotor Corp., USA	Payments from Suzlon to REpower for provided workforce	—	9,755 EUR	—	—

10.2.3 REpower Systems Northern Europe A/S (formerly Renewable Energy Contractors A/S), Aarhus, Denmark

Company	Content	Services / Goods obtained 2011/12	Services / Goods delivered 2011/12	Receivables 2012/03/31	Liabilities 2012/03/31
		EUR	EUR	EUR	EUR
Suzlon Wind Energy A/S, Denmark....	Recruitment of staff previously working for Suzlon Wind Energy A/S: Adoption of claims earned within the scope of vacation entitlements, in return REpower received a credit note.	—	492,353	492,353	—

10.2.4 REpower North (China) Ltd., Baotou, PR China

On the basis of the blades supply contract between REpower North (China) Ltd. and Suzlon Energy Ltd. dated November 1, 2007 concerning RE40 blades, no blades were supplied to REpower Group in fiscal year 2008/09. The blade supplies committed for 2008 on the basis of this contract therefore had to be purchased by the REpower Group on the European market from other blade suppliers. However, the contract prices and conditions agreed with Suzlon could not be met and additional transport costs were incurred. The additional expenses of 7.73 m EUR were transferred from REpower North (China) Ltd., Baotou, China to Suzlon Group during the previous fiscal year. An agreement with Suzlon Group has been set up during the reporting period which considers interest expenses. The total amount of 8.30 m EUR shall be balanced within the next five years. The claim is disclosed as discounted non-current receivables of 7.87 m EUR (previous year: 7.60 m EUR) in the consolidated financial statements of REpower Systems SE for fiscal year 2011/12.

10.3 Transactions with related parties/affiliated companies in fiscal year 2010/11

Company	Contents	Volume
Suzlon Energy Ltd.	Supply contract dated November 1, 2007 for the supply of RE40 rotor blades to REpower Systems AG and other Group companies in the period from 2008 to 2010 with a volume of around 62 m EUR	No transactions under this contract in FY 2010/11
Suzlon Energy Ltd.	Supply contract dated January 18/31, 2008 for the supply of RE45 rotor blades to REpower Systems AG and other Group companies in the period from 2008 to 2011 with a volume of around 77 m EUR	No transactions under this contract in FY 2010/11
Suzlon Energy Ltd./ SE Drive Technik GmbH..	Joint venture agreement dated February 6, 2008 on cooperation in the area of common fundamental research and training on wind energy topics	No transactions under this contract in FY 2010/11
Suzlon Energy Ltd.	Transfer of consulting expenses incurred in connection with the preparation of limited reviews and other services in fiscal year 2010/11	243,622 EUR

Suzlon Wind Energy Corporation, USA.....	Agency agreement dated January 11, 2011 between REpower and Suzlon. Suzlon supports REpower in marketing its wind turbines (MM82, MM92, 3.XM series) in the USA and in addition to this also in Canada (excluding Quebec region)	No transactions under this contract in FY 2010/11
Suzlon Energy Australia Pty. Ltd., Australia.....	Agency agreement dated January 11, 2011 between REpower and Suzlon. Suzlon supports REpower in marketing its wind turbines (MM82, MM92, 3.XM series) in Australia	No transactions under this contract in FY 2010/11
Hansen Transmission International NV.....	Contract dated September 8, 2009 on the supply of MM gearboxes and 6M gearboxes to REpower Systems AG and other Group companies in the period from 2010 to 2014 with a volume of approx. EUR 211 million MM gearboxes and approx. EUR 64 million 6M gearboxes	3,138,119 EUR
Hansen Transmission International NV.....	Term sheet to assure the supply of gearboxes from the Indian production facility of Hansen Tansmission International NV to REpower, Increased scope of supply	No transactions under this contract in FY 2010/11
Suzlon Energy Australia Pty Ltd.	Utilization of Suzlon Australia services related to tender preparation or project management	No transactions under this contract in FY 2010/11
SE Forge Ltd.....	Term sheet for the supply of hubs and hub patterns for mainframes of REpower MM82 and MM92 turbines	No transactions under this contract in FY 2010/11

11 Information on the executive bodies of REpower Systems SE, Hamburg

The following are or were appointed as members of the Supervisory Board:

- Mr. Tulsi R. Tanti, Pune, India (Chairman)
- Dr. Christof Maria Fritzen, Kronberg/Taunus (Deputy Chairman until December 2011)
- Mr. Girish Tanti, Pune, India (Deputy Chairman since January 2012)
- Mr. Kirtikant J. Vagadia, Pune, India
- Mr. Frans H. J. Visscher, Bergen, Netherlands (since January 2012)
- Mr. Thomas Rex, Breydin
- Mr. Roland Fischer, Rantrum

The following are or were appointed to the Executive Board of REpower Systems SE:

- Mr. Andreas Nauen, Brande, (Chairman)
- Mr. Derrick Noe, Hamburg
- Mr. Matthias Schubert, Rendsburg
- Mr. Gregor Gnädig, Hamburg

12 Remuneration of the Supervisory Board and the Executive Board of Repower Systems SE

The remuneration of the members of the Supervisory Board was adjusted by way of resolution by the Extraordinary General Meetings on December 19 and 20, 2011.

As per the Articles of Association as amended May 31, 2011 and in accordance with the resolutions of the Extraordinary General Meetings on December 19 and 20, 2011, remuneration of 157,500 EUR (previous year: 90,000 EUR) was paid to the Supervisory Board for fiscal 2011/12.

Former members of the Supervisory Board received remuneration of 16,875 EUR in the 2011/12 reporting year (previous year: 22,500 EUR).

The actual remuneration paid to the Executive Board members in the fiscal 2011/12 was calculated and determined on the basis of the remuneration systems applicable to each Executive Board member.

The total remuneration of the Executive Board for fiscal 2011/12 amounted to 2,291,250 EUR (previous year: 3,360,312 EUR).

The 20,000 outstanding option rights held by a member of the Executive Board from the 2007 and 2008 option programs at the start of the fiscal year have been reported as forfeited/expired. This member of the Executive Board accepted the offer of compensation from the majority shareholder AE Rotor Holding B.V. For further details please see note 4.6.2 Share option program.

No remuneration was paid to former members of the Executive Board in fiscal 2011/12.

13 Information on remuneration paid to the auditor

A total expense of 312 k EUR (previous year: 310 k EUR) was recognized as the fee for the audit of the consolidated financial statements and the annual financial statements of the parent company and its subsidiaries for the past fiscal year. In addition, fees totaling 704 k EUR (previous year: 113 k EUR) were agreed in the fiscal year for services other than the audit of these companies. In total 137 k EUR (previous year: 0 EUR) of this related to tax advisory services and 567 k EUR (previous year: 113 k EUR) to other services.

14 Significant events after the end of the reporting period

Derrick Noe, CFO of REpower Systems SE, left the Executive Board of REpower Systems SE by mutual arrangement effective April 19, 2012.

Furthermore, the company announced that Gregor Gnädig, Chief Operating Officer, would leave the company at the end of May.

The consolidated financial statements were prepared on May 18, 2012 and thereby submitted to the Supervisory Board for approval. The consolidated financial statements will be presented to the Supervisory Board for approval in the Supervisory Board meeting on May 24, 2012.

Hamburg, May 18, 2012

The Executive Board

Andreas Nauen (CEO) Matthias Schubert (CTO) Gregor Gnädig (COO)

Notes to the consolidated financial statements fiscal year 2011/12 (Continued)

Statement of consolidated fixed assets

	Acquisitions and production costs							Depreciation and amortization						Book values	
	Balance 2011/04/01	Additions	Additions from first consolidation	Reclassifications	Disposals	Exchange differences	Balance 2012/03/31	Balance 2011/04/01	Additions	Reclassifications	Disposals	Exchange differences	Balance 2012/03/31	2012/03/31	3/31/2011
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Fixed Assets															
I. Intangible assets															
1. Software and other licences	22,412,764.32	926,017.32	39,117.28	13,247,603.26	−1,316,856.04	30.80	35,308,676.94	13,243,207.12	3,715,467.03	−468,066.74	1,283,651.04	−431.51	15,206,524.86	20,102,152.08	9,169,557.20
2. Goodwill	36,349,270.00	0.00	0.00	−17,238,400.00	−241,000.00	0.00	18,869,870.00	3,237,696.00	241,000.00	0.00	241,000.00	0.00	3,237,696.00	15,632,174.00	33,111,574.00
3. Development costs	47,638,713.49	17,592,809.29	0.00	0.00	0.00	0.00	65,231,522.78	6,577,378.64	1,538,346.17	0.00	0.00	0.00	8,115,724.81	57,115,797.97	41,061,334.85
Total Intangible assets	**106,400,747.81**	**18,518,826.61**	**39,117.28**	**−3,990,796.74**	**−1,557,856.04**	**30.80**	**119,410,069.72**	**23,058,281.76**	**5,494,813.20**	**−468,066.74**	**1,524,651.04**	**−431.51**	**26,559,945.67**	**92,850,124.05**	**83,342,466.05**
II. Property, plant and equipment															
1. Land, leasehold rights and buildings, including buildings on non-owned land	103,549,313.38	1,064,845.63	428,813.93	2,865,555.51	−1,039,449.59	13,992.49	106,883,071.35	6,087,277.41	4,725,380.88	0.00	0.00	−20,475.89	10,792,182.40	96,090,888.95	97,462,035.97
2. Technical equipment, plant and machinery	61,809,375.01	18,811,246.83	1,507,122.30	8,579,522.68	−5,143,916.92	33,537.57	85,596,887.47	23,244,771.67	12,128,090.74	0.00	1,410,227.58	−12,963.35	33,949,671.48	51,647,215.99	38,564,603.34
3. Other equipment, fixtures, fittings and equipment	50,406,312.52	9,301,088.05	1,933,485.13	−3,843,355.63	−2,360,093.05	73,976.68	55,511,413.70	24,661,478.08	7,046,748.93	0.00	1,715,066.53	0.00	29,993,160.48	25,518,253.22	25,744,834.44
4. Advance payments and plant and machinery in process of construction	14,707,649.25	12,948,436.96	0.00	−7,601,722.56	0.00	2.21	20,054,365.86	1,528,503.76	1,012,529.00	0.00	0.00	0.00	2,541,032.76	17,513,333.10	13,179,145.49
Total Property, plant and equipment	**230,472,650.16**	**42,125,617.47**	**3,869,421.36**	**0.00**	**−8,543,459.56**	**121,508.95**	**268,045,738.38**	**55,522,030.92**	**24,912,749.55**	**0.00**	**3,125,294.11**	**−33,439.24**	**77,276,047.12**	**190,769,691.26**	**174,950,619.24**
Total fixed assets	**336,873,397.97**	**60,644,444.08**	**3,908,538.64**	**−3,990,796.74**	**−10,101,315.60**	**121,539.75**	**387,455,808.10**	**78,580,312.68**	**30,407,562.75**	**−468,066.74**	**4,649,945.15**	**−33,870.75**	**103,835,992.79**	**283,619,815.31**	**258,293,085.29**

Notes to the consolidated financial statements fiscal year 2011/2012

	Acquisition and production costs							Depreciation and amortization						Book values	
	Balance 01/04/2010	Additions	Additions from first consolidation	Reclassifications	Reclassifications to assets held for sale	Disposals	Balance 31/03/2011	Balance 01/04/2010	Additions	Reclassifications	Reclassifications to assets held for sale	Disposals	Balance 31/03/2011	31/03/2011	31/03/2010
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Property, plant and equipment															
1. Land, leasehold rights and buildings, including buildings on non-owned land	72,720,729	1,050,206	28,556,392	3,742,985	−2,521,000	0	103,549,313	4,029,249	2,058,028	0	0	0	6,087,277	97,462,036	68,691,480
2. Technical equipment, plant and machinery	56,606,617	30,992,748	130,629	5,171,106	0	−31,091,726	61,809,375	18,281,978	11,559,664	43,071	0	−6,639,941	23,244,772	38,564,603	38,324,639
3. Other equipment, fixtures, fittings and equipment	43,154,584	11,846,511	3,981,839	−635,427	−2,081,000	−5,860,196	50,406,312	21,801,014	5,501,549	−36,163	0	−2,604,923	24,661,478	25,744,834	21,353,570
4. Advance payments and plant and machinery in process of construction	17,811,190	7,822,155	0	−8,294,605	0	−2,631,090	14,707,649	488,822	1,039,682	0	0	0	1,528,504	13,179,146	17,322,368
Total property, plant and equipment	**190,293,120**	**51,711,619**	**32,668,861**	**−15,940**	**−4,602,000**	**−39,583,011**	**230,472,649**	**44,601,063**	**20,158,924**	**6,908**	**0**	**−9,244,864**	**55,522,031**	**174,950,619**	**145,692,057**
II. Intangible assets															
1.1. Software and other licenses	25,425,387	2,250,107	1,703	15,940	−4,405,603	−874,769	22,412,765	10,422,649	2,965,917	186,211	0	−331,570	13,243,207	9,169,558	15,002,738
1.2. Development costs	29,279,738	18,358,975	0	0	0	0	47,638,713	3,106,319	3,664,178	−193,118	0	0	6,577,379	41,061,335	26,173,419
1. Intangible assets	54,705,125	20,609,083	1,703	15,940	−4,405,603	−874,769	70,051,478	13,528,968	6,630,095	−6,907	0	−331,570	19,820,586	50,230,892	41,176,157
2. Goodwill	4,866,063	0	31,483,207	0	0	0	36,349,270	3,237,696	0	0	0	0	3,237,696	33,111,574	1,628,367
Total intangible assets	**59,571,188**	**20,609,083**	**31,484,910**	**15,940**	**−4,405,603**	**−874,769**	**106,400,748**	**16,766,664**	**6,630,095**	**−6,907**	**0**	**−331,570**	**23,058,282**	**83,342,466**	**42,804,524**
	249,864,308	**72,320,702**	**64,153,771**	**0**	**−9,007,603**	**−40,457,781**	**336,873,397**	**61,367,727**	**26,789,018**	**0**	**0**	**−9,576,434**	**78,580,312**	**258,293,086**	**188,496,581**

The following English-language translation of the German-language audit opinion (Bestätigungsvermerk) refers to the consolidated financial statements of REpower Systems SE (now Senvion SE), Hamburg, prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to Section 315a (1) HGB ("Handelsgesetzbuch", German Commercial Code), as well as the group management report, prepared on the basis of German commercial law (HGB), as of and for the financial year ended March 31, 2012 as a whole and not solely to the consolidated financial statements presented in this offering memorandum on the preceding pages.

Audit Opinion

We have audited the consolidated financial statements prepared by REpower Systems SE, Hamburg, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from April 1, 2011 to March 31, 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs (International Financial Reporting Standards) as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer ("Institute of Public Auditors in Germany") (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, May 18, 2012

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Grummer	Tuchen
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Unaudited Opening Balance

of

Blitz 14-490 GmbH

(now: Senvion Holding GmbH (formerly Rapid Holding GmbH))

as of December 17, 2014

Blitz 14-490 GmbH

Munich

Opening Balance Sheet as of December 17, 2014

ASSETS		LIABILITIES	
Bank.....	EUR 12,500.00	Share capital	EUR 25,000.00
		Outstanding payment on shares no. 1 to no. 25,000	EUR−12,500.00
	EUR 12,500.00		**EUR 12,500.00**

THE ISSUER

Senvion Holding GmbH
Überseering 10
22297 Hamburg
Germany

LEGAL ADVISOR TO THE ISSUER

As to U.S. law and English law
Weil, Gotshal & Manges LLP
110 Fetter Lane
London EC4A 1AY
United Kingdom

As to German law
Weil, Gotshal & Manges LLP
Taunusanlage 1
(Skyper)
60329 Frankfurt
Germany

LEGAL ADVISORS TO THE INITIAL PURCHASERS

As to U.S., German and English law
White & Case LLP
Bockenheimer Landstraße 20
60323 Frankfurt
Germany

TRUSTEE
Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

PAYING AGENT
Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

SECURITY AGENT
Bayerische Landesbank
Brienner Straße 18
80333 Munich
Germany

LISTING AGENT, REGISTRAR & TRANSFER AGENT
Deutsche Bank Luxembourg S.A.
2, Boulevard Konrad Adenauer
L-1115 Luxembourg

LEGAL ADVISOR TO THE TRUSTEE
White & Case LLP
5 Old Broad Street
London EC2N 10W
United Kingdom

INDEPENDENT AUDITORS TO THE COMPANY
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft
Stuttgart,
Office Hamburg
Rothenbaumchaussee 78
20148 Hamburg
Germany

SENVION