Offer to acquire shares in Arise Windpower AB (publ)

LEAD MANAGER AND BOOKRUNNER

ABG SUNDAL COLLIER

SELLING AGENTS FOR RETAIL

AVANZA BANK nordnet

Important information

This prospectus ("the Prospectus") refers to an offer to acquire shares, as described in the following, in Arise Windpower AB (publ), a Swedish public limited liability company with registered office in Laholm ("Arise Windpower", "the Company" or "the Group"). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority, Finansinspektionen, in accordance with the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (1991:980). Approval and registration by Finansinspektionen does not constitute a guarantee on the part of Finansinspektionen that the factual information contained in the Prospectus is correct or complete. The Prospectus is available in electronic format on the websites of Finansinspektionen (www.fi.se) and the Company (www.arisewindpower.se). Paper copies of the Prospectus can be obtained free of charge from the Company.

The Prospectus is not aimed at persons whose participation would necessitate additional prospectuses, registration or other measures than is provided for in Swedish law. The shares will not be offered in the United States of America or Canada or to persons domiciled in these countries. The Prospectus may not be distributed in any country where such distribution or such offer would require such measures as are described above or conflict with applicable rules in such country. Shares have not been or will not be registered under the United States Securities Act of 1933, as amended, or under the laws of any jurisdiction outside Sweden and may not be offered, transferred or sold, directly or indirectly, in the United States of America or to US persons (as defined in Regulation S of the Securities Act) other than by application of exemptions under the Securities Act. The Offer contained in this Prospectus is not aimed at persons domiciled in Canada, Hong Kong, Japan or Australia, nor to persons whose participation would necessitate additional prospectuses, registration or other measures than are provided for in Swedish law.

In case of any discrepancy between the Swedish version of the Prospectus and this English translation the first-mentioned shall apply.

Statements on future prospects are based on the Board of Directors' knowledge of current circumstances relating to the Company, market conditions and other prevailing circumstances. The statements concerned are well grounded but the reader should be aware that these statements, like all statements about future conditions, are subject to uncertainty. An investment in shares is associated with risk and risk-taking. A potential investor in the Company is therefore encouraged to carefully study all parts of the Prospectus, especially the section "Risk factors".

The Prospectus contains information obtained from third parties. Such information has been correctly reproduced and no information has, as far as the Board of Directors is aware and is able to warrant through comparisons with other information published by the third party concerned, been omitted in a way that would make the reproduced information incorrect or misleading. The figures presented in the Prospectus have in certain cases been rounded off, which means that figures in tables may not add up exactly.

Arise Windpower's audited annual reports for the financial years 2007-2009, of which the annual report for 2008 contains comparison figures for 2007 prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the EU, have been incorporated by way of reference and constitute a part of this Prospectus and should be read as a part thereof. The annual reports have been examined by the auditors and the audit reports are included in the annual reports. Other than Arise Windpower's audited annual reports for the financial years 2007-2009, no information in the Prospectus has been examined or audited by Arise Windpower's auditor, other than what is stated in the section "Auditor's report concerning supplementary information to historical financial reports" in this Prospectus.

Any dispute concerning the content or distribution of the Prospectus, or any part thereof, or of the Offer, and legal circumstances relating thereto shall be resolved in accordance with Swedish law and exclusively by a Swedish court of law.

Important information on opportunities to sell allotted shares

Notification of allotment is expected to be made on 24 March 2010. Upon receipt of payment for allotted shares, paid-up shares will be transferred to the securities account or book-entry account indicated by the buyer. Because of the time required for handling of dispatched contract notes by the Swedish post office (Posten), the transfer of payments and of paid-up shares to buyers of shares in the Company, the shares acquired by these buyers will not be available in the indicated securities account or book-entry account until the estimated payment date in the Offer, 29 March 2010, at the earliest, and in some cases a few days after that. See also the section "Terms and instructions" in this Prospectus.

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Summary of the offer

The offering price is expected to be fixed in the price range SEK 55-65 per share.
The offering price to the public will not exceed SEK 65 per share.

Application period:	12-22 March 2010
Expected date of listing on NASDAQ OMX Stockholm, main list:	24 March 2010
ISIN code:	SE0002095604
Stock symbol on NASDAQ OMX Stockholm, main list:	AWP
Round lot:	1 share

Dates of publication of financial information	
Interim report, January - March 2010	20 May 2010
Interim report, January - June 2010	25 August 2010
Interim report, January - September 2010	17 November 2010

Summary

This summary merely constitutes an introduction to and summary of the Prospectus. Any decision to invest must be made on the basis of the full information contained in the Prospectus and not solely on the basis of this summary. Readers of this Prospectus should not make a decision to invest in the Company without having read and assimilated the whole Prospectus and carefully studied and understood the risks associated with an investment in Arise Windpower. An investor bringing a claim before a court of law in consequence of the information contained in this Prospectus may be required to bear the cost of translating the Prospectus. A person may be held liable for information included in or omitted from this summary, or any translation of the same, only if the summary or translation of the summary is misleading or incorrect in relation to the other parts of the Prospectus.

THE OFFER

The Board of Directors of Arise Windpower has decided to raise new capital and broaden the ownership of the Company through an offer to acquire new shares in Arise Windpower and the listing of the Company's shares on NASDAQ OMX Stockholm, main list. In connection with the Board of Directors' decision to apply for listing, the Company's founders (the "Founders") have, as owners of Arise Windpower, decided to sell a portion of the Founders' shareholding in Arise Windpower[1]. In the following the Company's and Founders' sale is referred to as the Offer. After the sale the Founders will remain significant long-term owners of Arise Windpower. The Founders (including companies controlled by them) and Board members with shareholdings[2] have agreed not to sell or pledge, without the consent of ABGSC, any shares in the Company in addition to those included in the Offer before the expiry of at least 12 months and 6 months, respectively, from the first day of trading on NASDAQ OMX Stockholm, main list[3].

The Offer is limited to a capital raising of MSEK 550 equivalent to 10,000,000 new shares at the bottom end of the price range and 8,461,537 new shares at the top end of the price range as well as a sale of 730,000 shares by the Founders, together comprising not more than 30.6-34.0 per cent of the shares in the Company if the Offer is fully subscribed[4]. Under the terms of the Offer, the share offering will raise MSEK 550 before transaction expenses[5]. Moreover, the Founders will raise MSEK 40 at the bottom end of the price range and MSEK 47 at the top end of the price range, before transaction expenses. The price per share for all shares in the Offer (the "Offering Price") will be fixed through a bidding process aimed at institutional investors and is expected to be fixed in the SEK 55-65 range. The Offering Price to the public will be the same as for institutional investors, except that the Offering Price to the public may not exceed SEK 65 per share. The fixed final Offering Price, as well as the final number of shares offered, is expected to be announced around 24 March 2010. The Company has agreed to, at the request of ABG Sundal Collier ("ABGSC")[6], up to the date occurring 30 days after the first day of trading, issue not more than 1,609,500 additional shares comprising up to 15 per cent of the shares in the Offer, to cover any over-allotment (the "Over-Allotment Option")[7].

BACKGROUND AND REASONS

Arise Windpower has taken the initiative to invest in a large-scale expansion of wind power with a target of erecting 300 wind turbines in southern Sweden, which, in the Company's view, is a part of the country that is well suited for the establishment of new wind power. The Company believes that it is possible to create a new, strong Swedish power company based entirely on the production of renewable energy and achieve a good return on invested capital. The Company's long-term target is to have erected, by the end of 2014, about 300 wind turbines with an approximate capacity per turbine of 1.8-3.0 MW mainly in southern Sweden with a combined output of about 2 TWh of renewable electricity.

Through previous share offerings and access to loan finance Arise Windpower has initiated the realisation of its project portfolio, which comprises more than 900 MW of wind power in southern Sweden. The first wind farm, with a capacity of 24 MW, became operational in spring 2009 and was followed by another two wind farms with a combined capacity of 22.5 MW, which went into or are scheduled to go into operation in winter 2009/2010. In addition to

1 The Founders are Peter Nygren, Leif Jansson and Ulf Corné. The sale comprises a total of 15.6 per cent of the Founders' total shareholding in Arise Windpower before the Offer and will be made in the form of a private sale of 30,000 shares and a sale of 700,000 shares through PLU Energy Holding AB, a company wholly owned by the Founders. As the Founders intend, in connection with the Offer, to indirectly acquire about 150,000 shares, the Founders will collectively reduce their direct and indirect shareholding in Arise Windpower by approximately 580,000 shares through the Offer, which represents approximately 12.4 per cent of the Founders' total shareholding in Arise Windpower before the Offer, see also page 84 "Agreement on the sale of shares"

2 Board members with shareholdings are Pehr G Gyllenhammar, Joachim Gahm and Birger von Hall. For more information, see page 78 "Share capital and ownership" of this Prospectus

3 See also page 84 "Agreement on the sale of shares"

4 This calculation does not include shares that may be issued through exercise of the Over-Allotment Option. In case of full exercise of the Over-Allotment Option, the Company will issue up to 1,609,500 additional shares, representing no more than 4.9 per cent of the shares of the Company if the Offer is fully subscribed, which means that the Company would raise up to MSEK 89-90 in additional funds at the bottom and top ends, respectively, of the price range, before expenses relating to the Offer

5 This calculation does not include shares that may be issued through exercise of the Over-Allotment Option. In case of full exercise of the Over-Allotment Option, the Company will issue up to 1,609,500 additional shares, representing no more than 4.9 per cent of the shares of the Company if the Offer is fully subscribed, which means that the Company would raise up to MSEK 89-90 in additional funds at the bottom and top ends, respectively, of the price range, before expenses relating to the Offer

6 ABG Sundal Collier AB and/or ABG Sundal Collier Norge ASA

7 See also page 84 "Agreement on the sale of shares"

these, one wind farm with a capacity of 15 MW is currently under construction and is expected to be operational in autumn/winter 2010. Once all these wind farms are up and running the Company will be cash flow-positive. In addition to this, an investment decision has been made to begin construction of a 16 MW wind farm, subject to receipt of loan funding, which is expected in spring 2010. The planned Offer is therefore intended to be used, along with existing equity capital and additional loan funding, for investments in further new wind farms in 2010 and 2011.

Although the opportunity for self-funding will increase in line with increasing cash flow from new wind farms, the achievement of the Company's long-term target will require additional capital in addition to that raised under the Offer now being planned. Arise Windpower is convinced that an expanded ownership structure and financial strength will create favourable prospects to achieve the Company's targets. To improve access to the capital market, Arise Windpower has therefore applied to have the Company's shares listed on NASDAQ OMX Stockholm, main list.

In connection with this, the Founders (including companies controlled by them) have decided to sell 730,000 shares while at the same time indirectly acquiring approximately 150,000 shares in connection with the Offer, resulting in a net sale of approximately 580,000 shares, which represents approximately 12.4 per cent of the Founders' total shareholding in Arise Windpower before the Offer. The main reason behind the sale of shares is to redeem loans that the Founders have raised in connection with the issuance of shares in previous offerings of shares in Arise Windpower. The Founders have agreed not to sell or pledge, without the consent of ABGSC, any shares in the Company in addition to those included in the Offer before the expiry of at least 12 months from the first day of trading on NASDAQ OMX Stockholm, main list[8].

ARISE WINDPOWER IN BRIEF

The Company was founded in 1986 but the current wind power business was launched in 2006 by Peter Nygren, Ulf Corné and Leif Jansson together with Mats Olofsson. Since then, Arise Windpower has evolved into a leading independent player in the Swedish wind power market with the fifth largest wind power capacity in Sweden today.[9] Arise Windpower's business concept is to be an integrated wind power company with control over all stages of the value chain: from prospecting and permit management to funding, construction and operation of the turbines. The Company's approach is industrial and results-oriented, which means that the business is built up methodically and through multiple parallel projects, and that the Company purchases input goods in a systematic and coordinated manner. This minimises the costs of project development and inputs while ensuring that permits for new wind farms are continually available

Arise Windpower's target:

300

onshore wind turbines
equivalent to approximately

2 TWh

renewable electricity per year.

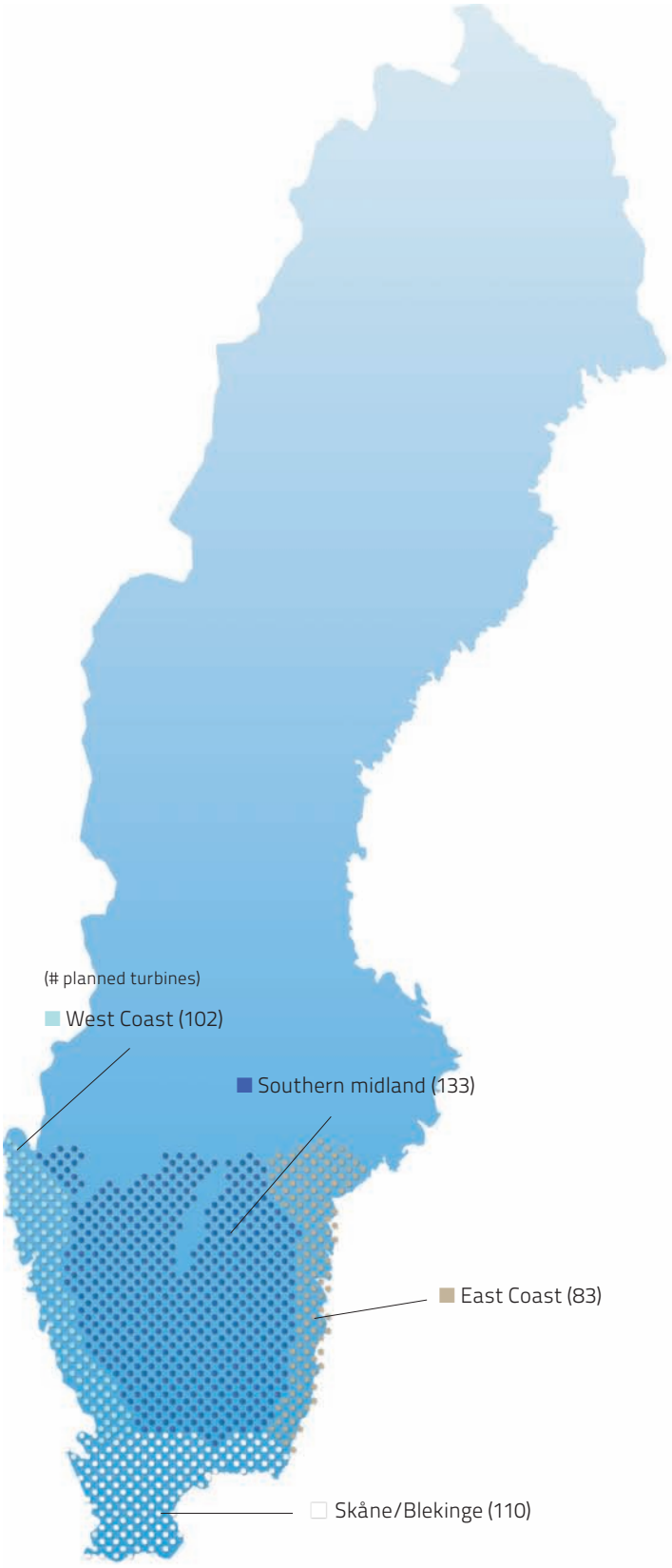
8 See also page 84 "Agreement on the sale of shares"

9 Svensk Vindenergi, Vindkraftprojekt under byggnad och i drift > 10 MW (2010). See also page 37 "The competitive situation"

Overview of project portfolio

Benefits of co-location of project portfolio in southern Sweden

- Good wind locations
- A strong electricity grid that can accommodate the planned expansion of wind power without extensive investments
- Low transmission costs
- Minimal problems with icing compared with northern Sweden
- Climate-wise, construction is possible year round and at a lower investment cost than in northern Sweden
- Better transport infrastructure and stronger economy
- An expected higher electricity price compared with the national average due to expected (July 2011) division of country into price areas
- Synergies in:
  - project development, e.g. permit management and wind measurement
  - construction through crane and transmission network
  - operations and maintenance



for ongoing construction. The Company invests only in wind farms that are expected to generate returns on total invested capital before tax of at least 10 per cent. Arise Windpower intends to keep wind farms that have been put into operation, which means that particular emphasis is placed on quality and on maximising the electricity generated by each turbine rather than on maximising the number of turbines in a given area. The Company also attaches a lot of importance to calibrating and optimising operational wind farms and on ensuring a high level of availability. This work is an ongoing process that is integrated into the Company's procedures and work methods and continues throughout the life of a turbine.

An extensive project portfolio enables large-scale expansion
Arise Windpower's target is to erect and put into operation about 300 onshore wind turbines in the 1.8-3.0 MW category by 2014, which represents an investment of about BSEK 10-11. Once operational, these turbines will produce about 2 TWh of green electricity per year. To achieve this target, the Company has since its inception in 2006 concluded about 250 land lease agreements in southern Sweden and established an extensive project portfolio comprising over 45 projects for the erection of over 400 large wind turbines which, after completion of significant wind farm optimisation measures to maximise productivity and returns, will have a total capacity of over 900 MW. The projects are located in wind locations deemed to be economically favourable and are expected to generate returns on total invested capital before tax of at least 10 per cent. The Company has developed, built and currently owns one of Sweden's largest wind farms with a total capacity of 24 MW and has a further two wind farms with a total capacity of 22.5 MW in operation or in the process of being put into operation. The construction of a further 31 MW is underway or in the planning stage of construction. For the remaining projects permit applications have been submitted, or detailed development plans or permit applications are ongoing. The concluded land lease agreements give Arise Windpower the right, but not an obligation, to install the intended wind turbines and operate them over a period of at least 25 years.[10]

A geographically concentrated portfolio in southern Sweden creates competitive advantages and synergies
Geographically, the project areas are located in an area stretching from Halland, Skåne and Blekinge along Sweden's East Coast up to Söderköping and the midland in the county of Kronoberg. The Company is also continuously involved in discussions with landowners on potential new leases as well as the acquisition of existing permits. The map to the left gives a rough idea of the clusters where Arise Windpower's projects are located. To achieve a geographic balance and increase the risk diversification in the project portfolio, the Company may at a later stage decide to build a small number of large wind farms north of its primary geographic location.

Large-scale, industrial expansion ensures cost efficiency
Parallel construction reduces the risk of delays while creating economies of scale, as synergies in purchasing help to cut the investment costs. Large purchase volumes for wind turbines and input goods, development activities and a standardised process, cost control through the use of in-house resources (crane and grid company) and efficient project development in multiple parallel projects combine to ensure lower costs and higher profitability. To ensure future deliveries of the necessary input goods, Arise Windpower has concluded framework agreements with GE Energy and Vestas[11]. Through these agreements with two leading manufacturers of wind turbines Arise Windpower has secured the majority of its planned construction plans for the next three years. The agreements cover 112 wind turbines with an option to increase deliveries by 20 additional turbines for delivery during the period 2010-2012. Arise Windpower has also concluded a five-year framework agreement with a supplier of concrete and road building materials that covers the Company's entire requirement for such input goods until 2014. Agreements have also been signed for transformers, circuit breakers, foundation reinforcements and adapters used between the foundations and turbine towers. Economies of scale and a general decline in demand for the procured goods in the wake of the financial crisis in 2008 and 2009 have made it possible to conclude these agreements on favourable terms. Together with an improved wind farm configuration and farm optimisation and by optimising the design of roads, foundations, lifting, assembly, transports and transmission grids, further efficiencies and savings have been achieved as a result of which the Company's investment cost and operating cost for planned projects are now lower than 18 months ago, despite the weakening of the Swedish krona against the Euro. This enables the Company to build wind farms that meet the Company's required rate of return at an average wind speed of 6.5 metres per second (14.5 mph). By exploiting the market situation and the bargaining power enjoyed by a big player, it is thus possible to achieve significant savings compared with purchases of individual units of the same product.

In-house grid company and crane cut costs and reduce bottlenecks
The ability to build the required electricity grids and lift the turbines into place using its own resources are two key factors giving the Company a high degree of control over the pace of construction while ensuring a high cost efficiency. Expertise and the ability to connect the farms to the national grid using in-house resources makes it possible to put completed turbines into operation faster while cutting the cost of the actual connection. Connecting at higher voltage levels also cuts transmission costs incurred in feeding the generated electricity into the grid. In late 2008 Arise Elnät AB put into operation an initial electrical installation in

10 See also page 83 "Right of use agreements"

11 For definitions of GE Energy and Vestas, see page 81 "Supply agreements"

Knäred outside Laholm, which has capacity to connect 130 MW of new wind power, expandable to 200 MW. The wind farm in Oxhult is connected to this installation and more farms will be connected as Arise Windpower erects more wind turbines in the area under its ongoing projects.

To avoid delays in and cut the cost of raising wind turbines, Arise Windpower has ordered a mobile crane that is specially adapted for wind turbines. The tendency is for wind turbines to increase in both height and weight, and access to suitable cranes is currently limited. The crane, which is expected to be delivered in summer 2010, has therefore been adapted to lift 100 tonnes to a height of about 157 metres and has a capacity of 70 turbines per year, which is slightly more than Arise Windpower's planned pace of construction. The crane will also enable the Company to rapidly perform any repairs that may be required to its operational wind turbines. The crane will be operated by a business partner.

Price hedging of future production ensures more stable revenue streams

Arise Windpower's revenues come from the sale of electricity, electricity certificates and the extra compensation available for feeding electricity produced in southern Sweden into the national grid. To manage the risk associated with fluctuations in prices, Arise Windpower has adopted a policy of hedging 30-60 per cent of its expected future production in a falling hedging channel for up to five years using financial forward contracts and bilateral agreements. At 31 December 2009 the Company had hedged the sale of 630 GWh of electricity and 530 GWh of electricity certificates during the period 2010 to 2015 at average prices of SEK 465/MWh and SEK 336/MWh, respectively, compared with calculated revenues of SEK 750/MWh.

Funding new wind farms through equity contributions and loan agreements

Arise Windpower's target is to fund projects using 25-30 per cent equity and 70-75 per cent debt capital. Future contributions of equity and debt capital will be used to invest in new wind farms, as revenues from Company-owned wind farms that are currently in operation, in the process of becoming operational or under construction are sufficient to cover the Company's day-to-day operating expenses. Through a series of share offerings in 2007-2009 the Company has raised approximately MSEK 693. To ensure a rapid pace of construction, the Company has also raised a total of MSEK 657 in loan funding, including undrawn credit facilities. On top of this, the Company has conditional lines of credit for a further MSEK 380, and agreement on the main terms and conditions for these loans have been concluded.

Organisation with key expertise to ensure an effective expansion

Arise Windpower has built up a team of individuals with significant experience and a wide range of expertise to ensure that it is able to internally manage all critical stages of the development of wind power projects from prospecting to operations and maintenance of installed capacity from an industrial and large-scale perspective. In December 2009 the Group had 21 employees as well as a small number of consultants working on project planning and construction of new wind farms. Arise Windpower continuously works close to suppliers of wind turbines and other input goods to optimise the development of future projects at as early a stage as possible. Thanks to the two framework agreements concluded with GE Energy and Vestas, their resources can also be used in planning new wind farms. This reduces the need for external consulting services, cuts costs and ensures that new wind farms can be established faster and more effectively, as the supplier is involved in the planning process at an early stage. Both GE Energy and Vestas have been highly responsive to the Company's viewpoints and proposals for improving quality and efficiency. Proof of the expertise that exists in the organisation is provided by the fact that the Company has received a grant of MSEK 50 from the Swedish Energy Agency to build on existing knowledge about the construction of wind power installations in forest locations in southern Sweden.

MARKET

Arise Windpower operates in a fast-changing market that is expected to grow at a rapid pace in coming years. This creates great opportunities for profitable expansion for a wind power company in the right position. Despite the uncertainty in the world's financial markets and negative economic growth in many places, 2009 proved yet another record year for wind power worldwide. Installed capacity increased by 31 per cent to about 158 GW. During the year installed capacity in China increased by more than 100 per cent while the United States consolidated its position as the market with the largest installed capacity. The European market also grew at a healthy pace, despite the prevailing economic climate, with the largest increases in capacity taking place in Spain, Germany, Italy, France and the United Kingdom.

Today a growing global population lives in increasingly developed and industrialised societies. Electricity has thus become one of the cornerstones of modern society. As a growing consensus develops that fossil energy sources are a finite resource, the search for alternative sources of energy has continued. The fact that such fossil resources are unevenly distributed among the countries of the world, creating a dependence on energy imports in many places, coupled with increasing documentation on the negative climate impact of fossil carbon dioxide emissions, has accelerated the shift away from fossil fuels. A series of international reports and conferences have stated that early and proactive action to cut emissions of greenhouse gases is significantly cheaper than inactivity. Political initiatives as well as societies as a whole therefore support a shift towards renewable energy sources, not least wind power.

Wind-related support systems and increasingly efficient technologies have made wind power the dominant renewable

energy source with a global growth rate in excess of 20 per cent over more than a decade - a growth that is expected to continue. From a company-specific perspective, the strong growth has created big opportunities but competition for critical inputs such as good wind locations, wind turbines and access to electricity grids is strong.

Sweden's electricity supply comes mainly from hydro and nuclear power, which together generated almost 90 per cent of Swedish electricity in 2008. Other sources were combined heat and power in industry and district heating plants, with 10 per cent, and wind power, with 1.4 per cent. Sweden is deemed to be an attractive market for wind power due to the country's size, low population density and, especially, the many good wind locations. In line with the formulation of international agreements and targets, the political support systems underpinning wind power have been developed, giving a boost to the expansion of wind power in Sweden. Installed capacity in Sweden doubled over the three-year period 2006-2008, to 1,048 MW at the end of 2008. According to Svensk Vindenergi, the national trade association for wind energy, capacity increased by a further 512 MW in 2009, equivalent to annual growth of just under 50 per cent. Yet compared with the leading wind power countries, this figure is still low.

Based on the proposed target levels announced by the European Commission, Sweden's governing parties have presented a planning framework for wind power that provides for an annual wind power output of 30 TWh, of which 20 TWh would come from onshore farms, as well as an expansion of the current electricity certificate system from 17 TWh in 2016 to 25 TWh in 2020. The Swedish Energy Agency has been commissioned to analyse and draw up a plan for how to implement the new, higher level of ambition for the certificate system. At the request of the EU, Svenska Kraftnät has drawn up a proposal under which Sweden would be divided into various price areas as of July 2011. Under the proposal, 2, 3 or 4 price areas would be formed, and the price would be likely to be higher in the southern part of the country than in northern Sweden. The proposal strengthens the Company's position, as the Company's planned wind power projects are concentrated to southern Sweden.

RISK FACTORS

An investment in shares in Arise Windpower is associated with risk, where several factors affect or may affect Arise Windpower's operations. Market-related risks include energy price and electricity certificate price risk, variations in production volumes, technology risk and political risk. Strategic and operational risks include project development risks, dependence on suppliers, customers, production planning, landowners, key individuals and risks relating to operations and maintenance. Financial risks include currency risk, interest risk, financing risk and credit risk. There are legal, tax and certain other risks relating to the shares. The aforementioned risks only constitute a summary of the risks described in "Risk factors" on page 14. The omission or inclusion of a risk in this summary is not an indication of its significance. Other risks that are currently not known to the Company or that the Company currently deems to be insignificant may have a material impact on Arise Windpower's operations, financial position or results. As described in greater detail on page 2 under "Important information", each investor is responsible for making his or her own assessment of whether to participate in the Offer or not, and there can be no guarantee of future returns.

BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITOR

The Board of Directors of Arise Windpower consists of Pehr G Gyllenhammar (Chairman), Jon G Brandsar, Ulf Corné, Joachim Gahm, Birger von Hall and Leif Jansson. The senior executives are Peter Nygren (CEO), Thomas Johansson, Bo Rydlinger, Lars Fröding, Leif Jansson, Mats Olofsson, Glenn Pettersson and Liane Persson. The auditors are Öhrlings PricewaterhouseCoopers AB with Bror Frid as auditor in charge. For more information about the members of the Board of Directors, senior executives and the Company's auditor, see page 69 "Board of Directors, senior executives and independent auditor".

MAIN OWNERS

At 31 December 2009 the Company's largest owner was PLU Energy Holding[12] with 18.03 per cent of the share capital and votes, the Third Swedish National Pension Fund (AP3) with 16.97 per cent of the share capital and votes, Statkraft AS with 11.65 per cent of the share capital and votes, and Nordea Fonder with 11.00 per cent of the share capital and votes. In a separate shareholder agreement between certain major shareholders the parties have agreed on principles for Board composition and procedures for capital acquisition and market listing. However, the shareholder agreement will cease to apply prior to or no later than in connection with the market listing of the shares. For more information, see page 78 "Share capital and ownership". For information on transactions with related parties, see page 84 "Related-party transactions".

DIVIDEND POLICY

As the Group is going through a phase of rapid expansion in the construction of wind turbines, the Board of Directors of Arise Windpower does not expect that it will be proposed that dividends be paid over the next few years.

ADVISORS

ABG Sundal Collier acts as financial advisor, or "Lead Manager", and issuing institution in connection with the Offer and Setterwalls Advokatbyrå act as legal advisors. The compensation payable to ABG Sundal Collier depends on the success of the Offer.

12 PLU Energy Holding AB is owned in equal parts by Peter Nygren, Leif Jansson and Ulf Corné

SUMMARY OF FINANCIAL INFORMATION

The consolidated financial statements for 2009 with comparison figures for 2008 and the consolidated financial statements for 2008 with comparison figures for 2007 have been prepared in compliance with IFRS and have been audited by Öhrlings PricewaterhouseCoopers AB. The following summary should be read in conjunction with "Summary of financial information" (page 58) and "Financial situation and comments on financial performance" (page 61). For definitions of key performance indicators, see page 60 "Key performance indicators".

OTHER INFORMATION

The Company has only one share class. Each share entitles the holder to one vote at general shareholders' meetings and all shares carry an equal right to a share in the assets and profits of the Company. Arise Windpower has a share capital of SEK 1,724,885.60, represented by 21,561,070 shares[13].

13 As a direct consequence of the previous share swap, 937,500 shares in Arise Windpower are held by the Company (see also the note to the table on page 79 and "Related-party transactions" on page 84)

Summary of financial information

	2007	2008	2009
Summary of income statement (MSEK)			
Net sales	-	-	29.7
Operating profit/loss before depreciation (EBITDA)	-7.1	-15.4	1.7
Operating profit/loss	-7.2	-16.0	-10.8
Net financial income/expense	1.2	9.5	-0.6
Profit/loss for period	-6.0	-3.3	-7.6
Summary of balance sheet (MSEK)			
Total fixed assets	3.8	354.8	918.3
Cash and cash equivalents	44.8	408.9	341.3
Equity	48.2	373.6	680.3
Total assets	49.8	824.3	1,348.1
Interest-bearing net debt	-44.8	-118.9	258.7
Summary of cash flow statement (MSEK)			
Cash flow from operating activities	-6.6	71.1	-119.9
Cash flow from investing activities	-3.9	-334.3	-567.6
Cash flow from financing activities	54.9	627.3	619.9
Key performance indicators			
Installed capacity at year-end (MW)	-	-	34.0
Electricity production during period (GWh)	-	-	36.0
Earnings per share before dilution (SEK)	-0.97	-0.21	-0.44
Earnings per share after dilution (SEK)	-0,97	-0.21	-0.44
EBITDA margin, %	neg.	neg.	5.8%
Return on capital employed, %	neg.	neg.	0.5%
Return on equity, %	neg.	neg.	neg.
Equity/assets ratio, %	96.8%	45.3%	50.5%
Number of employees at end of period	3	15	21

Risk factors

An investment in shares in Arise Windpower is associated with risk. Several factors affect or may affect Arise Windpower's operations. These factors are such as relate directly to the Company and such as are beyond the control of the Company, its owners, Board members and employees. The following account of risk factors does not claim to be exhaustive, nor are the risks listed in order of significance. Other risks that are currently not known to the Company or that the Company currently deems to be insignificant may also have a material impact on Arise Windpower's operations, financial position or results. It cannot be excluded that the value of shares and other instruments in Arise Windpower may fall in value or that an investor will lose all or a part of his or her investment. No direct or indirect guarantee or warranty is therefore made regarding future returns on shares or other instruments in the Company. Prospective investors must decide for themselves whether they wish to participate in the Offer and should, prior to taking part in the Offer, carefully consider the risks described in the following as well as all other information contained in this Prospectus and a general assessment of external factors.[1]

This Prospectus may contain prospective information and statements that depend on future events, risks and uncertainties. As a result of several factors, including those described below and in other parts of the Prospectus, but also as a result of factors that may not be known today, actual results or performance may differ from prospective statements, expectations, forecasts and estimates.[2]

MARKET-RELATED RISKS

Changes in electricity and electricity certificate prices

Energy price risk is the risk of variations in the price of electricity and of electricity certificates. The risk for the Company arises in cases where and to the extent that the Company's energy sales have not been hedged, in which case fluctuations in prices in the electricity and electricity certificate markets would have a direct impact on consolidated operating earnings. There is also a risk of a long-lasting decline in energy prices. The price of electricity certificates depends on the supply of renewable energy and thus also on the expansion of wind power and statutory quotas for the purchase of certificates for consumers. Such risks could have an adverse impact on the Company's earnings. The Group has therefore adopted a price hedging strategy for electricity and electricity certificates whose primary purpose is to ensure long-term profitability and reduce the risk of fluctuations in the Group's earnings by hedging prices in advance.[3]

Variations in output

Arise Windpower's revenues are dependent on actual output from its installed wind farms, which in turn depends on wind speeds in the locations concerned during the period. The amount of wind varies from season to season over the course of the year but also from one year to another. By building a portfolio of projects in different geographic locations and by performing extensive wind measurements prior to investment decisions, the risk of variations in output is reduced. However, unfavourable weather conditions and climate change can have a negative impact on electricity production, which in turn would affect the Company's earnings. See also "Customers" and "Production planning" on page 15.

Technological development

The electricity produced from wind power is transported and consumed in the same way as electricity from other energy sources, which means that different energy sources compete with each other. Technological advances could mean that competing electricity-producing technologies could be developed more favourable than wind power, which could affect wind power's relative competitive advantage. In the area of wind power technology there is also a risk that the technology chosen by Arise Windpower may entail risks that are not known today. Although Arise Windpower attaches great importance to selecting modern but well tried technology, technological developments during the useful life of Arise Windpower's wind farms could therefore have an adverse impact on the Company's earnings.

Political and regulatory impact

A large number of regulations issued by central government authorities and institutions are applicable to the Group's operations. Wind power production has historically been and still remains dependent on economic incentives to be able to compete with some of the other existing electricity-producing technologies in the market. The Group is therefore dependent on the additional revenues it derives from the electricity certificate system and on the continued pursuit of today's stated goals by the various government authorities and agencies involved in the drive to expand wind power in Sweden. The expansion of operations is also affected by laws governing environmental permits under the Swedish Environmental Code. Changes to laws could thus have a negative impact on Arise Windpower's expansion and earnings. A legal amendment which came into effect on 1 August 2009 has introduced a right of veto for municipalities, which means that the erection of wind turbines must be approved by municipalities before permits can be issued for the planned operations. A decision by a municipality not to approve a project cannot be appealed. Municipalities' exclusive right of veto thus create a risk that an individual municipality may reject a wind power project. In certain areas in Sweden there is popular resistance to wind turbines, and it cannot be excluded that such opinions may sway

1 See also page 2 "Important information"

2 See also page 2 "Important information"

3 See also page 68 "Hedging reserve"

municipalities to exercise their veto. It should be noted, however, that municipalities are also required to comply with the government's adopted goal of expanding the share of wind-generated energy.

Potential amendments to support systems, licensing or other regulatory impacts on Arise Windpower's operations could have an adverse impact on the Company's earnings.

STRATEGIC AND OPERATIONAL RISKS

Project development

A large part of Arise Windpower's operations is to develop wind power projects from the conclusion of a lease with the landowner to actual commissioning of the turbine. A number of risks are associated with the process that each project undergoes during the development phase. Such risks may be, for instance, that the wind speed in a specific location is too weak to enable continued development or that a permit cannot be obtained in time. Arise Windpower's estimates are based on forecasts and models drawn up by internal and external experts in their respective areas. The estimates are thus based on knowledge and experience but also on assumptions. This means that there is a risk of significant differences between estimates, measurements and actual outcomes, which could have an impact on Arise Windpower's financial position. As shown on page 55 "Wind measurements", wind measurements have not yet been made for all parts of the project portfolio.

Conflicts with other cultural and environmental interests as well as with telecom, military and airport interests may delay or impede the licensing process. These conflicts centre on issues such as the changes to the landscape, the impact of noise and shadows on places where people live, the impact on recreational values and the impact on natural and cultural environments. Delays may also result from problems in construction or in respect of connecting turbines to electrical grids, which are areas where the Company is in many cases dependent on external parties.

For these reasons, it is important to ensure that Arise Windpower has a project portfolio covering a larger number of possible locations for wind turbines than the 300 that Arise Windpower is aiming to erect. The Company therefore works continuously to conclude new land leases.

Dependence on relations with suppliers

Arise Windpower's wind farms include components and materials from many different suppliers. To be able to develop, build and manage such farms, the Group is dependent on agreements with and commitments by external suppliers and by the suppliers' ability to fulfil the agreements in respect of agreed standards of quality, delivery times and other factors. As delivery times for the required input goods are relatively long, construction errors or otherwise incorrect or delayed deliveries or the non-delivery of goods could result in delays in Arise Windpower's projects, which in turn could have a negative impact on the Group's earnings. Delays in the development of Arise Windpower's project portfolio could mean that the Group will be unable to fulfil its obligations under concluded agreements, which could have an adverse impact on earnings. The Company's framework agreements with Vestas and GE Energy specify minimum volumes that the Company is obliged to buy during the term of agreement. Failure to do so will incur a fee for that portion of the contracted volume that has not been ordered. The fee is defined as a small share of the total consideration for the wind turbines.

Customers

Most of the electricity generated by Arise Windpower is sold on Nord Pool. The remaining electricity is sold to local authorities, power companies and industry under bilateral agreements. If Arise Windpower's customers were to fail to fulfil their obligations the Group's sales, financial position and earnings would be negatively affected. The Group works with Scandem AB on electricity-related issues such as power trading and managing differences between actual and forecast output, or 'balance power'. The relationship between Scandem AB and Arise Windpower entails a counterparty risk in the event that Scandem should be unable to make payment to the Company.

The Company has fixed delivery commitments to its end customers in respect of electricity and electricity certificates. In case the actual output falls below the pre-sold output the Company would be forced to buy the difference in the power exchange, i.e. Nord Pool, or from other producers. A risk arises in case the price of the balance will exceed the price of the pre-sold power.

Production planning

The Company is required to submit daily forecasts of electricity production for the following 24-hour period to Svenska Kraftnät. If the forecast output differs from actual output an imbalance occurs, which is regulated through the purchase or sale of electricity in the daily market for regulating the difference, or 'balance power'. Balance power is administered by the Company's business partner Scandem, which handles and reports forecasts submitted by several others customers in addition to the Company. An aggregating effect is thereby achieved, which cuts costs and reduces the impact of differences in the aggregate forecast compared with what each customer would otherwise report in its individual forecast. At times when the balance in the Swedish power system is strained due to high demand and disruptions in the production system the cost of balance power can be high. It is therefore important to ensure that the Company always delivers high-quality production plans to avoid unnecessary costs for balance power.

Landowners and land leases

Arise Windpower has concluded a large number of land leases with landowners that give the Company a right but not an obligation to erect wind turbines on the land of those landowners. Most leases run for at least 25 years, while a wind turbine is estimated to have a useful life of about 20 years. If the life of a turbine were to ex-

ceed the contracted duration of the land lease, for instance due to repairs or a replacement turbine, there is a risk that Arise Windpower would be unable to continue to operate the turbine in the leased location, as the lease would expire unless a new agreement on extension could be concluded with the landowner. Moreover, most of Arise Windpower's leases can be terminated before expiry by the landowner in the event that a permit for the turbine is delayed or cannot be obtained or if construction of the turbine is delayed or does not take place.[4] The leases give the Company a right to enter the leases in the Swedish Land Register. In the absence of such registration there is a risk that the rights inherent in the leases cannot be defended against a competing lease on the same property or against a new owner of the property. On a number of the properties where Arise Windpower leases land there are mortgages with better rights than Arise Windpower's leases. In case of a foreclosure sale of such a property there is a limited risk (in view of the fact that the turbine generates revenue for the landowner) that the lease will not be held up in relation to a new owner. Finally, there is also a risk that other landowners than those with which Arise Windpower has concluded leases or another interested party will successfully challenge the permit, in which case the required permit will not be issued. Although an individual lease will not significantly affect the Group's operations, the aforementioned events could have an impact on the Company's financial position and earnings.

Operations and maintenance
The Company's operations and maintenance activities comprise a number of processes whose primary objective is to prevent any suspension or interruption in the production of electricity. Suspensions and interruptions can occur as a result of a breakdown or externally inflicted damage, and can have consequences for Arise Windpower's ability to fulfil its obligations to its customers. Such suspensions or interruptions could thus have an adverse impact on the Group's operations, financial position and earnings. Over the course of its life a wind turbine will also incur costs for servicing and maintenance. Over time, these costs may differ from those on which the cost estimate for the investment is based, which could adversely affect the Company's earnings.

Dependence on key individuals
Arise Windpower's future performance is affected by the knowledge, experience and commitment of the Company's management and other key individuals. The Group has concluded employment contracts with key individuals on terms that are deemed to be consistent with current market conditions. Despite this, there is no guarantee that the Group will be able to retain such key individuals or that it will be able to recruit new, qualified staff.

Management and accounting systems
Arise Windpower intends to expand its operations as described in the foregoing. It cannot be excluded that the complexity of the operations and the responsibilities placed on management will not thereby increase, placing an increasing burden on the Company's management and operational resources. Future profits are to a large extent dependent on human resources and technological management systems. Although the Company believes its current resources and systems are adapted for the expansion, there is a risk that the effectiveness of those resources and systems over time will not grow at the same pace as the Group's operational requirements, which in turn could adversely affect the Group's operations, financial position and earnings.

Wind turbines and electrical installations
If wind turbines, transmission grids or other electrical installations are damaged or destroyed, for instance due to natural catastrophes or other factors beyond the control of the Company, the Group may be unable to deliver electricity to its customers. Under such circumstances, and if the Group is unable to find alternative resources or repair its existing ones, this could have a significant adverse impact on the Group's operations, financial position, cash flow and earnings. The life of a wind turbine is about 20 years, and this is the figure on which the cost estimate for the investment is based. In cases where the useful life proves to be less than 20 years this could adversely affect Arise Windpower's earnings and cash flow.

FINANCIAL RISKS

Currency risk exposure
Currency risk exposure arises mainly in connection with the sale of electricity in the Nord Pool power exchange from the time of concluding a financial contract to settlement (transaction exposure), the purchase of wind turbines and the translation of balance sheet items in foreign currencies from the time of concluding a contract to settlement (translation exposure). All of these transactions are mostly made in Euro. The risk on the sales side is managed by hedging the currency portion of hedged power prices using Euro currency futures. Wind power investments in foreign currencies are hedged by concluding futures contracts at the time when the decision to invest is made.

Impact of market interest rates
In accordance with the goals defined by the Company, the funding for each project includes a large portion of borrowed capital, 70-75 per cent. Because of this funding arrangement, the Company is exposed to variations in interest rates. Interest risk is defined as the risk of a fall in earnings caused by a change in market interest rates. A significant factor affecting interest risk is the fixed-rate period. The Group's financial policy includes guidelines on fixed-rate periods (interest rate duration). The management of interest risk is aimed at reducing negative effects from changes in market interest rates. The Group strives to achieve a balance between cost-effective borrowing and risk exposure on the one

4 See also page 15 "Project development"

hand, and a negative impact on earnings in the event of a sudden major change in interest rates. The exposure is hedged using interest rate swaps, which cover parts of the Company's long-term borrowing.[5]

Funding and capital requirements

Arise Windpower is in a situation where significant additional capital will be required to fund the Company's planned growth in wind power generation. Financing risk is defined as the risk that the Company will be unable to meet its liabilities due to insufficient liquidity or difficulties in obtaining funding. The Group's objective is to always have more than one counterparty that is willing to offer loan funding on market terms and to have access to credit facilities that secure the Group's loan capital requirements for at least one year. The Group's policy states that liquidity must be available at all times. Restrictions on the Group's ability to obtain new capital, both equity and debt capital, could affect the speed or cost of expanding the Company's project portfolio.

In certain projects county administrations have also demanded that developers post collateral or provide other means for ensuring that wind turbines are dismantled at the end of their useful lives. Changes in the application of such winding-up provisions may affect the Company's investment cost for establishing new wind turbines.

Credit risk

Credit risk or counterparty risk is the risk of incurring a loss if a counterparty fails to meet its obligations. Commercial credit risk, which refers to the solvency of customers, is managed by the Company's central finance function through careful monitoring of track records on payments and customers' financial reports as well as good communications. Arise Windpower's total credit risk will be distributed across several customers, which will account for the Company's trade receivables. Financial credit risk arises when temporary excess liquidity is invested for the purpose of obtaining an increased return. Excess liquidity may only be invested in assets with a low counterparty risk that have been approved by the Board of Directors. If the Company does not succeed in managing its credit risks this could adversely affect the Company's sales, financial position and earnings.

LEGAL RISKS

Disputes

Arise Windpower is currently not party to any dispute. Although no future disputes have been identified, it cannot be excluded that Arise Windpower will be drawn into disputes that could adversely affect Arise Windpower's earnings or position.

Tax risks

Arise Windpower has obtained advice from independent tax advisors on tax-related issues. However, it cannot be excluded that the Company's interpretation of applicable rules and administrative practice is not entirely correct, or that rules and practice may change, possibly with retroactive effect. The decisions of tax authorities could change the Group's previous or current tax situation.

OTHER RISKS

Share-related risks

Risk and risk-taking are an unavoidable part of share ownership and securities trading. As an investment in shares can both increase and decrease in value, it cannot be guaranteed that an investor will recover his invested capital. A company's share price performance depends on a number of different factors, of which some are company-specific while others are linked to the equity market as a whole. It is difficult for an individual company to control all those factors that may affect its share price, and any decision to invest in shares should therefore be preceded by a careful analysis.

Future share offerings

At the investment stage of each project the Company's operations require large amounts of capital to fund wind turbines, transmission grids and other infrastructure. Initially, only a limited portion of such capital requirements will be generated by the Company's operations, and Arise Windpower therefore intends to issue new shares or other securities to fund such investments in the future. One or several future share offerings in Arise Windpower could adversely affect the value per share.

Owners with significant influence

The Founders, the Third Swedish National Pension Fund (AP3), Statkraft and Nordea Fonder all hold 10 per cent or more of the shares of Arise Windpower. Some of the Company's shareholders have also concluded a shareholder agreement and can jointly exercise a significant influence on certain issues[6]. The shareholder agreement will cease to apply prior to or no later than in connection with the market listing of the shares. Although major shareholders would not, after a market listing, be contractually bound to act jointly in future, there is a risk that they will act in concert on individual issues or prevent a shift in shareholder control of the Company. New shareholders could also have different view of the Company and its operations than the current owners and their influence on the Group could thus eventually result in the Company adopting a different strategy than that which is presented in this Prospectus.

5 For more information, see page 44 "Hedging and funding strategy"

6 See also page 80 "Shareholder agreement"

Background and reasons

Arise Windpower has taken the initiative for a large-scale expansion of wind power in southern Sweden, which, in the Company's view, is a part of the country that is well suited for wind power. The Company is convinced that it is possible to create a strong, new Swedish power company based on renewable energy and achieve a good return on invested capital. The Company's long-term target is to have erected, by the end of 2014, about 300 wind turbines with a capacity per turbine of 1.8-3.0 MW mainly in southern Sweden with a combined output of about 2 TWh of renewable electricity.

Through previous share offerings and access to loan finance Arise Windpower has initiated the realisation of its project portfolio, which comprises more than 900 MW of wind power in southern Sweden. The first wind farm, with a capacity of 24 MW, became operational in spring 2009 and was followed by another two wind farms with a combined capacity of 22.5 MW, which went into or are scheduled to go into operation in winter 2009/2010. In addition to these, one wind farm with a capacity of 15 MW is currently under construction and is expected to be operational in autumn/winter 2010. Once all these wind farms are up and running the Company will have a positive cash flow. In addition to this, an investment decision has been made to begin construction of a 16 MW wind farm, subject to receipt of loan funding, which is expected in spring 2010. The planned Offer is therefore intended to be used, along with existing equity capital and additional loan funding, for investments in further new wind farms in 2010 and 2011.

If the Offer is fully subscribed the Company will, through the issuance of new shares under the Offer, raise MSEK 550 before expenses relating to the Offer. Expenses relating to the Offer payable by Arise Windpower mainly comprise commission-based fees and fees and expenses for the Company's auditors, legal advisors and printing costs, and are expected to be not more than approximately MSEK 31 of which not more than MSEK 26 refers to compensation paid to ABGSC. After deducting expenses relating to the Offer that are payable by Arise Windpower, the Company is expected to receive MSEK 519 from the shares issued under the Offer.

The equity raised by Arise Windpower through the Offer, including the exercise of the Over-Allotment Option[1], will be used exclusively for investments in new wind farms in 2010 and 2011, as the Company deems that it has sufficient working capital for its existing operations through Company-owned wind farms that are currently in operation, in the process of becoming operational or under construction. Depending on future events and changes in the business climate, the Company may at a later occasion decide to use the equity raised through the Offer for other purposes. Although the opportunity for self-funding will increase as new wind farms become operational and start to generate electricity, achieving the Company's long-term target will require additional capital on top of that raised in the Offer now being planned. Arise Windpower is convinced that an expanded ownership structure and financial strength will create favourable prospects to achieve the Company's targets. To improve access to the capital market, Arise Windpower has therefore applied to have the Company's shares listed for trading on NASDAQ OMX Stockholm, main list, and to broaden ownership of the shares through the Offer, which is a requirement for listing on NASDAQ OMX.

In connection with this the Founders have decided to sell, through PLU Energy Holding AB and from private shareholdings, 730,000 shares. However, the Founders also intend, through PLU Holding AB, to conclude an agreement for the acquisition of the remaining shares of Zinwin AB, which currently owns 500,000 shares in Arise Windpower. The agreement will be conditional on completion of the Offer. Prior to the Offer the Founders control 69.9 per cent of Zinwin AB and, by acquiring the remaining shares of Zinwin AB, the Founders will thus indirectly gain control of an additional 150,000 shares in Arise Windpower. The net effect of the Founders' sale of shares in Arise Windpower in connection with the Offer will thus be that the Founders will collectively reduce their direct and indirect shareholding in Arise Windpower by approximately 580,000 shares, representing approximately 12.4 per cent of the Founders' total shareholding in Arise Windpower before the Offer. If the Offer is fully subscribed the Founders will receive MSEK 40 at the bottom end of the price range and MSEK 47 at the top end of the price range, before expenses relating to the Offer. Commission-based fees relating to the Founders' sale of shares will be borne by the Founders and are expected not to exceed approximately MSEK 1 in which case the Founders are expected to receive MSEK 39-46 after deducting for expenses relating to the Offer. The main reason behind the sale of shares is to redeem loans that the Founders have raised in connection with the issuance of shares in previous offerings of shares in Arise Windpower and to broaden ownership of the shares. The Founders (including companies controlled by them) have agreed not to sell or pledge, without the consent of ABGSC, any shares in the Company in addition to those included in the Offer before the expiry of at least 12 months from the first day of trading on NASDAQ OMX Stockholm, main list[2].

1 See also page 21 "Over-Allotment Option"

2 See also page 84 "Agreement on the sale of shares"

Laholm, 11 March 2010

Arise Windpower AB (publ)

The Board of Directors

PLU Energy Holding AB

Peter Nygren Leif Jansson Ulf Corné

The Board members are responsible for the content of this Prospectus.
It is hereby affirmed that all reasonable precautions have been taken to ensure that the information contained in this Prospectus, to the best knowledge of the Board of Directors, provides a true and fair view of the state of affairs and that nothing has been omitted that could affect the picture of Arise Windpower given in this Prospectus.

Laholm, 11 March 2010

Arise Windpower AB (publ)

The Board of Directors

Pehr G Gyllenhammar Jon G Brandsar Ulf Corné

Joachim Gahm Birger von Hall Leif Jansson

Offer to acquire shares

Based on the authorisation granted at the Annual General Meeting on 23 April 2009, the Board of Directors decided on 10 March 2010 to issue new shares in Arise Windpower in derogation of existing shareholders' pre-emption rights. The Founders[1] have also decided to sell a portion of the Founders' shareholdings in Arise Windpower. The share offering and the sale of shares by the Founders are aimed at the public in Sweden and to Swedish and certain international institutional investors[2] and are designed to facilitate Arise Windpower's continued development and growth while at the same time broadening the ownership of the Company. In connection with this the Board of Directors of Arise Windpower has applied for and received permission[3] to list the Company's shares for trading on NASDAQ OMX Stockholm, main list. Together with the Founders, the Board of Directors of Arise Windpower has therefore decided to make the following Offer to acquire shares in the Company, each with a quotient value of SEK 0.08, in accordance with the terms and conditions of this Prospectus, comprising:

the acquisition of:
not more than 10,000,000 and not less than 8,461,538 new shares in Arise Windpower at the bottom end and the top end of the price range, respectively. The issuance of new shares under the Offer can increase the number of shares by up to 10,000,000, from 21,561,070 to 31,561,070, and by at least 8,461,538, from 21,561,070 to 30,022,608, representing an increase in the number of shares of 39.2-46.4 per cent[4];

and the acquisition of:
730,000 existing shares in Arise Windpower;

together representing 30.6-34.0 per cent of the shares and votes in the Company if the Offer is fully subscribed.

If the Offer is fully subscribed the Company will, through the issuance of new shares under the Offer, raise MSEK 550 before expenses relating to the Offer. Arise Windpower's expenses relating to the Offer are expected not to exceed approximately MSEK 31[5] and consist mainly of commission-based fees and fees and expenses for the Company's auditors, legal advisors and printing costs. If the Offer is fully subscribed the Founders will receive MSEK 40 at the bottom end of the price range and MSEK 47 at the top end of the price range, before expenses relating to the Offer. Commission-based fees relating to the Founders' sale of shares will be borne by the Founders and are expected not to exceed approximately MSEK 1.

The price per share for all shares covered by the Offer will be fixed through a form of bidding process aimed at institutional investors and is expected to be fixed in the SEK 55-65 per share range. The Offering Price to the public will be the same as for institutional investors, except that the Offering Price to the public may not exceed SEK 65 per share. The fixed final Offering Price, as well as the final number of shares offered, is expected to be announced in a press release around 24 March 2010.

The Company has agreed to issue, at the request of ABGSC up to the date occurring 30 days after the first day of trading, additional shares comprising 15 per cent of the shares in the Offer, to cover any over-allotment. The Over-Allotment Option comprises not more than 1,609,500 shares[6].

The Founders (including companies controlled by them) have agreed not to sell or pledge, without the consent of ABGSC, any shares in the Company in addition to those included in the Offer before the expiry of at least 12 months from the first day of trading on NASDAQ OMX Stockholm, main list[7]. Board members with shareholdings have agreed not to sell or pledge, without the consent of ABGSC, any shares in the Company before the expiry of at least 6 months from the first day of trading on NASDAQ OMX Stockholm, main list[8].

Laholm, 11 March 2010

Arise Windpower AB (publ)

The Board of Directors

The above is confirmed:

PLU Energy Holding AB

Peter Nygren Leif Jansson Ulf Corné

1 The Founders are Peter Nygren, Leif Jansson and Ulf Corné. The sale will be made in the form of a private sale of 30,000 shares and a sale of 700,000 shares through PLU Energy Holding AB (Örsviksvägen 21, 427 50 Billdal), a company wholly owned by the Founders, see also page 84 "Agreement on the sale of shares". As the Founders intend, in connection with the Offer, to indirectly acquire about 150,000 shares, the Founders will collectively reduce their direct and indirect shareholding in Arise Windpower by approximately 580,000 shares through the Offer, which represents approximately 12.4 per cent of the Founders' total shareholding in Arise Windpower before the Offer

2 See also page 2 "Important information" for information about sale restrictions

3 Provided the requirement of broadening ownership is met

4 For a shareholder who does not participate in the Offer the share capital will be diluted by up to 31.7 per cent

5 This calculation does not include shares that may be issued through exercise of the Over-Allotment Option. In case of full exercise of the Over-Allotment Option, the Company will issue up to 1,609,500 additional shares, representing not more than 4.9 per cent of the shares of the Company if the Offer is fully subscribed, which means that the Company would raise up to MSEK 89-90 in additional funds at the bottom and top ends, respectively, of the price range, before expenses relating to the Offer

6 See also page 84 "Agreement on the sale of shares"

7 See also page 84 "Agreement on the sale of shares"

8 These Board members are Pehr G Gyllenhammar, Joachim Gahm and Birger von Hall. See also page 84 "Agreement on the sale of shares"

Terms and instructions

THE OFFER

The Offer is limited to the issuance of not more than 10,000,000 and not less than 8,461,538 new shares in the Company as well as the sale of 730,000 shares by the Founders. The Offer is divided into two parts: the public offering[1] and the institutional offering[2,3].

Over-Allotment Option

The Offer may comprise up to another 15 per cent of the Offer, equivalent to not more than 1,609,500 shares, if the Over-Allotment Option described on page 84 "Agreement on the sale of shares" is exercised.

BIDDING PROCESS

To achieve a price reflecting the market value of the shares covered by the Offer, institutional investors will be offered to take part in a form of bidding process by submitting expressions of interest. The bidding process will continue until 23 March 2010 and will determine the Offering Price. The bidding process for institutional investors may be terminated at an earlier date. An announcement of any such termination will be made by press release through one or several international news agencies.

OFFERING PRICE

The Offering Price in the Offer is expected to be fixed in the SEK 55-65 per share range. The price range has been determined by the Board of Directors of Arise Windpower in consultation with ABGSC based on an assessment of investor interest among institutional investors. The offering price to the public will not exceed SEK 65 per share. Commission will not be charged. It is intended that the fixed final Offering Price will be announced in a press release around 24 March 2010.

APPLICATION

The public offering

Applications to acquire shares under the Offer to the public must comprise not less than 100 and not more than 10,000[4] shares, in round lots of 100 shares. Holders of online securities accounts with Avanza or Nordnet can apply via Avanza's and Nordnet's online services. Instructions on how to do this are available at www.avanza.se and www.nordnet.se. Applicants who do not hold an online securities account with Avanza or Nordnet will need to fill in a separate application form. The Prospectus can be obtained from Avanza and Nordnet or ordered from Arise Windpower and is also available on the websites of Arise Windpower (www.arisewindpower.se), ABG Sundal Collier (www.abgsc.se), Avanza (www.avanza.se) and Nordnet (www.nordnet.se).

Application forms can be obtained from Avanza or from Arise Windpower. Completed and signed application forms should be sent to:

Avanza Bank AB
Corporate Finance
Box 1399, Klarabergsgatan 60
111 93 Stockholm
SWEDEN

The applicant must state by means of a cross in the designated place in the application form whether the applicant was a shareholder of the Company on 12 March 2010 and the number of shares held at this date. Those who do not have a book-entry account or securities account will need to open a book-entry account or securities account before submitting their application forms. Applicants are advised that opening a book-entry account or securities account can take some time.

Applications made via Avanza's and Nordnet's online services can be submitted from 12 March until midnight on 22 March 2010. Applications made by application form must be received by Avanza by 5 p.m. on 22 March 2010. Each person is permitted to submit only one application. No changes or additions may be made to the text printed on the form and incomplete or incorrectly filled out forms may be disregarded. Only one (1) correctly filled out application form will be considered. If several application forms are submitted only the first of these will be considered. Please note that applications are binding. The Board of Directors of Arise Windpower retains the right to extend the application period. The decision regarding such extension will be announced through a press release on 22 March 2010 at the latest.

The institutional offering

Expressions of interest from institutional investors in Sweden and abroad should be submitted to ABG Sundal Collier during the period 12 March to 23 March 2010. The Board of Directors of Arise Windpower retains the right to extend the application period. The decision regarding such extension will be announced through a press release on 22 March 2010 at the latest.

ALLOTMENT

Decisions on allotments of shares will be made by the Board of Directors of the Company in consultation with ABGSC, having regard to the objective of achieving a good institutional ownership base and a broad ownership of shares among the public in order to enable regular and liquid trading in Arise Windpower's shares on NASDAQ OMX Stockholm, main list.[5] All applicants who were shareholders of Arise Windpower at 12 March 2010 will be treated equally in the allotment in relation to their relative shareholdings at that date. This applies regardless of whether the application was made under the public offering or the institutional offering. The date of submission of application forms is not decisive for allotments.

1 The term "public" refers to private individuals and legal entities subscribing for no more than 10,000 shares

2 The term "institution" refers to private individuals and legal entities subscribing for more than 10,000 shares

3 See also page 2 "Important information" for information about sale restrictions

4 Those wishing to acquire more than 10,000 shares are requested to contact ABGSC in accordance with what is stated in the section "Application - The institutional offer"

5 See also page 2 "Important information" for information about sale restrictions

The public offering
If the Offer is over-subscribed applicants may receive no allotment or a smaller number of shares than they subscribed for, in which case allotments may wholly or partially be made by random selection. Allotments will in the first hand be made in such manner that a certain number of shares are allotted to each applicant who has been allotted shares. On top of this, allotments will be a certain percentage, equal for all applicants, of the additional number of shares applied for. Furthermore, certain customers of Avanza and Nordnet may receive special consideration in the allotment of shares. Allotments will only be made in multiples of 100 shares. Allotments do not depend on the point in time during the application period when an application is submitted. Allotments may be made to employees of ABGSC, Avanza or Nordnet, with the provision that no priority be given to such applicants. In such case allotments will be made in accordance with the rules of the Swedish Securities Dealers Association and the regulations of the Swedish Financial Supervisory Authority.

The institutional offering
As mentioned, decisions on allotments of shares under the Offer to institutional investors will be guided by the ambition to achieve a good institutional ownership base for Arise Windpower. Allotments of shares among institutions submitting expressions of interest will be entirely discretionary.

PAYMENT AND NOTIFICATION OF ALLOTMENT

The public offering
Allotments are expected to be made on 23 March 2010. Holders of online securities accounts with Avanza and Nordnet will be notified of allotment as of 9 a.m. on 24 March. Applicants who do not hold an online securities account with Avanza or Nordnet will, if they have been allotted shares, be sent a contract note as soon as possible after the allotment. Applicants who have not been allotted shares will not be notified. It is expected that applicants who do not hold an online securities account with Avanza or Nordnet can receive notification by telephone on +46 8 562 251 20 as of 9 a.m. on 24 March 2010.

Those who hold an online securities account with Avanza or Nordnet will be required to ensure that funds for payment of allotted shares are available in their online securities account on the payment date, 29 March 2010. Note that if sufficient funds are not available in the online securities account on the payment date, 29 March 2010, the allotted shares may be transferred to another party. If the selling price in such transfer is less than the price in the Offer the recipient of the allotted shares under the Offer may be required to pay the difference.

Applicants who do not hold an online securities account with Avanza or Nordnet will be required to make full cash payment for allotted shares, which must be received by Avanza no later than 29 March 2010 in accordance with the instructions on the contract note. Applicants are advised that if full payment is not made in time the allotted shares may be transferred to another party. If the selling price in such transfer is less than the price in the Offer the recipient of the allotted shares under the Offer may be required to pay the difference.

The institutional offering
It is expected that institutional investors will be notified of allotments of shares on 24 March 2010 in a specific order, after which contract notes will be dispatched. Full cash payment for allotted shares must be made by 29 March 2010. Applicants are advised that if full payment is not made in time the allotted shares may be transferred to another party. If the selling price in such transfer is less than the price in the Offer the recipient of the allotted shares under the Offer may be required to pay the difference.

REGISTRATION AND ACCOUNTING OF ALLOTTED AND PAID-UP SHARES

Registration by Euroclear of allotted and paid-up shares is expected to commence on 29 March 2010 for institutional investors as well as the public, upon which Euroclear will send out a note showing the number of shares in Arise Windpower that have been registered in the recipient's book-entry account. Notification of shareholders whose shareholdings are registered in the name of a nominee will be made in accordance with the procedures used by each nominee.

In order to enable delivery of shares before the new shares issued under the Offer have been registered with the Swedish Companies Registration Office, and thus enable trading in the shares to commence around 24 March 2010, ABGSC will, on behalf of the Company, borrow a number of existing shares equal to the total number of newly issued shares acquired under the Offer, including any shares that may be issued by exercise of the Over-Allotment Option, from certain large shareholders in the Company, including the Founders.

LISTING OF SHARES IN ARISE WINDPOWER

The Board of Directors of Arise Windpower has applied for listing of the Company's shares on NASDAQ OMX Stockholm, main list. On 25 February 2010 the Listing Committee of NASDAQ OMX Stockholm decided to approve Arise Windpower for listing on NASDAQ OMX Stockholm, main list, on condition that the requirement of broadening ownership of the Company's shares is met. Trading is expected to commence around 24 March 2010. This means that trading will commence before shares have been transferred to the buyer's book-entry account or securities account and in some cases before notification of allotment has been received,[6] which means that trading will begin before the conditions for completion of the Offer have been met. Trading will be conditional on such completion. If the Offer is not completed, any shares that have been delivered must be returned and any payments made must be returned. For trades executed on 24 March 2010 delivery and pay-

6 See also page 2 "Important information on opportunities to sell allotted shares" and "Registration and accounting of allotted and paid-up shares"

ment is expected to take place on 29 March 2010.

STABILISATION MEASURES
In connection with the Offer ABGSC may decide to execute transactions on NASDAQ OMX Stockholm, main list, which stabilise the market price of the shares or maintain this price at a level that deviates from what would otherwise apply in the market.

RIGHT TO DIVIDENDS
The shares entitle the holders to receive dividends as of the first Annual General Meeting held after the decision on the Offer, although the Board of Directors is of the opinion and has proposed that no dividend payments be made in the next few years.[7] Any dividend payments to holders of the shares will be administered by Euroclear or, for nominee-registered shareholdings, in accordance with the procedures used by each nominee.

CONDITIONS FOR COMPLETION OF THE OFFER
The Offer is conditional on fulfilment of the requirement of a broad base of shareholders for listing on the main list of NASDAQ OMX Stockholm, the conclusion of an agreement between Arise Windpower, the Founders and ABGSC on the sale of shares in Arise Windpower around 23 March 2010, the fulfilment of certain terms and conditions in the agreement and on the agreement not being terminated[8]. The Offer could thus be withdrawn. If the Offer is withdrawn any applications that have been received will be disregarded and any payments made will be returned.

OTHER INFORMATION
The Company's shares have been issued in compliance with the provisions of the Swedish Companies Act and an owner's rights in respect of the shares may only be changed in accordance with the provisions of this law. The Company and its shares are connected to the electronic securities system, a system where Euroclear Sweden AB acts as central securities depository and clearing house. The address to Euroclear Sweden AB is Box 7822, 103 97 Stockholm. AGB Sundal Collier Norge ASA is the issuing institution in connection with the Offer. All of the Company's shares are denominated in Swedish kronor. There is only one share class and all shares carry the same voting rights and the same rights to a share in the profits of the Company and in any surplus from liquidation.

QUESTIONS
Any questions from holders of online securities accounts with Avanza or Nordnet will be handled via messaging centres at www.avanza.se and www.nordnet.se, respectively. Any questions from the public will be answered by Avanza on +46 8 562 251 20. Any questions from institutions will be answered by ABGSC on +46 8 566 286 00.

22 March
Last day for submission of applications in the public offering

24 March
Expected first day of trading

29 March
Payment date

7 See also page 80, "Dividend policy and equity/assets ratio"

8 See also page 84 "Agreement on the sale of shares"

Message from the CEO

The previous year, 2009, was a commercially significant and eventful time for Arise Windpower, when we reached a number of important milestones. We completed or initiated construction on 28 wind turbines with a total capacity of 61.5 MW, and the Company's financial position and ownership was strengthened through a successful share offering, attracting investors such as the Third Swedish National Pension Fund (AP3). In 2009 the Company's investment cost for building wind turbine installations was also reduced significantly, thanks to the conclusion of extensive long-term framework agreements and improvements to the design of wind farms. The cost of servicing our turbines was also lowered. Overall, 2009 showed that the industrial approach that inspires all areas of operation in Arise Windpower is yielding good results.

The start-up of the Company's first wind farm in Oxhult in March was an important milestone, providing an initial confirmation of the capacity to deliver in the industrial organisation that we have built up. The project was completed in record time - two years from permit application to start of operation. The 12 turbines have been erected in a forest environment and have a total capacity of 24 MW, providing renewable electricity to about 3,000 single-family homes. In addition to putting the delivery capacity of Arise Windpower's organisation to a hard test, the construction and operation of the Oxhult farm has given us valuable experiences that we have put to use in the continued expansion of the Company's project portfolio. We have, for instance, increased distances between the turbines in our farms - an adjustment that we believe will increase the efficiency and profitability of the entire portfolio. A decision to invest in an individual project is only made if the return on total invested capital before tax is expected to exceed 10 per cent. Thanks to the savings and efficiencies that have been made, we can achieve this level of return even in locations with weaker winds.

To ensure a continued high pace of expansion and a highly competitive cost level during the continued expansion of our project portfolio, Arise Windpower concluded a number of key agreements during the year. In particular, the Company concluded a framework agreement with GE Energy for delivery of 52 wind turbines and another with Vestas for a further 60 turbines. These agreements have secured the majority of the Company's planned construction for the next three years. We have also concluded five-year framework agreements for delivery of large volumes of gravel and concrete straight from the main supplier with no intermediaries. Taking advantage of economies of scale is a core element of Arise Windpower's business model. Thanks to the agreements that have been signed, we have been able to cut the Company's costs for investments as well as operations and maintenance.

In addition to the Oxhult farm, two new wind farms with a combined capacity of 22.5 MW have now been or are being put into operation, in Råbelöv in Kristianstad and Brunsmo in Karlskrona. Work has also begun on the construction of one further, 15 MW wind farm in Hylte, which is expected to become operational in November 2010. Once these farms are up and running Arise Windpower will have achieved another important milestone. The Company will then have a positive cash flow and be able to cover the full cost of its day-to-day operations and project development activities. This means that from that time any new equity and loan capital will be used exclusively to fund the continued expansion of our project portfolio.

The Swedish wind power market is fragmented, consisting of several small and medium-sized wind power companies, many of which have big investment plans. The Company believes a consolidation of the market is likely, and Arise Windpower's ambition is to take an active part in this process. We should aim to add to the Company's existing portfolio by looking for potential takeover candidates. We may also consider investing in a small number of wind farms outside our primary geographic area, i.e. southern Sweden, provided the wind resources are very good.

What we have achieved over the past year shows clearly that our organisation is able to fulfil the tough standards we set: to always deliver fast, to a high quality, on time and cost-effectively. Armed with a highly skilled and experienced project team and a large-scale industrial approach, Arise Windpower is well equipped to continue to build, at a rapid pace, the roughly 300 turbine installations we are aiming to have in operation by the close 2014. This would make us one of Sweden's leading companies in onshore wind power.

We look forward to sharing our future with active and interested shareholders.

Halmstad, 11 March 2010

Peter Nygren
CEO of Arise Windpower AB

Market

Arise Windpower operates in the market for the development, construction and operation of onshore wind farms in Sweden as well as sales of the electricity and electricity certificates generated by these wind farms. The Company's revenues and profitability depend on conditions and prospects in the market. These include the prospects for the expansion of wind power in Sweden, which in turn is influenced by global driving forces to increase the production of renewable energy as well as local conditions for such an expansion, and wind power's relative profitability compared with other types of energy, electricity prices in Sweden and neighbouring markets, revenues and other support from government initiatives, and the competitive situation in the Company's market. The following section describes Arise Windpower's market in terms of development, size and prospects for future growth.

THE GLOBAL WIND POWER MARKET

In recent years renewable energy production in general and wind power in particular have grown at a rapid pace. In the EU wind power is currently the fastest growing form of power production technology[1]. Since the beginning of the 1990's installed capacity has grown by almost 27 per cent annually, reaching 158 GW by the end of 2009[2]. Despite this rapid growth, wind power only accounts for about 1 per cent of the electricity that is produced[3]. In addition to rising power consumption and a growing desire to reduce dependence on imported energy, the climate threat has emerged as a significant driving force behind the growth of the wind power market. A string of international reports have stated that man's growing emissions of fossil carbon dioxide are having a negative impact on the climate and that early preventive action is the most effective way to counter this climate impact[4].

The electricity generated by wind power is transported and consumed in the same way as electricity from other energy sources. The breakdown between energy sources in power production varies between different markets and depends to a large extent on the natural resources that are available locally and on political regulations on taxes and incentives. The figures to the right in the middle show the breakdown between different types of energy in global power production.

Global power production by energy type (2006) (see fig. to the right)
The installed capacity of wind power increased by 37 GW globally in 2009 to about 158 GW by the end of the year[5]. The figure above to the right illustrates the total as well as the new wind power capacity for the countries with the largest amount of wind power in the world.

Wind power, installed and new capacity 2009 (see fig. to the right)
The Global Wind Energy Council (GWEC), a wind power organisation, publishes an annual five-year forecast for the expansion of wind power globally. All four forecasts published by GWEC to date have subsequently been exceeded by actual growth. The figure below to the right shows GWEC's latest forecast, covering the period 2009-2013. From a baseline of actual installed capacity in 2008, capacity is expected to increase at an average compound annual growth rate (CAGR) of 22 per cent. This forecast was exceeded already in 2009, when capacity increased by 37 GW rather than the 30 GW forecast.[6]

Price competitiveness
Arise Windpower is currently planning to establish only land-based wind power. The competitiveness of this form of energy generation is therefore of great importance for Arise Windpower's profitability.

Although wind power production has historically been more expensive than traditional electricity-generating energy sources, many international institutions and national governments believe wind power creates positive external effects, such as reduced emissions and reduced dependence on imported energy. To encourage the expansion of wind power capacity, incentive systems have therefore been introduced which in various ways increase the revenues generated by wind and other renewable energy sources.[7]

The rapid growth of wind power over the last 20 years has clearly contributed to the development of wind power technology and improved efficiency in new projects. The current trend is towards ever larger turbines with improved cost-effectiveness. Based on data from Denmark, the cost of a coastal wind turbine has fallen by almost 50 per cent in fixed prices in 20 years, from EUR 101/MWh for a 95 kW turbine installed in the mid-1980s to EUR 53/MWh for a 2 MW turbine installed in 2006. Studies based on historical data suggest that when total installed wind power capacity doubles the cost falls by 9-17 per cent. In view of the rapid growth of the industry, wind power costs are therefore expected to fall in coming years.[8]

A large portion of the cost of wind power, about 75 per cent, is related to the purchase and erection of wind turbines and the surrounding infrastructure and is paid at the time of construction of the wind farm. Wind power is thus more capital-intensive than traditional fossil power, such as coal and gas power plants, where 40-70 per cent of the cost is operations and maintenance-related. Because of this, wind power has an economic advantage, viz. that, unlike in fossil power production, the cost of producing electricity does not entail an additional fuel cost and therefore

1 GWEC, Global Wind 2008 Report (2009)

2 EWEA, Wind Energy - The Facts (2009) and GWEC, Global wind power boom continues despite economic woes (2010)

3 Progressive Policy Institute, Trade Fact of the Week (2008)

4 Svensk Vindenergi, Med vindkraft i tankarna (2008)

5 GWEC, Global Wind 2008 Report (2009)

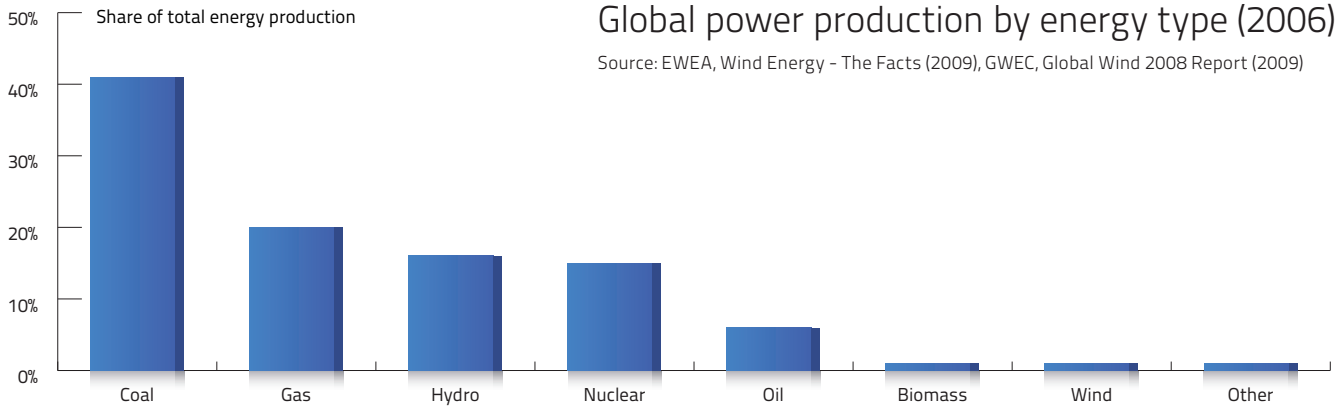
6 GWEC, Global wind power boom continues despite economic woes (2010)

7 EWEA, The Economics of Wind Power (2009)

8 Risø DTU, Contribution to the chapter on wind power in: Energy Technology Perspectives 2008, IEA (2009)

Global power production by energy type (2006)

Source: EWEA, Wind Energy - The Facts (2009), GWEC, Global Wind 2008 Report (2009)

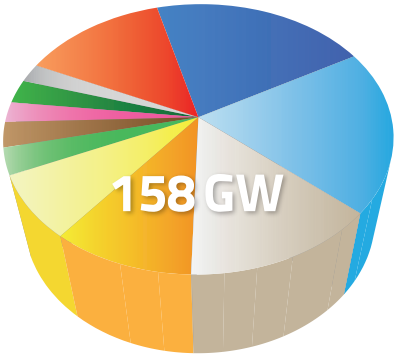


Wind power, installed and new capacity 2009

Source: GWEC, Global wind power boom continues despite economic woes (2010)

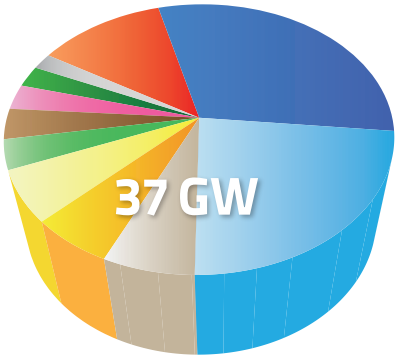
Top 10 total installed capacity 2009

USA	35,159	22%
Germany	25,777	16%
China	25,104	16%
Spain	19,149	12%
India	10,926	7%
Italy	4,850	3%
France	4,492	3%
UK	4,051	3%
Portugal	3,535	2%
Denmark	3,465	2%
Other	21,391	14%



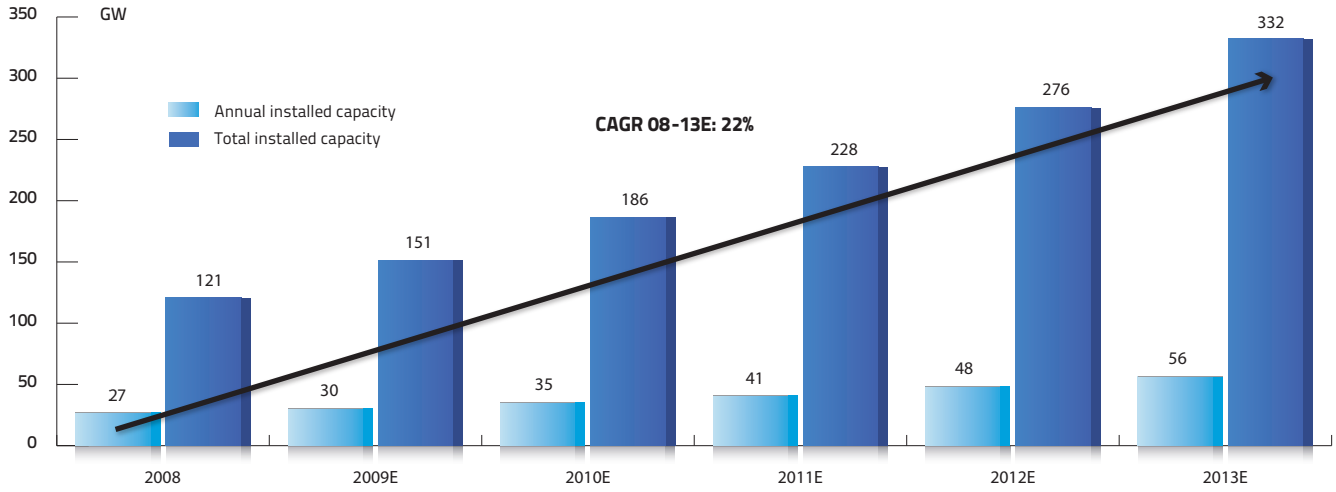
Top 10 new capacity 2009

China	13,000	35%
USA	9,922	26%
Spain	2,459	7%
Germany	1,917	5%
India	1,271	3%
Italy	1,114	3%
France	1,088	3%
UK	1,077	3%
Canada	950	3%
Portugal	673	2%
Other	3,995	11%



Forecast global wind power capacity 2009-2013

Source: GWEC, Global Wind 2008 Report (2009)



has a very limited exposure to changes in the price of oil and other commodities. The same applies to changes in the price of emission allowances for carbon dioxide. According to the European Wind Energy Association (EWEA), this is an external effect that has not yet been fully taken into account in cost estimates for wind power and the design of incentive systems.[9]

Most of the wind farms being built in Europe are onshore. Offshore wind power accounts for about 1 per cent of total installed capacity. A strong contributing factor behind this, despite stronger winds at sea, is that the investment cost is about 50 per cent higher than for onshore wind power. Because of this, the overall investment is less profitable than for onshore investments.[10] Operations and maintenance are also more complicated and costly in offshore wind farms.[11] Despite this, offshore wind power is expected to see strong growth over the next few decades thanks to the attractive wind speed and the smaller visual impact of offshore wind farms.[12] However, in many countries, including Sweden, the expansion of offshore wind power will probably require specific incentive systems to offset the high investment cost in the short term.

Other environmentally adapted power production technologies, such as solar energy and wave energy, are much less mature and still too expensive and small-scale compared with the relatively mature wind power market.[13]

International comparison of support systems for renewable power production

Based on the international and regional initiatives that have been taken to increase the share of renewable power production, many countries have designed incentive systems to compensate renewable energy production for the positive external effects that it is thought to bring. For example, all 27 member states of the EU currently have some such support system. The systems differ from one country to another depending on the specific character of the power market and other political priorities.[14] There are currently five general types of support system in the EU: feed-in tariffs, green certificates, public procurement, tax incentives and quota-based support systems (without certificates). Feed-in tariffs are used by a majority of EU member states, including Germany and Spain, where producers of renewable electricity receive a guaranteed price for electricity that is sold to the grid. Sweden and the United Kingdom are examples of countries that gave green certificate systems; a form of technology-neutral and market-based system based on supply and demand for certificates.[15]

The national support systems are designed to handle each country's unique circumstances in the best way. The European Commission's view is that the best course for the time being is to not try to achieve a single support system for all countries, as this could hinder regional development opportunities in specific technologies and create additional uncertainty. However, the Commission encourages cross-border collaboration to achieve economies of scale, increased investor transparency and cost-effectiveness in efforts to increase renewable energy production.[16] For example, discussions are currently underway between Norway and Sweden on the creation of a joint electricity certificate system, and in September 2009 an agreement was signed between representatives of the two governments on the principles for work on establishing a single electricity certificate market in Sweden and Norway[17]. A cross-border support system may impact Arise Windpower, since it may affect the market price of Swedish electricity certificates.

Environmental impact

Because of its renewable character, wind-generated electricity is environmentally sustainable. The production of wind power components, transports and maintenance relating to electricity generation have impact on the environment but this impact is small compared with electricity generated from fossil fuels, for instance. According to studies published by AWEA[18] and Vestas[19], the energy-based payback period for a modern wind turbine, the time it takes to produce the energy required for the production and dismantling of the turbine, is between three and eights months depending on the wind situation. The actual environmental impact also depends on what type of energy is used in producing components and the extent to which the components are recyclable. In addition to production-related aspects, the environmental impact that wind turbines have on the surrounding landscape and wildlife also need to be considered[20].

WIND POWER IN SWEDEN

Arise Windpower's operations and project portfolio are located in southern Sweden. The Company's operations are hence affected by the development of the development of the Swedish wind power build-out, support systems for establishment of renewable energy in Sweden as well as the Swedish electricity market in general.

9 EWEA, The Economics of Wind Power (2009)

10 EWEA, The Economics of Wind Power (2009)

11 CAOWEE, Offshore technology (http://www.offshorewindenergy.org/caowee/index-pages/ Offshore_technology.php?file=offtech_p6.php) (2008)

12 EWEA, The Economics of Wind Power (2009)

13 The Guardian, "One million jobs in wind power by 2010" (20 Jan 2009)

14 Swedish Energy Agency, Elcertifikatsystemet 2008 (2008)

15 Swedish Energy Agency, Elcertifikatsystemet 2008 (2008)

16 Swedish Energy Agency, Elcertifikatsystemet 2008 (2008)

17 Swedish Ministry of Enterprise, Employment and Communications, press release (7 Sep 2009)

18 AWEA, The Most Frequently Asked Questions About Wind Energy (2002)

19 Vestas, Life cycle assessment of offshore and onshore sited wind power plants based on Vestas V90-3,0 MW turbines (2006)

20 EWEA, Wind Energy - The Facts (2009)

Wind power in Sweden today

In the last few decades hydroelectric and nuclear power have accounted for almost all of Sweden's energy supply. Out of total preliminary net power production of 133 TWh in 2009, hydroelectric power accounted for 66 TWh and 50 TWh came from nuclear power. The figure to the right shows the breakdown by energy source.[21]

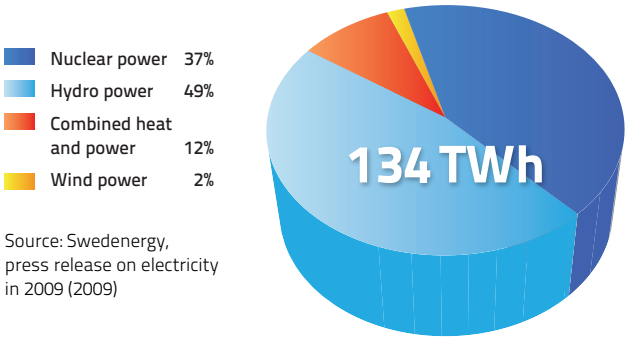
The major expansion of hydroelectric and nuclear power that took place in Sweden in the twentieth century, partly with the aim of reducing the country's dependence on oil, has made Sweden virtually independent of other countries in terms of power supply. In 2006 Sweden had the second highest share of nuclear power and the fifth highest share of hydroelectric power in the world.[22]

Sweden's nuclear reactors are normally built to remain in operation for 40 years. The technical useful life may be shorter or longer, however, depending on how the facility is operated and maintained. Several of the world's 440 or so currently operating nuclear power plants have been refitted and modernised to extend their economic lives to 60 years. Like hydroelectric and wind power, nuclear power meets the requirement of low emissions of greenhouse gases, which is increasingly demanded for new energy sources.[23] However, nuclear power is associated with considerable risks, in the form of reactor breakdown and the long-lasting radioactivity of spent nuclear fuel.[24]

Thanks to its high share of hydroelectric power, Sweden has the highest share of renewable energy in the EU. Sweden is also deemed to be an attractive market for wind power due to the country's size, low population density and, especially, the many good wind locations. In line with the formulation of international agreements and targets, political support systems underpinning wind power have been developed, giving a boost to the expansion of wind power in Sweden.[25]

Installed capacity in Sweden doubled over the three-year period 2006-2008, to 1,048 MW at the end of 2008[26]. According to Svensk Vindenergi, the national trade association for wind energy, capacity increased by a further 512 MW in 2009[27]. Yet compared with the leading wind power countries, this figure is still low. If Sweden had the same wind power penetration per square kilometre as Germany, this would equate to about 30,000 MW.[28] Wind-generated electricity increased in 2008 from 1.4 TWh to 2.0 TWh, and now accounts for 1.4 per cent of total Swedish power consumption[29].

Net power production by energy type in Sweden (2009)



Source: Swedenergy, press release on electricity in 2009 (2009)

21 Swedish Energy Authority, Energiförsörjningen i Sverige (2009)

22 IEA, Key World Energy Statistics 2008 (2008), Swedish Government Offices, En sammanhållen klimat och energipolitik (2009)

23 Swedish Government Offices, En sammanhållen klimat och energipolitik (2009)

24 Swedish Energy Agency, Kärnkraft (16 Jun 2009) http://www.energikunskap.se/web/otherapp/ekunskap.nsf/(vLookupDocumentsWeb)/4EA15227887E0042C1256B6B00291659?OpenDocument&count=-1

25 GWEC, Global Wind 2008 Report (2009).

26 Swedish Energy Agency, Vindkraftstatistik 2008 (2009)

27 Svensk Vindenergi, Vindkraftens utveckling 2009 i Sverige, och prognos (2010)

28 GWEC, Global Wind 2008 Report (2009)

29 Swedish Energy Agency, Vindkraftstatistik 2008 (2009)

The figure to the right shows the growth of wind-generated electricity in Sweden since 1997. The average compound annual growth rate (CAGR) over the period is 25 per cent.

Wind-generated electricity in Sweden 1997-2009E (see fig. to the right)
In the early phase that the market has been in the expansion has to a large extent been achieved through small independent players. Ownership is therefore more fragmented and open than for many other types of energy. As larger wind turbines and farms are developed and the economic support system is improved, the big energy companies have in recent years entered the market as active operators and owners of major wind farms. The players are now increasing their investments but still today the situation in wind power generation is very different from that in hydroelectric power and nuclear power, for instance.[30]

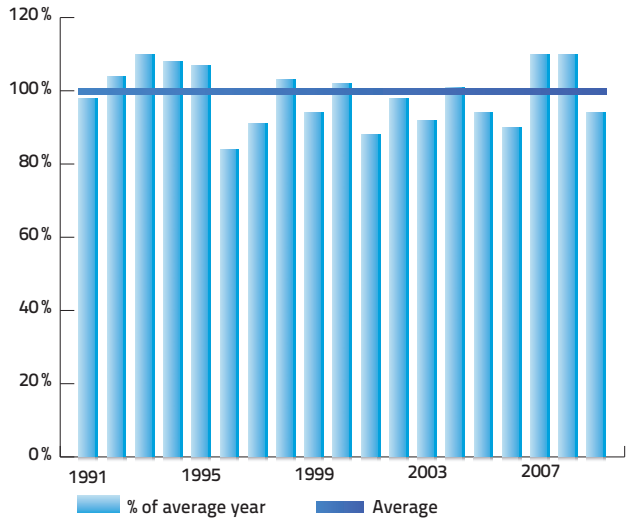
Wind power is today established throughout the country; all of Sweden's 21 counties have at least some wind turbines in operation. As the map below to the right shows, wind resources are greater in southern Sweden. According to a report from Elforsk, southern Sweden also has the biggest potential in terms of areas with a high number of peak load hours and low investment costs.[31] However, the red spots on the map below to the right show that a large number of areas in northern Sweden have been identified as being of national interest for wind farms but a large scale expansion of wind power in northern Sweden would require significant investments in Svenska Kraftnät's transmission grid. In addition to the increased investment costs that this would entail, the negative environmental impact on the local environment of new power lines would need to be weighed against the positive impact on the global environment from the use of wind power in northern Sweden.[32] The figure below to the right describes a number of typical wind turbine locations, where such locations are found and the benefits and drawbacks of each type of location. Arise Windpower's project portfolio is concentrated in the South of Sweden and primarily consists of forest locations.

The output of a wind turbine depends on the energy content of the wind and how this varies over time. Arise Windpower will therefore be affected by variations in the energy content of the wind between different months and years. The figure to the left shows statistics on wind energy in Sweden for the years 1991 to 2008 based on the output of all Swedish wind turbines that have been officially registered with the Swedish Energy Agency. As shown in the figure, the energy content varies from one year to another. During the period covered by the figures the energy content varied from 84 per cent to 110 per cent of an average year with a standard deviation of 8 per cent. The chart to the left shows how wind power output from a wind turbine varies over the course of the year. Generally speaking, winds are stronger in the winter months than in the summer. Based on the largest 144 registered turbines, which have registered capacities of 1.5 to 3.0 MW, average monthly production varies between five per cent of annual production in July and over 12 per cent of annual output in December. The variation on a monthly basis from one year to another is greater than the variation on an annual basis, as illustrated by the blue corridor in the chart, which shows the lowest and highest share of wind power production measured in each month during the period 2003 to 2008.

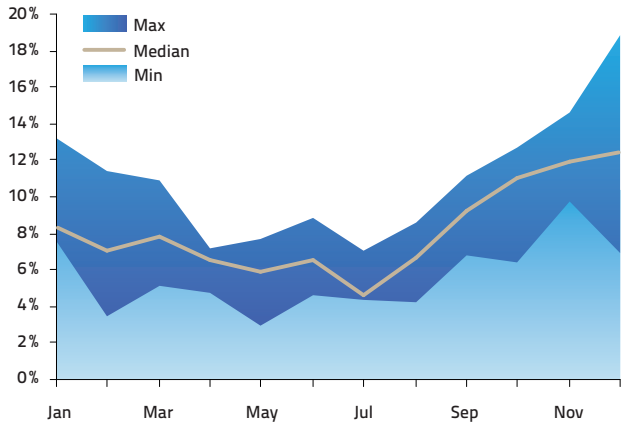
Annual and monthly variations in wind energy in Sweden

Source: Driftuppföljning vindkraft, www.vindstat.nu (2010)

Energy content of wind (1991-2009)



Monthly production data (2003-2009)



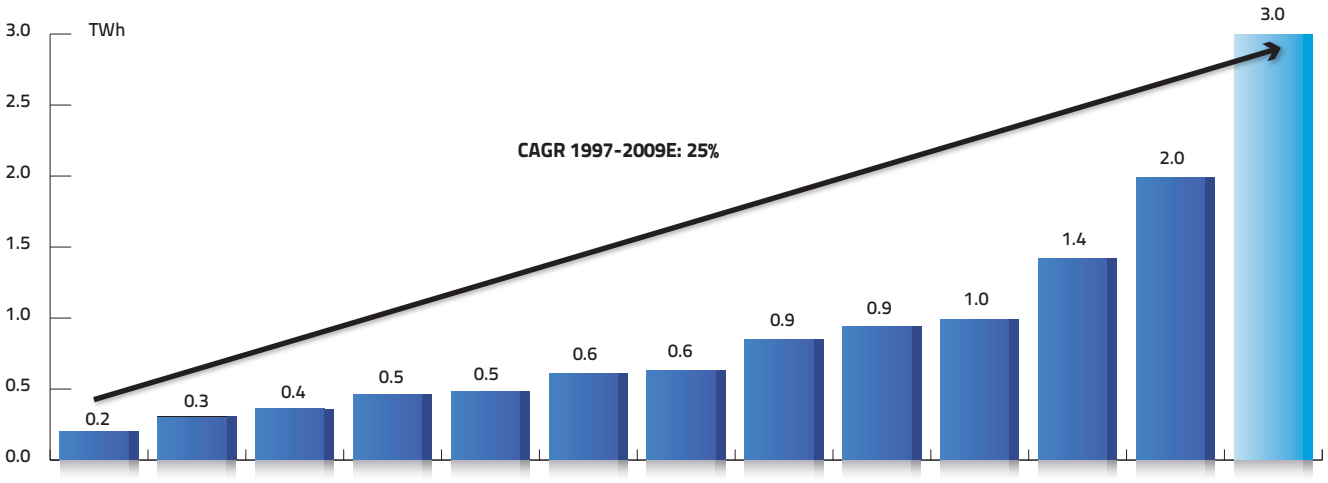
30 Vinnova, Förnybara energikällor, Hela energimarknaden i förändring (2009)

31 Elforsk, Vindkraft i framtiden - Möjlig utveckling i Sverige till 2020 (2008)

32 Svenska Kraftnät, Storskalig utbyggnad av vindkraft (2008)

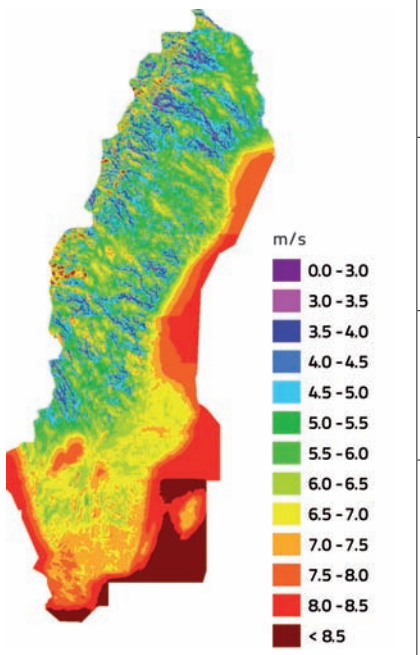
Wind-generated electricity in Sweden 1997-2009E

Source: Swedish Energy Agency, Energiläget i siffror 2008 (2008) and Swedenergy, Elåret 2008: Viktig milstolpe för vindkraften men vattenunderskott i fjällen (2008), Svensk Vindenergi, Ett år över förväntan för vindkraften (2010)



Overview of wind turbine locations in Sweden

Source: Uppsala Universitet, Wind resource mapping of Sweden using the MIUU-model (2007), Arise Windpower



Type	Geography	Benefits	Drawbacks
Coastal location	■ Along the whole coast	■ Large wind potential ■ Southern Sweden advantageous from "balance power" perspective	■ Higher population density than forests and midland, especially in southern Sweden
Forest location	■ All of Sweden, mainly southern part today	■ Less visibility ■ Lower population density ■ Good wind potential	■ Risk of turbulence ■ Bigger infrastructure requirements than in flatland locations, yet relatively good in southern Sweden
Flatland location	■ Mainly southern Sweden	■ Good infrastructure ■ Little turbulence ■ Good wind potential	■ Higher population density than forests and midland, especially in southern Sweden ■ High visibility
Mountain location	■ Midland in northern and central Sweden	■ Lower population density ■ Good wind potential	■ Distance to transmission networks, roads and other infrastructure ■ Generally lower wind speeds than in southern Sweden ■ Icing, which results in fewer peak load hours

Targets for continued expansion

In 2007 the EU made a joint commitment to increase the share of renewable energy to 20 per cent of total energy supply, cut emissions of greenhouse gases by 20 per cent from 1990 levels and improve energy efficiency by 20 per cent by 2020. In 2008 the European Commission drew up guidelines for each country in order to achieve these targets. For Sweden these targets are to cut carbon dioxide emissions by 17 per cent and increase the share of renewable energy to 49 per cent, the highest share among all member states.[33] In a longer-term perspective, beyond 2020, global emissions of greenhouse gases will need to be cut further, by significantly more than 20 per cent.[34]

According to the Svensk Vindenergi trade association, meeting the proposed target levels defined by the European Commission will require an increase in annual wind power generation to 25 TWh by 2020, of which 15 TWh refers to onshore wind power. Wind power would then represent 15 per cent of total power consumption in Sweden and, together with bio-energy, create a third supply pillar for electricity alongside hydroelectric and nuclear power. In view of current cost levels for wind power, economic support systems are essential for the continued expansion of wind power. In Sweden the support system currently consists of the electricity certificate system that was introduced in 2003. As currently designed, the Swedish electricity certificate system is adapted to support an expansion of renewable energy by 17 TWh compared with 2002 levels.[35] However, the Swedish Energy Agency believes the present support system will only enable 8 TWh of wind-related power production by 2016 and that no further expansion will take place after this without additional support.[36]

In 2007 the Energy Agency defined a planning target for the expansion of wind power in Sweden on behalf of the Swedish government, estimating that an annual wind power production of 30 TWh, including 20 TWh from onshore turbines, would be an appropriate level.[37] In 2009 the governing parties announced an agreement on a planning framework for wind power based on the Energy Agency's proposal and suggested that the current electricity certificate system be expanded from 17 TWh in 2016 to 25 TWh in 2020. The Swedish Energy Agency has been commissioned to analyse and draw up a plan for how to implement the new, higher level of ambition for the certificate system.[38]

As part of their 2009 energy bill, the governing parties also presented a proposal to remove the ban on new reactors contained in the Swedish Nuclear Technology Act in order to enable controlled generational shifts at Sweden's nuclear plants by building at the existing sites. Any government support for nuclear power, in the form of direct or indirect subsidies, should not be expected, however.[39] Insofar as Sweden's existing hydroelectric capacity is insufficient to balance the grid when new wind capacity is added, any new nuclear capacity could be used to balance supply.[40] However, the project planning stage for new nuclear power is expected to be long.[41]

Access to grid capacity

A key criterion for a large-scale expansion of wind power is access to a national power grid. The Swedish electricity grid can be divided into three levels: local grids, regional transmission grids and the national transmission grid. Most electricity consumers are connected to a local grid, which is connected to a regional grid, which in turn is connected to the national transmission grid. The national transmission grid is the backbone of the grid and is used partly to link up the Swedish power market to other neighbouring markets and to transmit power from large hydroelectric power plants in the north of the country for consumption further south.[42] Arise Windpower is dependent of the ability to connect to the Swedish electricity grid through its own grid company or through other Swedish grid companies. The structure of the Swedish electricity grid is described in the figure to the right.[43]

Svenska Kraftnät works continuously to strengthen the national transmission grid and local grid owners are also investing in improvements to the grid at various locations across Sweden. Because of the long lead times for building new grid capacity and uncertainty about where new wind farms will be built, there is a risk that the electricity grid could become a bottleneck in the expansion of wind power.[44] Svenska Kraftnät estimates that improvements to the national transmission grid will be required when total wind power output exceeds 10 TWh and that when the annual output exceeds 30 TWh the required extensions to the grid will, from a capacity perspective, be so large as to limit the environmental benefits of a further expansion of wind capacity. The need for increased grid capacity will be greatest if the emphasis of new wind power is in northern Sweden. From a systemic perspective the benefits will thus be greatest and the socio-economic costs smallest if new wind power is built in southern Sweden. Because of this, Svenska Kraftnät suggests that one should consider modifying the electricity certificate system to reflect this.[45]

33 E-press release, Kampen mot klimatförändringen ger ökad tillväxt och nya jobb (2008)

34 Svensk Vindenergi, Med vindkraft i tankarna (2008)

35 Svensk Vindenergi, Med vindkraft i tankarna (2008)

36 Svensk Vindenergi, Med vindkraft i tankarna (2008)

37 Swedish Energy Agency, Nytt planeringsmål för vindkraften år 2020 (2007)

38 Swedish Government Offices, En hållbar energi- och klimatpolitik för miljö, konkurrenskraft och trygghet (2009)

39 Swedish Government Offices, En sammanhållen klimat och energipolitik (2009)

40 Swedish Energy Agency, Nytt planeringsmål för vindkraften år 2020 (2007)

41 Swedish Government Offices, En sammanhållen klimat och energipolitik (2009)

42 Energimyndigheten, Elnätanslutning av vindkraft till lokal-, region-, och stamnätet (2007)

43 Swedenergy, Elåret 2008 (2009)

44 Svenska Kraftnät, Tröskeleffekter och förnybar energi (2009)

45 Svenska Kraftnät, Storskalig utbyggnad av vindkraft (2008)

Structure of the Swedish electricity grid

Source: Swedenergy, Elåret 2008 (2009) and Swedish Energy Agency, Elnätanslutning av vindkraft till lokal-, region-, och stamnätet (2007)

National grid

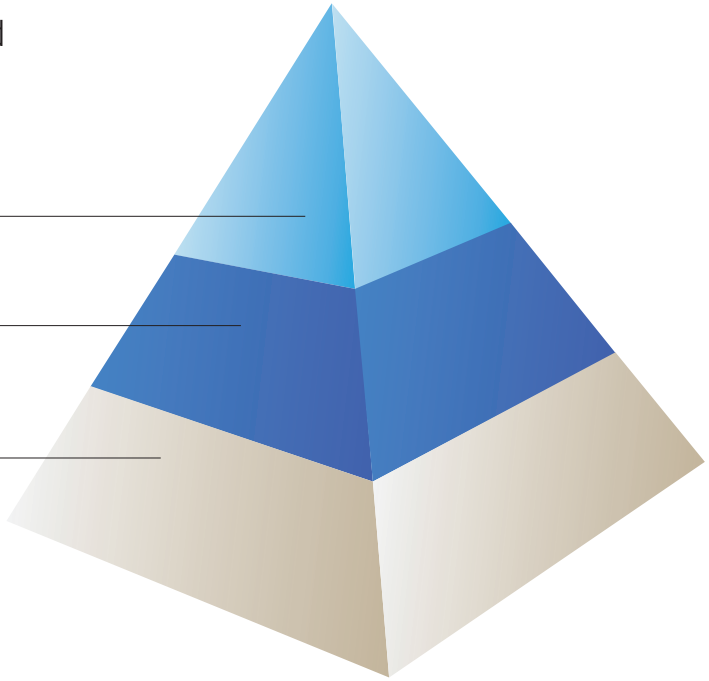
- Owned by government-owned Svenska Kraftnät, 15,000 km of National grid high voltage cable (mainly 400 kV and 220 kV)

Regional grids

- Owned mainly by E.ON, Vattenfall and Fortum, total length 33,000 km
- Common voltage levels are 30 kV to 130 kV

Local grids

- Owned by local electricity companies, connects vast majority of electricity consumers, 5.2 million
- Divided into low voltage (400/230 V) and high voltage (generally 10-20 kV)



In addition to direct access to capacity, there is also a need to balance the supply and consumption of electricity from the grid. Because wind speeds vary, it is harder to predict the amount of wind energy that will be generated at any given time than in existing hydroelectric and nuclear plants. This increases the need for balance power to compensate for the amount of wind power available at any given time as new wind farms are built in order to balance the supply and consumption of electricity. Sweden has a large number of hydroelectric facilities, which constitute a valuable resource for regulating variations in power consumption and other forms of power generation. A rapid increase in the share of wind-generated electricity increases the need for balancing mechanisms. A wide geographic distribution of new capacity would partially reduce this need.[46]

The grid connection cost is generally bigger the higher the voltage level that the facility is being connected to. On the other hand, the tariff for distributing wind-generated electricity (the transit cost) is lower the higher the voltage at which the wind farm is being connected. To prevent deterioration in the quality of electricity and the stability of the grids, it is also desirable that large production facilities be connected high up in the grid hierarchy. Only individual turbines can be connected to a local grid, not a large wind farm.[47]

An alternative to waiting for the grid owner to enable the connection to the electricity grid is to build your own grid connection. However, electricity grid operations are a legal monopoly, which-means that grid companies have a monopoly in their geographic territory or for a certain transmission line. Two types of concessions are available: concessions to operate a line and concessions to operate the grid in a particular area. A line concession (national transmission grid or regional transmission grid) is a concession to operate a specific transmission line. An area concession (local grid) covers a transmission grid in a geographically defined territory. Concessions are subject to renewal at regular intervals, and the grid company is required to demonstrate that the grid is being operated in an acceptable manner.[48]

Since swift and cost-effective connection of wind power to the national grid is considered critical for large-scale wind power development, Arise Windpower has chosen to establish a wholly owned grid company with competence to build, operate and procure grid installations. This enables the Company to develop wind farms with high pace and in a cost-efficient manner.

The permit process for wind power in Sweden

For Arise Windpower to establish wind power according to its build-out plan permits are required before construction can begin. Three main types of permit may be required to build a wind power facility: a building permit, an environmental permit and a concession to operate a transmission line or grid. In some cases a local authority may also require that a detailed development plan be drawn up for an intended wind farm site. Decisions made by government agencies on these issues can be appealed.

46 Svenska Kraftnät, Storskalig utbyggnad av vindkraft (2008)

47 Svenska Kraftnät, Storskalig utbyggnad av vindkraft (2008)

48 Swedenergy, Svensk elmarknadshandbok (2008), Energimarknadsinspektionen, Nätkoncessioner (2009-05-25) http://www.energimarknadsinspektionen.se/For-Energiforetag/El/Natkoncessioner/

The permit process was changed in August 2009. In order to simplify the permit process, the building permit requirement has been abolished for turbines requiring a permit under the Environmental Code. Previously, all wind turbine projects were assessed under the Environmental Code as well as the Planning and Building Act. Today applications for turbines requiring an environmental permit are only assessed under the Environmental Code. However, for wind turbines that only require notification and do not require a permit under the Environmental Code the building permit requirement remains for turbines that (i) exceed 20 metres in height, (ii) have turbines that are more than three metres in diameter, (iii) are located closer to residential land than the height of the turbine, or (iv) are mounted on buildings. The background to this is that wind turbines subject only to a notification requirement do not undergo the same assessment process as turbines requiring a permit, which the local authority has a right to veto, and it has therefore been deemed appropriate that decisions on building permits be made by the local authority in such cases.

If a building permit application for a wind turbine subject to a permit requirement has been submitted to a local authority before 1 August 2009 the applicant, i.e. the developer of the wind turbine, has a right to demand that the building permit case be terminated after 1 August 2009. The reason why an applicant would want to terminate a building permit case is that this speeds up the permit process, as the proposed project will then only be assessed under the Environmental Code rather than in two parallel processes, under the Environmental Code and under the Planning and Building Act. The same applies for detailed development plans (DDP), except that in this case the local authority must consent to the termination of the case. In this case the DDP application could still be assessed if the local authority so decides.

Building permit or detailed development plan
Wind turbines subject to a permit requirement that are more than 20 metres high or have a turbine that is more than three metres in diameter require a building permit. The building permit regulates the design of the turbine and the siting of each specific turbine. Under the new rules, a detailed development plan is required only if the planned wind power facility will be erected in an area where there is strong demand for land and buildings. In such cases the DDP requirement applies regardless of whether the turbine requires a permit or is subject only to a notification requirement. In some cases it may be an advantage for an applicant to initiate a DDP case in order to ensure that a detailed development plan is drawn up for the intended wind turbines. DDP processes are therefore sometimes initiated even though this is not a legal requirement. Application processing times vary from one municipality to another due to differing workloads at the local authorities. A major change brought by the new rules is that local authorities have a right to veto applications. This veto power means that a government agency responsible for assessing permit applications can only grant a permit for a proposed wind power installation with the consent of the local authority in the municipality where the installation is to be built.

Environmental permit
As of 1 August 2009 an environmental permit is required for two or more wind turbines that are higher than 150 metres and for seven or more wind turbines that are higher than 120 metres.

Concession
If the project developer intends to build its own electricity grid , which Arise Windpower has done and intends to do, a concession will need to be obtained for the power cable or cables used to connect the wind farm, as the upstream grid is not located in the immediate vicinity of the wind farm. However, the individual turbines in the wind farm can, as a rule, be linked up without special permission to form what is known as a "non-concessionary grid".

The economies of wind power in Sweden
From a European perspective the Swedish market has a relatively high capacity utilisation and a slightly lower electricity price. Despite the lower price, high capacity utilisation in good wind locations, coupled with revenues from electricity certificates, creates attractive opportunities to build new wind power installations in Sweden.[49] A potential division of the country into different electricity price areas would probably also lead to higher electricity prices in southern Sweden than in the north, which could positively affect Arise Windpower's establishment in southern Sweden.[50]

Electricity prices
The Swedish power market is to a large extent linked up with the power markets in its Nordic neighbours through the Nordic power exchange Nord Pool, which is Europe's largest and most liquid marketplace for physical and financial electricity contracts. Nord Pool's physical market accounts for more than 60 per cent of the total value of electricity consumed in the Nordic region. Nord Pool has about 400 members and representatives in over 20 countries.[51] The Nordic market is also linked up with Germany, the Netherlands, Poland and Russia through cables for import and export. A large portion of the electricity sold by Arise Windpower is sold through Nord Pool.

As shown in the figure to the right, electricity prices have varied over time, although a rising long-term trend has been evident in the twenty-first century. From January 2000 to December 2009 the Swedish spot price increased more than ten per cent per year on average.[52] A factor influencing electricity prices is carbon dioxide emissions trading, which was introduced in the EU in 2005.[53]

49 GWEC, Global Wind 2008 Report (2009)

50 Svenska Kraftnät, Anmälningsområden på den svenska elmarknaden (2009)

51 Nord Pool ASA, www.nordpool.com (2010)

52 Datastream, geometric average (CAGR) in EUR

53 Swedish Energy Agency, Utsläppshandel i EU, www. energimyndigheten.se (4 Dec 2009)

In addition to spot trading, Nord Pool offers exchange-traded futures and forward contracts based on a theoretical Nordic "system price" with maturities ranging from one day up to five years. The dots in the chart below indicate prices for one-year forward contracts until 2015. Prices have been converted to Swedish currency by applying a constant exchange rate of SEK/EUR 10.00.
Sweden currently constitutes a single price area on Nord Pool, while Denmark and Norway are divided into a number of different price areas. In response to a commission from the Swedish government in a government letter from 2009 and the European Commission's evaluation of the Swedish power transmission market, Svenska Kraftnät has initiated a study into how Sweden could be divided into two or more price areas as of 1 July 2011. In such a division areas in southern Sweden would have a deficit of local power production relative to local requirements while northern areas would have a surplus. For those hours when excess capacity in one area is insufficient to cover demand in another area the surplus area and deficit area would have different electricity prices. Differences in prices between Nordic price areas are particularly big during times of peak load. For these hours the price in northern Sweden will be lower and the price in southern Sweden higher. This price difference gives the market a signal to locate production in areas where demand is strong, such as southern Sweden.[54]

Electricity certificates
In addition to the sale of electricity, Arise Windpower received electricity certificates for the electricity that the Company produces. The objective of the Swedish electricity certificate system is to achieve an ecologically sustainable energy system in Sweden and thus meet various international goals and agreements. Simply put, producers of renewable electricity are compensated through supplementary revenues to cover the higher production cost of renewable power production. The system was introduced in 2003 and, after being expanded several times, is now designed to increase power production from renewable energy sources by 17 TWh by 2016 from 2002 levels. One certificate is awarded to approved facilities for each MWh of renewable energy produced from wind power, solar energy, wave energy, geothermal energy, certain biofuels, peat in combined heat and power plants and hydroelectric energy (new and small-scale) for a maximum of 15 years. Renewable power producers are compensated through a requirement that electricity providers and certain electricity consumers purchase electricity certificates representing a certain quota of their sales or use of electricity. The quota that needs to be met each year varies based on a predefined trajectory, see the figure on the next page.[55]

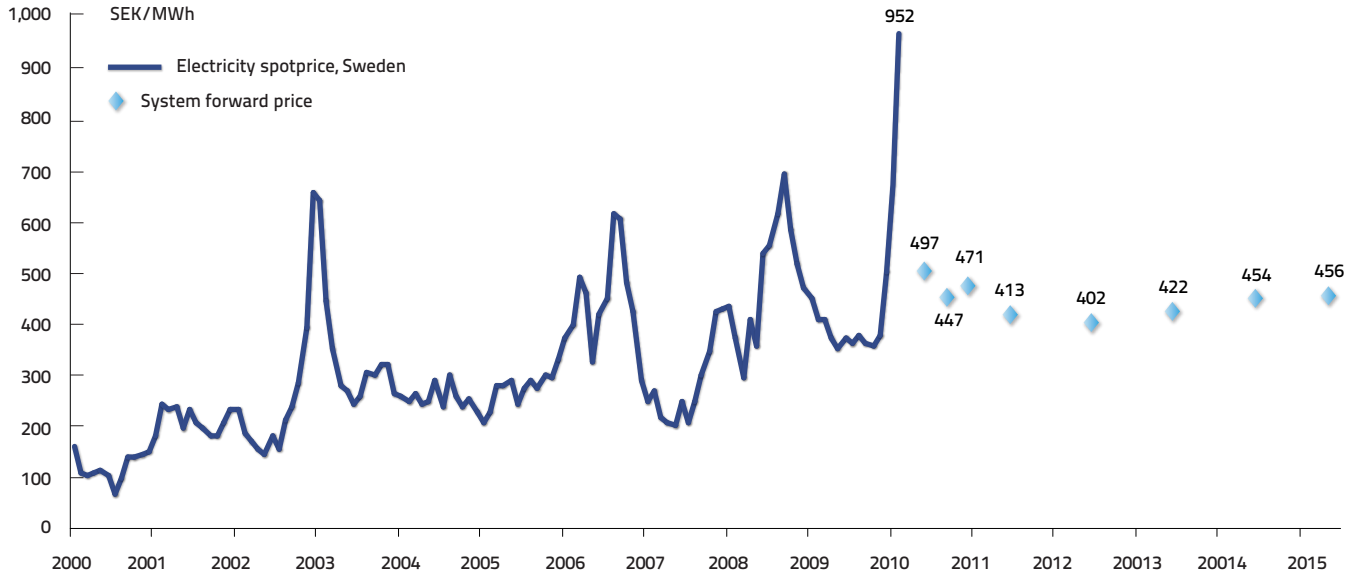
Initially the quota increases each year, creating a growing demand for certificates, which in turn encourages a continued expansion of renewable power production. Thanks to the technology neutrality of the system, which compensates all forms of renewable energy in the same way for each MWh produced, the electricity certificate system creates competition between different renewable energy sources, ensuring that the most cost-effective form of renewable power production is built. In the first three years of the system the number of issued certificates exceeded cancelled

54 Svenska Kraftnät, Anmälningsområden på den svenska elmarknaden (2009)

55 Swedish Energy Agency, Elcertifikatsystemet 2008 (2008)

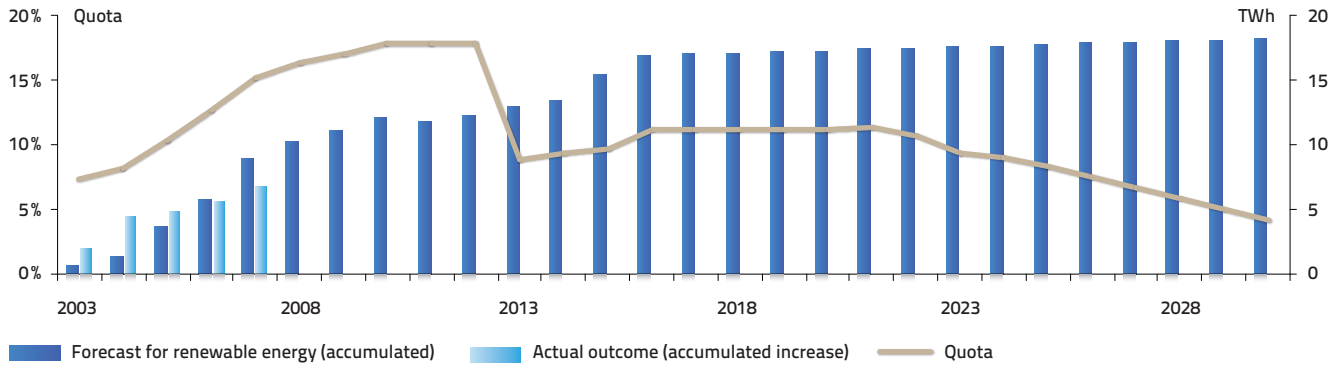
Electricity prices in Sweden

Source: Nord Pool (5 Mar 2010) (SEK/EUR 10.00)



Forecast for renewable power and electricity certificate quotas in Sweden

Source: Swedish Energy Agency, Elcertifikatsystemet 2008 (2008)



Electricity certificate prices in Sweden

Source: SKM - Svensk Kraftmäkling el-certificate price history (5 Mar 2010)

certificates, which resulted in a surplus, as certificates are not limited in time. However, as of 2006 cancelled contracts have exceeded issued contracts, reducing the surplus.[56]

The Energy Agency has produced a proposal for revising the compulsory quota element of the electricity certificate system, under which quotas would be raised sharply in 2013 and 2014 to reduce the risk that a surplus of renewable electricity production will push down the price of certificates, resulting in a weakening of investor appetite and a slower pace of expansion. It is also proposed that the electricity certificate system be extended to 2035 (from 2030 currently).[57] This would mean that electricity certificates would be available for 15 years for turbines that are put into operation by 2020, against 2015 under the current system.

As with electricity, there is also a futures market for trading in electricity certificates. Forward contracts with maturities of one, two or three years are sold by Svensk Kraftmäkling, which is a part of the Tricorona Group. The figure below to the left shows historical spot prices for electricity certificates and the futures curve.

The competitive situation

Wind-generated electricity is sold partly in the open market via Nord Pool and partly bilaterally, i.e. directly to the end customer. Apart from the classification of wind power as renewable energy, and the opportunities that this creates, there is no difference between the power produced by different companies. Nor is there any definite limit to the size of the market, because of the ability to export electricity to neighbouring territories and countries, which means that supply and demand are regulated more by variations in prices. Producers thus do not, in the immediate sense, compete for customers by differentiating their product offerings. Instead, competition centres more on the inputs that are required to produce the electricity. The number of requests to connect planned wind power projects to the grid received by Swedish grid owners is very large and the number of wind power projects in the planning stage exceeds the defined national targets for expansion.[58] To ensure success in a wind project, the project and project developer thus need to manage and meet a number of key criteria, all of which have a big impact on the probability of completion and profitability. Such criteria include access to sites with good wind conditions, experience of applying for permits and the design of wind farms, and access to scarce resources such as wind turbines, grid connections, crane capacity and capital.

The Swedish wind power market is home to a large number of players of differing sizes and with different business models. Investments in wind power projects are made by international and integrated power companies operating in both electrical power generation and sales, and by small, independent companies specialising in developing and running wind farms in particular.

For some companies the principal business concept is to develop wind farms and then sell the farms once they are up and running, while others, including Arise Windpower, aim to build, own and operate the farms throughout their useful lives. In addition to these, there are a large number of small operators whose business concept is essentially to sell permits for the building of wind farms. These companies often lack the financial resources to build a complete wind farm themselves, and aim to sell the permits to other companies with a need for electricity, such as property companies. The table below shows total installed capacity for the ten largest wind power operators in Sweden based on installed capacity at wind farms with capacities of more than 10 MW that were in operation in January 2010. The integrated power company Vattenfall had the largest installed capacity. Arise Windpower is in shared fifth place in terms of installed capacity and is thus the fourth largest independent wind power operator in Sweden.

In most European countries where the wind power sector has reached a more mature stage a group of specialised wind and renewable energy companies has emerged. Examples of these in Europe include Iberdrola Renovables with 6,542 MW of installed wind power in Europe, EDP Renováveis with 3,055 MW of installed wind power in Europe and EDF Energies Nouvelles with 1,647 MW of installed wind power in Europe.[59]

The largest wind power operators in Sweden (projects larger than 10 MW)

Company	In operation	Under construction	In operation and under construction
Vattenfall Vindkraft	130	94	224
HgCapital/ Nordisk Vindkraft	95	0	95
O2 Vindkompaniet	86	18	104
Global Green Energy	35	0	35
Arise Windpower	34	28	62
Stena Renewable	34	0	34
Umeå Energi	32	0	32
Storrun Vindkraft	30	0	30
Vindpark Vänern	30	0	30
Eolus Vind	22	38	60

Source: Svensk Vindenergi, Vindkraftprojekt under byggnad och i drift > 10 MW (2010)

56 Swedish Energy Agency, Elcertifikatsystemet 2008 (2008)

57 Swedish Energy Agency, Uppdrag att föreslå nya kvoter i elcertifikatsystemet m.m. (2009)

58 Svenska Kraftnät, Tröskeleffekter och förnybar energi (2009)

59 Data based on capacities in December 2009 and September 2009 in respect of gross capacity (shareholdings of any partner companies have been included)

Description of the business

HISTORY

The Company was formed and registered in 1986. The Company launched its current wind power business in 2006 under the leadership of the Founders (Peter Nygren, Ulf Corné and Leif Jansson) together with Mats Olofsson. Before that the Company had limited operations in other areas[1], but these were sold in March 2007.[2] In the short period since 2006 Arise Windpower has evolved into a leading independent wind power operator in the Swedish market and currently has the country's fifth largest installed power capacity[3]. In June 2006 the Company initiated its project development operation after concluding a number of land lease agreements. While expanding and developing its project portfolio through permit applications, wind measurements and other activities, the Company worked intensively on building up an integrated, industrially oriented organisation with the capacity to internally manage project development, procurement, funding and operation of wind power operations on a large scale. As part of this work the Company's Board of Directors has gradually been strengthened through the recruitment of Board members with industrial as well as financial expertise.

The development of the Company's first project, 12 wind turbines with a total installed capacity of 24 MW in Oxhult outside Laholm, was an important activity in the effort to build up a pool of talent and a set of work methods in the Group. The Oxhult farm is currently the eighth largest wind farm in operation in Sweden today[4]. In spring 2008, after final permits had been received in May 2008, the Company initiated the process of procuring turbines and building transmission grids, roads and foundations. In spring 2009 the first wind turbines in Oxhult went into operation and the farm as a whole is expected to generate about 62 GWh of renewable electricity per year, before the optimisation measures currently being undertaken.

During winter 2009/2010 the Company had put into operation or was planning to put into operation its second and third largest wind farms in Råbelöv and Brunsmo, respectively, with a total capacity of 22.5 MW. In December 2009 construction began on a project with a total capacity of 15 MW, which is expected to go into operation in November 2010. In addition to this, an investment decision has been made to begin construction of a 16 MW wind farm, subject to receipt of loan funding, which is expected in spring 2010.

During the period 2007–2009 Arise Windpower strengthened its financial position through a series of share offerings raising approximately MSEK 693 for the Company. To date, the Company has also raised a total of MSEK 657 in loans from Swedish banks, including undrawn credit facilities, and has conditional lines of credit for a further MSEK 380. A large portion of the Company's planned output in 2010 and 2011 has been hedged using forward contracts for electricity and electricity certificates, with total revenues well above the Company's revenue estimate of SEK 750/MWh.

In 2009 Arise Windpower concluded framework agreements with GE Energy and Vestas for delivery of 112 wind turbines during the period 2010–2012 with an option for further 20 turbines. The framework agreements have secured the Company's access to a critical input, which in recent years has periodically been a scarce resource, for most of the coming three-year period.

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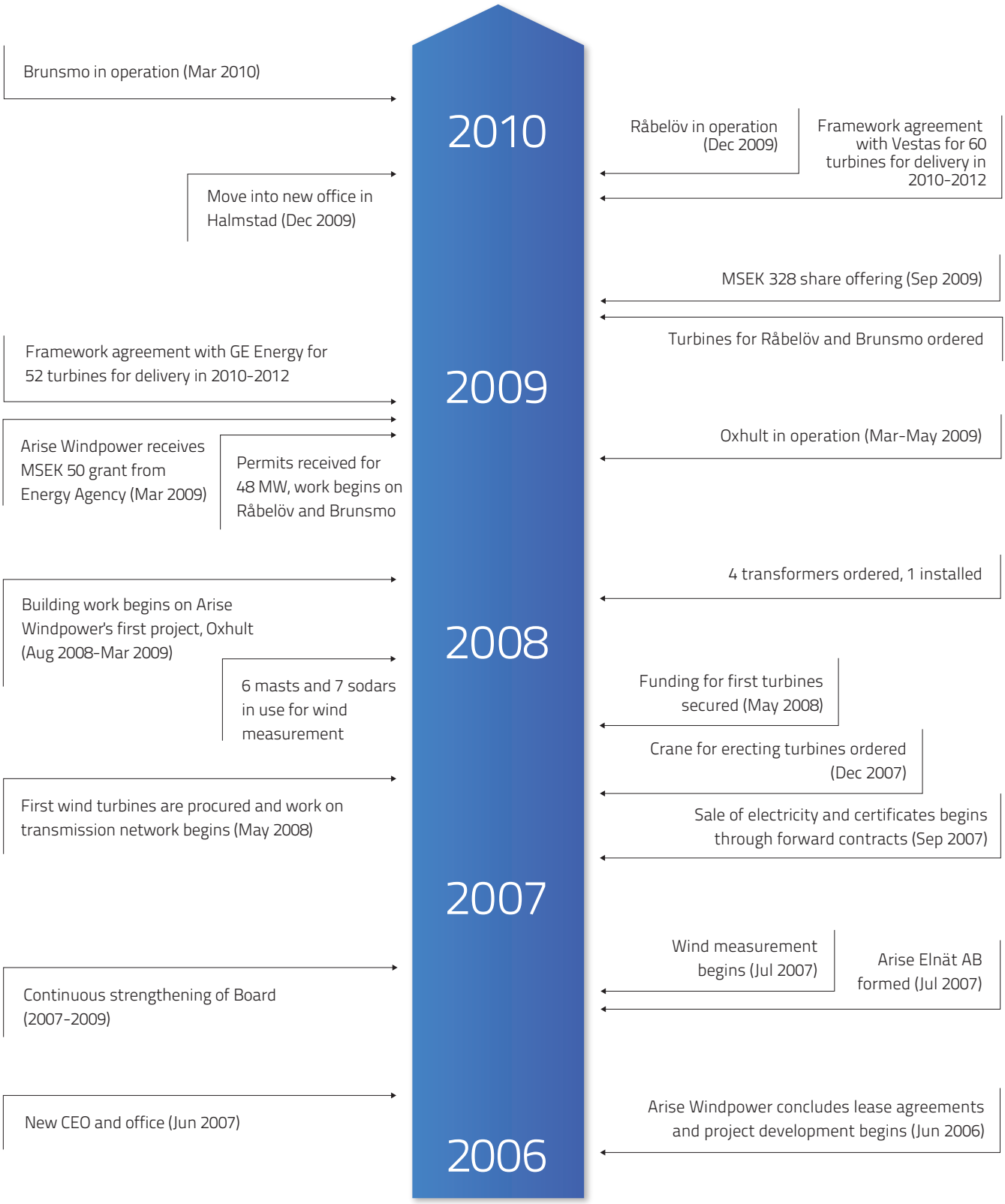
1 The names of previous business operations are AB Grundstenen 29168 (1986), Yngve Brodd AB (1986), Belysnings AB Göta (1987), Yngve Brodd AB (1987), Wapcom Sverige AB (2000), Arise Management AB (2002) and Arise Investment AB (2005). The Company's earlier operations in other areas than wind power were very limited. In most financial years the Company has been dormant or had a net turnover of less than SEK 33,000. The only previous operation in the past ten years with an annual turnover above this, though still below MSEK 2, was a limited consulting operation in management and human relations.

2 All of the Company's existing operations other than wind power ceased in 2007 through the transfer of non-wind power operations to Forsus Trade Net AB. See also page 84 "Related-party transactions"

3 Svensk Vindenergi, Vindkraftprojekt under byggnad och i drift > 10 MW (2010)

4 Svensk Vindenergi, Vindkraftprojekt under byggnad och i drift > 10 MW (2010)

Historical overview 2006-2010



BUSINESS CONCEPT, GOAL AND STRATEGY

Vision

Arise Windpower's vision is to be one of Sweden's leading providers of onshore wind power in terms of size as well as expertise, and thereby contribute to the global adjustment to a sustainable society. The Company intends to take an active part in the development and consolidation of a new, emerging wind power sector in Sweden.

Goal

Arise Windpower's goal is to erect about 300 wind turbines with capacities of 1.8 to 3.0 MW by 2014 by leasing land in wind locations deemed to be economically favourable, which represents an investment of about BSEK 10-11, of which about 25-30 per cent is expected to be equity capital. With this level of installed wind capacity, the Company would produce around 2 TWh of green electricity per year.

Business concept

Arise Windpower's business concept is to be an integrated wind power company with control over all stages of the value chain, from prospecting and permit management to funding, construction and operation of the turbines, based on a long-term investment.

The Company's approach is industrial, large-scale and results-oriented. This means that the business is built up methodically and through multiple parallel projects. In addition to its in-house project development activities, Arise Windpower intends to acquire projects or companies with projects that fit well into the Company's construction process. The Company has all the key resources required for rapid and effective project development.

With its own grid company, its own crane, its own wind measurement equipment and in-house resources for project planning and construction of wind farms, Arise Windpower can cut costs and lead times, resulting in improved profitability and cash flows.

The Company's priority is to build large wind farms, generally with capacities exceeding 10 MW, located in southern Sweden. Southern Sweden has favourable wind conditions and a strong regional electricity grid, and the cost of feeding electricity into the grid compares favourably with more northern regions. Because of the milder climate in southern Sweden, building can take place at all times of the year, there are fewer problems with icing and investment costs are lower. The road network and infrastructure are also well developed, resulting in lower investment costs for other infrastructure in connection with wind turbine construction. It also minimises the environmental impact during construction due to the shorter transport distances for equipment and material. Electricity prices in Sweden are expected to exceed the national average due to an expected division of the country (July 2011) into different price areas. To achieve a geographic balance and increase the risk diversification in the project portfolio, the Company may at a later stage decide to build a small number of large wind farms north of its primary geographic location.

Arise Windpower intends to build the major portion of its planned wind turbine installations in farms located in forest terrain, as the permit process is facilitated by the fact that such areas are often sparsely populated. The forest also acts as a screen for noise, shadows and visual impressions, making the turbines less intrusive than when they are sited in an open landscape. The disadvantage of forest locations is that the cost of installing a turbine is slightly higher than it would be for the same turbine in open terrain. This is partly due to the added cost of building roads and storage sites, and partly due to the fact that the towers need to be higher to ensure that the rotor blades reach a level where wind conditions are good.

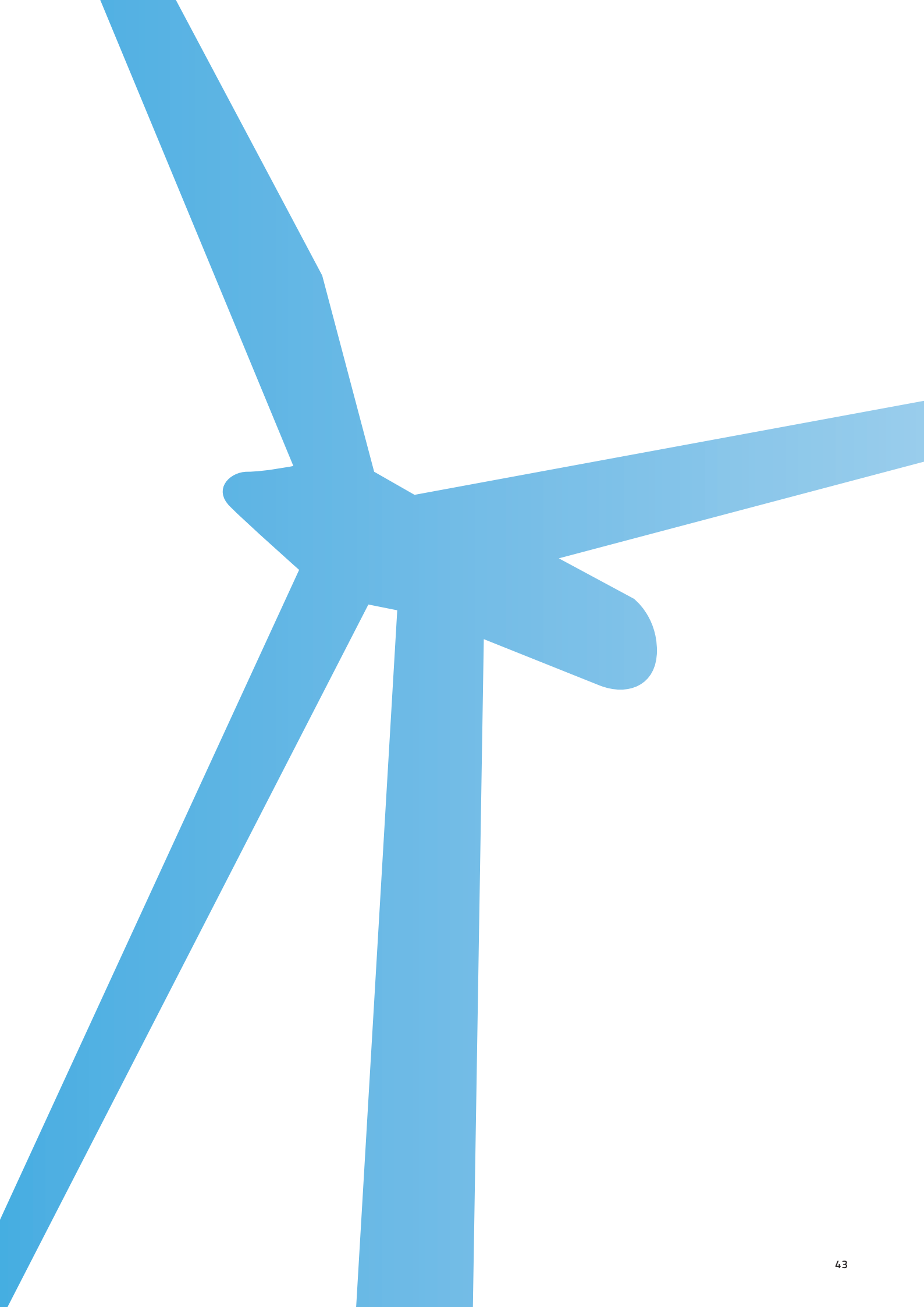
Arise Windpower's target:

300

onshore wind turbines
equivalent to approximately

2 TWh

renewable electricity per year.



Financial targets
Arise Windpower has formulated a number of financial targets, which serve as guidelines for the development of new wind power projects. To ensure good profitability and returns, there is a requirement that each project generate an estimated return on total invested capital before tax of at least 10 per cent. Arise Windpower's target is to fund projects using 25-30 per cent equity and 70-75 per cent borrowed capital. However, over the next few years the equity/assets ratio will exceed 25 per cent at a consolidated level, as the Company wishes to ensure a strong financial position during its expansion phase.

Hedging and funding strategy
To support its adopted goal, Arise Windpower seeks to manage market risks linked to the Company's revenues, expenses and investments. The main risks refer to electricity and certificate prices, interest rates, currencies and input prices.

Price hedging
Variations in selling prices for electricity and electricity certificates result in variations in the Company's revenues. The Company has adopted a price hedging strategy whose primary purpose is to ensure long-term profitability and reduce the risk of fluctuations in the Group's earnings by hedging prices in advance. The strategy states that the price of delivered electricity should, at the time of delivery, be 30 to 60 per cent hedged with a falling hedging channel for future years. See also page 65 "Energy prices".

Interest rate hedging
In accordance with the goals defined by the Company, the funding for each project includes a large portion of borrowed capital, 70-75 per cent. The Group's interest rates are therefore hedged to a large extent using interest rate swaps with maturities of 1-10 years. See also page 67 "Interest".

Currency hedging
Currency risk exposure arises in connection with the sale of electricity in the Nord Pool power exchange (transaction exposure), the purchase of wind turbines that are largely paid for in EUR and the translation of balance sheet items in foreign currencies (translation exposure). The risk is managed using futures contracts. See also page 67 "Currency" for more information.

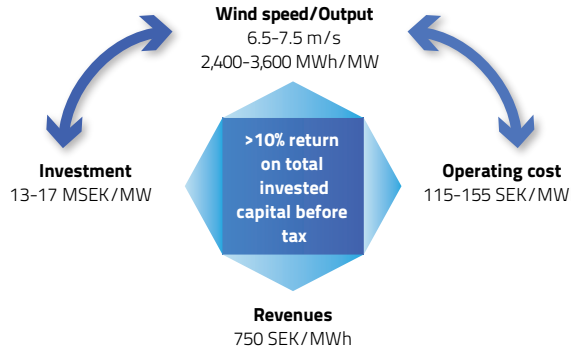
Hedging of inputs and loan funding
All negotiations and procurement of funding, wind turbines and other infrastructure are performed centrally at Group level, and preferably through framework agreements with limited volume risk. This creates negotiating advantages for the Company through purchases of larger quantities, resulting in better terms and conditions. Procurements comprise local businesses, which perform entrepreneurial roles in the construction process, as well as international companies, which provide turbines and funding. The Group as a whole has extensive experience of the power industry, the construction industry and from international capital markets, giving it a strong base for such negotiations.

In 2009 Arise Windpower concluded framework agreements with GE Energy and Vestas for delivery of a total of 112 wind turbines during the period 2010-2012, which, together with an option to increase deliveries, secure the majority of the Company's total turbine requirement for the period at fixed prices. Arise Windpower has also concluded a five-year framework agreement with a supplier of concrete and road building materials (AB Sydsten) that covers the Company's entire requirement for such input goods until 2014. Agreements have also been signed for transformers, circuit breakers, foundation reinforcements and adapters used between the foundations and turbine towers. The Company has also procured a total of MSEK 657 in loan funding, including undrawn credit facilities. On top of this, the Company has conditional lines of credit for a further MSEK 380, and agreement on the main terms and conditions for these loans has been concluded. For more information, see page 65 "Financial exposure and risk management".

Illustrative calculation for wind power
Based on the Company's financial targets, Arise Windpower evaluates each project using an operational cost estimate. The following estimate illustrates the relationship between the basic factors influencing the profitability of a wind farm: wind speed, expected output, investment cost, operating cost and revenues, which are the main factors for the Company's target return. Arise Windpower works to ensure an optimal design for each individual wind farm in order to maximise output while seeking to cut investment and operating costs. The actual cost estimate can therefore vary from one project to another and over time is also affected by the general economic climate and other external factors. To manage changes in such factors, the Company's cost estimates are continuously updated and each investment decision is based on the latest available information at the time of making the decision. Arise Windpower believes the simplified calculation shown to the right provides a good estimate of average investment and operating costs and of revenues for one (1) average MW in the Company's current project portfolio. An individual wind turbine of the type used by Arise Windpower has a capacity of 1.8 to 3.0 MW depending on the model, size and tower height. Arise Windpower considers that the wind farms in the Company's project portfolio are located in economically favourable locations enabling good returns under current circumstances.

Simplified calculation for wind power[1]

Key factors determining the return on the project



Illustrative calculation for an average MW in the portfolio - 1 MW

	MSEK	Key performance indicators
Investment	15.0	15 MSEK/MW
		5 SEK/kWh
Revenues	2.3	750 SEK/MWh
		3,000 MWh/MW
Operating expenses	-0.4	-130 SEK/MWh
EBITDA	1.9	620 SEK/MWh
Interest expense	-0.6	6%

1 The assumptions on which the estimate are based include a period of use of 20 years, electricity certificate revenues in the first 15 years and a SEK/EUR exchange rate of 10.00. Production-related operating expenses comprise land lease payments, expenses for transmission of electricity and balance power. Other operating expenses refer mainly to servicing and maintenance, insurance, property tax and administration

For each new wind farm Arise Windpower has a required rate of return of at least 10 per cent of total invested capital before tax. Based on the Company's estimated investment cost of MSEK 13-17/MW, an estimated operating cost of SEK 115-155/MWh and estimated revenues of SEK 750/MWh, achieving or exceeding the target return requires a wind speed of 6.5-7.5 m/s (14.5-16.8 mph) and an output of 2,400-3,600 MWh/MW. One of the pillars of Arise Windpower's business model is therefore to employ an industrial approach that results in low investment and operating costs, and to ensure that wind farms are built in good wind locations.

Profitability per MW in an individual turbine is illustrated in the table above. The assumptions used are the same as above, with funding consisting of 30 per cent equity capital and 70 per cent borrowed capital and an interest expense of 6 per cent. The estimate shows that each installed MW generates an operating profit before depreciation (EBITDA) of about MSEK 1.9. Arise Windpower currently has a capacity of 46.5 MW in wind turbines that have been installed or are in the process of being put into operation and 15 MW under construction. The project portfolio comprises more than 900 MW.

To date, the Company has built wind farms consisting of 2.0 and 2.5 MW turbines with a total height of about 150 metres and standard blades. These typically generate outputs below the average in the output range. On the positive side, the investment cost of such installations is normally below the average in this range. The Company's portfolio also includes projects with other planned turbines, tower heights and blades with the potential to generate outputs above the average in the output range. However, such installations entail investment costs that are above the average in this range. Thus, although the conditions for each project are different, the estimated return on total invested capital before tax is 10 per cent for all projects in the portfolio.

Generally speaking, increasing the height of a turbine results in better wind conditions, output of electricity and returns on invested capital, although the investment cost is higher due to tower costs and the need for a slightly larger foundation. The Company therefore works actively to obtain permits for wind turbines with a total height of 170-180 metres, compared with the normal height today of about 150 metres. Increasing the height of the turbine by 20 metres normally results in a significant increase in wind speed and even greater increase in output, producing a return on total invested capital before tax well above the Company's 10 per cent target.

The simplified illustrative calculation shown above is built on current circumstances and does not take account of potential changes in factors such as the certificate system or the euro exchange rate. Such changes could have a positive or negative impact on the estimate. The Company's estimates are based on the assumption that a wind turbine has a useful life of 20 years. However, foundations, electrical installations and roads have significantly longer useful lives, and in cases where this is possible a new wind turbine could be installed after 20 years at a lower total investment cost. This has not been taken into account in the estimate shown above.

In certain projects county administrations are demanding that developers post collateral or provide other means for ensuring that wind turbines are dismantled at the end of their useful lives. The cost of dismantling a wind turbine and restore the site around the turbine has been taken into account in the Company's investment estimates.

TURBINES IN OPERATION AND UNDER CONSTRUCTION

Arise Windpower currently has three wind farms that are in operation or in the process of being put into operation. The first wind farm that was completed is located in Oxhult outside Laholm and consists of 12 Vestas V90 turbines with capacities of 2 MW each. The total capacity is thus 24 MW and the expected annual output of electricity is 62 GWh, before the optimisation measures now being implemented, which are expected to increase production. The net investment after grants from the Swedish Energy Agency was about MSEK 414 . The relatively high investment cost is largely attributable to added expenses incurred by the need to develop a new design for the foundations in collaboration with the Company's business partners and the lead time associated with this as well as an unfavourable trend in the euro exchange rate, as only half of the investment was hedged against currency movements at the time when the investment decision was made. The Company has since adjusted its procedures so that virtually the entire currency exposure is hedged when an investment decision is made.

In summer 2009 work began on the construction of roads, foundations and other infrastructure for two wind farms in Råbelöv outside Kristianstad and Brunsmo outside Karlskrona. The Råbelöv farm became operational in December 2009. The farm consists of five Vestas V90 turbines with a total capacity of 10 MW and an expected annual output of 28 GWh. The total investment cost in Råbelöv is estimated at MSEK 141 . The Brunsmo wind farm, which is expected to become operational in March 2010, consists of five GE 2.5 MW turbines with a total capacity of 12.5 MW and an annual output of about 34 GWh. The total investment cost in Brunsmo is estimated at MSEK 198. At 31 December 2009 MSEK 36 remained to be invested in Brunsmo and Råbelöv.

Arise Windpower currently has one project under construction with a total capacity of 15 MW. The Fröslida project in Hylte municipality comprises six GE 2.5 MW turbines with a total capacity of 15 MW and an estimated annual output of 39 GWh at an estimated investment cost of MSEK 212.[5] Construction work began in December 2009 and the farm is expected to become operational in 2010. At 31 December 2009 MSEK 132 remained to be invested in Fröslida.

In addition to this, an investment decision has been made on eight wind turbines with a total capacity of 16 MW in Mönsterås municipality, subject to receipt of loan funding, which is expected in spring 2010. The winds are relatively weak at a height of 100 metres but this is offset by a lower investment cost thanks to uncomplicated road and civil engineering works as well as an MSEK 11 grant from the Swedish Energy Agency, which means that the requirement of a 10 per cent return on invested capital before tax is met. The investment cost is estimated at about MSEK 202 and the farm is expected to generate about 38 GWh of electricity per year. The Company is planning to build a further 20–25 wind farms in the same locality but with hub heights that are 20 to 40 metres higher. Work on permit applications is underway and the grid connection that is being constructed for the current planned project can also be used for the planned expansion. With an increased tower height and lower grid connection costs, the return on the planned expansion in the locality will exceed the Company's required return.

PROJECT PORTFOLIO

Since its formation in 2006 the Company has concluded leases for land in southern Sweden, where it is planning to erect about 428 large wind turbines (1.8 to 3.0 MW). Based on such agreements, Arise Windpower has built up an extensive project portfolio comprising over 45 projects with a total capacity of over 900 MW after completion of significant wind farm optimisation measures to increase the efficiency of farms and the potential returns. All projects are expected to generate returns on invested capital before tax of at least 10 per cent. Geographically, the project areas are located in an area stretching from Halland, Skåne and Blekinge along Sweden's East Coast up to Söderköping and the midland in the county of Kronoberg. Arise Windpower works continuously on its existing project portfolio based on a well tried and documented development process. The Company is also continuously involved in discussions with landowners on potential land leases.

Project quality

Project quality can be divided into two dimensions: potential return and feasibility. The potential return depends to a large extent on local conditions: the expected wind potential where the area is located in relation to critical infrastructure and wind farm design. Access to infrastructure mainly affects the investment cost for the project as a whole. Large investments in infrastructure could result in an entire project being assigned a lower priority despite good wind potential, as the expected return is adversely affected by higher investment costs or a potential delay in completing the project. In some localities, such as Västra Götaland, the Company deems that the local grid is weak and would require significant improvements to enable wind power projects. Access to a grid company within the Group is in this context a significant success factor that helps to cut lead times and costs.

Municipal comprehensive plans ("MCP") for wind power are important documents for the planning of a wind farm. In practice, the Company deems that wind farms that are not covered by an adopted MCP have little value, as the probability that these projects will be realised must be seen as low. With few exceptions, the Company's planned wind farms are covered by adopted or proposed MCPs in the respective municipalities. However, this does not constitute a guarantee that a permit will be obtained.

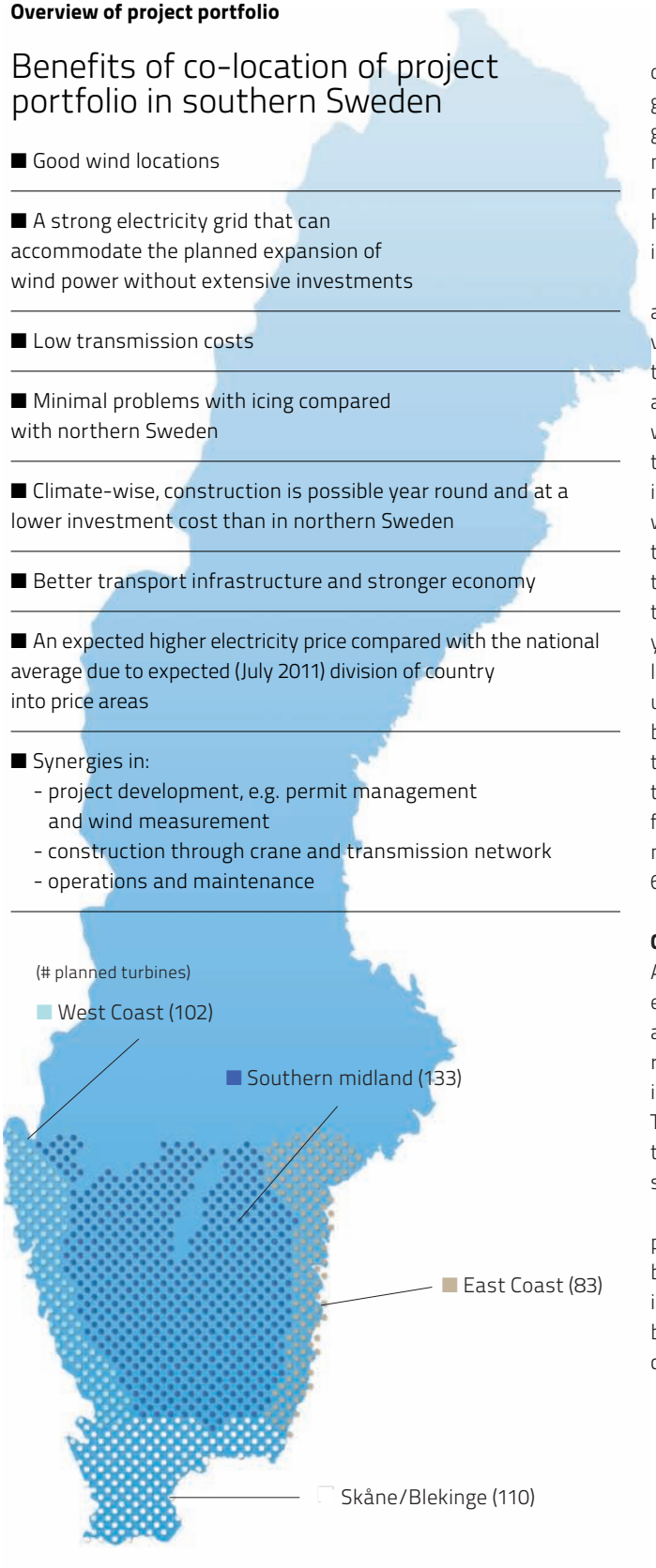
A project's status is based on where the project is in the

5 Arise has issued an option to the landowner to acquire up to one of the turbines being built in Fröslida. The option is exercisable within 30 months from the start of operation. See also page 83 "Right of use agreements"

Wind farms in operation and under construction

	Wind turbine			Total capacity (MW)	Expected output (GWh)	Operation start/ expected operation start
	Number	Type	Capacity (MW)			
In operation/alignment						
Oxhult	12	Vestas V90	2.0	24.0	62	Mar-09
Råbelöv	5	Vestas V90	2.0	10.0	28	Dec-09
Brunsmo	5	GE 2.5	2.5	12.5	34	Mar-10
Under construction						
Fröslida	6	GE 2.5	2.5	15.0	39	Nov-10
Wind farms in operation and under construction	**28**			**61.5**	**163**	

Overview of project portfolio



development process. The further a project has proceeded the greater the number of conditions that have been tested and the greater the probability that the project will meet the requirements defined for the investment decision. By continuously monitoring and evaluating its projects, Arise Windpower always has a good idea of the potential return and feasibility of projects in the portfolio.

In 2009 Arise Windpower set aside significant resources to analyse the Oxhult wind farm in collaboration with Halmstad University and wind power manufacturers with a view to optimising the wind farm design and thus increase the quality, productivity and potential return of its product portfolio. As a result of this work, a decision has been made to increase the distance between turbines from 600 to 700 metres in cases where 5-6 turbines are installed in the same wind farm, rather than 400 to 500 metres, which is sufficient in a smaller farm. This will significantly reduce the "wind park effect", i.e. the loss of output due to mutual interference between turbines, resulting in improved economies in the project. As revenues from a turbine are about MSEK 4-5 per year and a turbine is generally expected to last 20 years, even a limited efficiency improvement will create a lot of value over the useful life of the turbine. Through framework agreements and by optimising the design of roads, foundations, lifting, assembly, transports and electricity grids, further efficiencies and reductions of investment and operating costs have been achieved for future projects, enabling the Company to build wind farms that meet the Company's required return at an average wind speed of 6.5 metres per second (14.5 mph).

Current project status and expansion plans

Arise Windpower's target is to erect 300 wind turbines by the end of 2014. Under its expansion plan for 2010, the Company is aiming to erect about 35 turbines. Of these, five turbines are currently being put into operation, six are under construction and an investment decision has been made on a further eight turbines. The Company's expansion plan envisages erecting 100-150 wind turbines during the period 2010-2012. The figure to the right shows the current status of the portfolio.

The Permit application category includes one additional project for about 25 MW where an environmental permit has been obtained but challenged in an appeal. The case is being tried in the environmental court and it is expected that the appeal will be rejected. Projects are categorised according to the following criteria. ▸

Current status of project portfolio

	Number of projects	Wind turbines	Total capacity (MW)	Average capacity per turbine (MW)
Farms in operation and under construction				
In/being put into operation	3	22	46.5	2.1
Under construction	1	6	15.0	2.5
Project portfolio				
Permits received	3	19	38.0	2.0
Permits pending	24	243	525.6	2.2
Project planning completed	15	106	211.1	2.0
Land leases signed	3	32	95.0	3.0
Total portfolio	**49**	**428**	**931.2**	**2.2**

In operation
Wind power projects where the wind farm has been transferred to production after completion of test runs and is generating electricity.

Under construction
Refers to projects where the requisite permits have been obtained, an investment decision has been made by the Company's Board of Directors, equity and loan funding is available and procurements have been made representing the majority of the project's total investment cost.

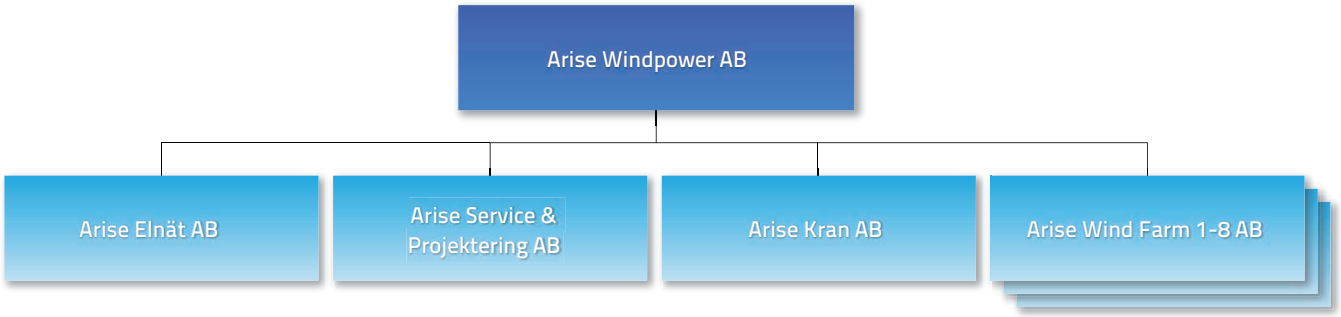
Permits received
Projects that have received the permits required to start construction but where construction has not yet begun. In some cases Arise Windpower will wait until sufficient wind data is available.

Permits pending
The permit application process has been initiated. The Company is applying for permits to build the wind farm from the relevant county administrations and local authorities. As Arise Elnät AB is planning to build grids for the majority of the Group's projects, the Company is also applying for a concession to operate transmission grids from the Energy Markets Inspectorate. This stage is concluded when all requisite permits have been obtained or if a permit application has been rejected.

Project planning completed
Upon signing land lease agreements Arise Windpower begins project planning work on the site's precise wind power characteristics. The area is carefully analysed and the exact coordinates of the planned turbines are determined. The initial wind studies are based on theoretical maps but at a later stage actual wind measurements are made using the Company's wind measuring equipment.

Land leases signed
Land lease agreements have been signed after negotiations between landowners and Arise Windpower. Long-term land leases have been concluded for the entire project portfolio, giving the Company the right, but not an obligation, to build wind turbines on the leased properties. For most of the projects, project planning has been initiated but has not yet been completed. The feasibility studies performed by the Company before a lease is signed result in a preliminary specification of the siting of the new wind turbines.

Group structure of Arise Windpower



GROUP STRUCTURE

Internally handling all critical stages in the development of wind power projects, from prospecting to operation and maintenance of installed capacity, requires an organisation with considerable experience and broad expertise. The Group structure established by Arise Windpower is shown in the figure above. All activities of the Group are conducted in Sweden.

Arise Windpower AB (publ)

Arise Windpower AB (publ) is the parent company of the Group. In addition to naturally centralised functions like accounting and finance, HR, IR, environment & quality and business development, project management and project development activities are also coordinated at central Group level. The parent company also handles funding for the business as a whole as well as procurement of wind turbines, consulting services, construction contracts and other key elements. Framework agreements for the purchase of wind turbines and other equipment as well as credit lines are procured by Arise Windpower's CEO, CFO and the Director Investor Relations and Capital Markets. Such frameworks are based on the Company's general expansion targets rather than on specific projects. Through large-scale procurement and negotiations Arise Windpower is able to obtain better terms and conditions while exploiting opportunities that arise for limited periods of time.

As regards the project development process, most of the desk job process stages are handled through Arise Windpower AB. These include finding suitable wind locations, concluding land lease agreements with landowners and managing the environmental and permit processes. Arise Windpower AB is also responsible for noise and shadow calculations and wind analyses. Acting in the interest of the Company's entire portfolio of projects creates a diversification of potential risks of delays or rejections in the project development process. Efforts can, quite simply, be directed at those projects that are at the most advanced stages and most suited for each activity.

The electricity generated by the Company's wind turbines is sold directly to Swedish customers and on the Nordic power exchange, Nord Pool. Arise Windpower is a clearing customer on Nord Pool and works with Scandem AB, which, in addition to assisting the Company on power trading, price hedging and electricity issues, also handles the Group's need for 'balance power'. This need arises on those occasions when actual physical delivery of electricity deviates from forecast delivery.[6]

Arise Service & Projektering AB

Arise Service & Projektering AB ("Arise Service & Projektering") is responsible for the siting of the intended wind farms in the field, wind measurements and, at a later stage, operations and maintenance of the Group's wind farms.

Arise Service & Projektering also manages all of the Company's wind measurement equipment. The company has a broad spectrum of measurement equipment, both stationary and mobile. Modern GPS and GIS technology facilitate the siting of turbines, animations and photomontage.

Arise Elnät AB

To be able to connect wind farms to the national grid rapidly and cost-effectively, Arise Windpower has created a grid company that forms part of the Group, Arise Elnät AB ("Arise Elnät"). Arise Elnät's responsibility is to ensure that the wind farms are connected to the national grid, either by building and owning the transmission grids that are required or by procuring these from electricity companies. All licenses that are required for building electricity grids up to national transmission grid level (400 kV) are held by Arise Elnät. The company produces project plans for the transmission grid and manages the permit process for this part of the activities. The entire grid consists of cables that are laid underground next to new and existing roads. The use of underground cable makes the grid very secure and ensures that it is not visible once the wind farms are up and running. To minimise disruption and the visible impact on the environment, the electrical cables are laid underground along existing roads. Optical fibre cable is also laid in the trench to enable remote communication and operation.

6 For more information, see page 44 "Hedging and funding strategy"

The grids built are dedicated production grids designed to transmit the generated electricity to upstream regional grids for distribution to consumers of electricity. Expertise, knowledge and the ability to connect the wind farms using in-house resources makes it possible to put completed turbines into operation faster while cutting the cost of the actual connection. Connecting at higher voltage levels also cuts transmission costs incurred in feeding the generated electricity into the national grid. Moreover, at the permit and installation stages the Group's grid company can concentrate exclusively on the Company's specific requirements. This means that Arise Windpower is not dependent on an external grid company's planning horizon and varying preferences in building its wind farms.

In late 2008 an electrical installation was put into operation in Knäred outside Laholm, which has capacity to connect 130 MW of new wind power, expandable to 200 MW. Currently the Company's wind farm in Oxhult is the only facility that has been connected but plans have been drawn up to connect more farms as Arise Windpower erects more wind turbines in the area as part of its ongoing projects. Arise Elnät has also installed the cables used to connect the Company's Oxhult wind farm to the electrical installation in Knäred. All parts of the grid, including cables, switchgear and transformers, are owned and administered by Arise Elnät.

Arise Kran AB

To avoid delays in and cut the cost of raising wind turbines, Arise Windpower has ordered a mobile crane that is specially adapted for wind turbines. The tendency is for wind turbines to increase in both height and weight, and access to suitable cranes is currently limited in the market. The crane, which is expected to be delivered in summer 2010, has therefore been designed to lift 100 tonnes to a height of about 157 metres and has a capacity of 70 turbines per year, which is slightly more than Arise Windpower's planned pace of construction. The cranes will reduce the lifting cost considerably and enable Arise Windpower to control the pace of construction and build the new, higher turbines that are being planned. Another benefit is that the crane will simplify and cut the cost of civil engineering works in the area around the turbine, as it can be placed at a certain distance from the turbine and not necessarily at the same ground level. Instead of excavating and levelling out elevations in the terrain, it will now be possible to use these to raise the turbine slightly. The crane investment, costing about MSEK 65, is expected to have been paid back already after about 100 of the Company's planned 300 wind turbines have been installed. It can also be leased to other companies when there is free capacity. Jinert AB, a highly regarded company in Hässleholm with long experience, has been commissioned to operate the crane and crane accessories.

Arise Wind Farm 1 AB and other Arise Wind Farm companies

To facilitate the funding of the Company's wind farms and create a clear operational structure, the Group has chosen to separate ownership and administration. The companies which own the wind farms, which are named Arise Wind Farm 1 to 8 and so on, are intended to administer 20 to 50 wind turbines each and their sole task is to operate and maintain a specified number of wind turbines and sell the electricity they generate. All other services are procured within the Group or externally. The benefits of this separation are that it enables effective funding and creates opportunities for focus and control. Arise Wind Farm 1 AB currently owns the Company's Oxhult, Råbelöv and Brunsmo wind farms. The Hylte project (15 MW) is owned by Arise Wind Farm 3 AB, the Idhult project (16 MW) will be owned by Arise Wind Farm 4 AB under current plans and the planned project in Kåphult Laholm (18 MW) is owned by Arise Wind Farm 2 AB. Other new projects will be distributed among the aforementioned or the remaining five Wind Farm companies.

ORGANISATION AND APPROACH

Arise Windpower has an organisation that is optimised for the conditions and requirements involved in building wind farms. At 31 December 2009, 21 Arise Windpower employees and a small number of commissioned consultants were working on detailed project planning for about 45 wind farms in southern Sweden. In addition to using in-house staff and external consultants, the Company works with Halmstad University by supporting a professorship. The collaboration with Halmstad University refers to a practically oriented study on noise levels around the Company's wind turbines, to supplement the theoretical calculation methods generally used. Arise Windpower continuously works close to suppliers of wind turbines and other input goods to optimise the development of future projects at as early a stage as possible. Thanks to the two framework agreements concluded with GE Energy and Vestas, their resources can also be used in planning new wind farms. This reduces the need for external consulting services, cuts costs and ensures that new wind farms can be established faster and more effectively, as the supplier is involved in the planning process at an early stage. Both GE Energy and Vestas have been highly responsive to the Company's viewpoints and proposals for improving quality and efficiency. The design of turbine foundations has, for instance, been improved considerably compared with the standard designs in the industry, which has significantly reduced the risk of problems occurring during the turbines' useful lives. Together with the suppliers, the Company has also developed equipment for improving the quality of the electricity generated by the turbines and taken over responsibility for the manufacture and delivery of certain small components. The Company has ensured that assembly staff have received training, which means that the Company's suppliers can now, on their own responsibility, use Swedish staff for turbine assembly. The figure on the next page shows how Arise Windpower's organisation operates to ensure that the project portfolio is developed effectively.

Each wind power project is coordinated by a project owner whose responsibility it is to drive a project forward to an investment decision through a series of stages with the help of the

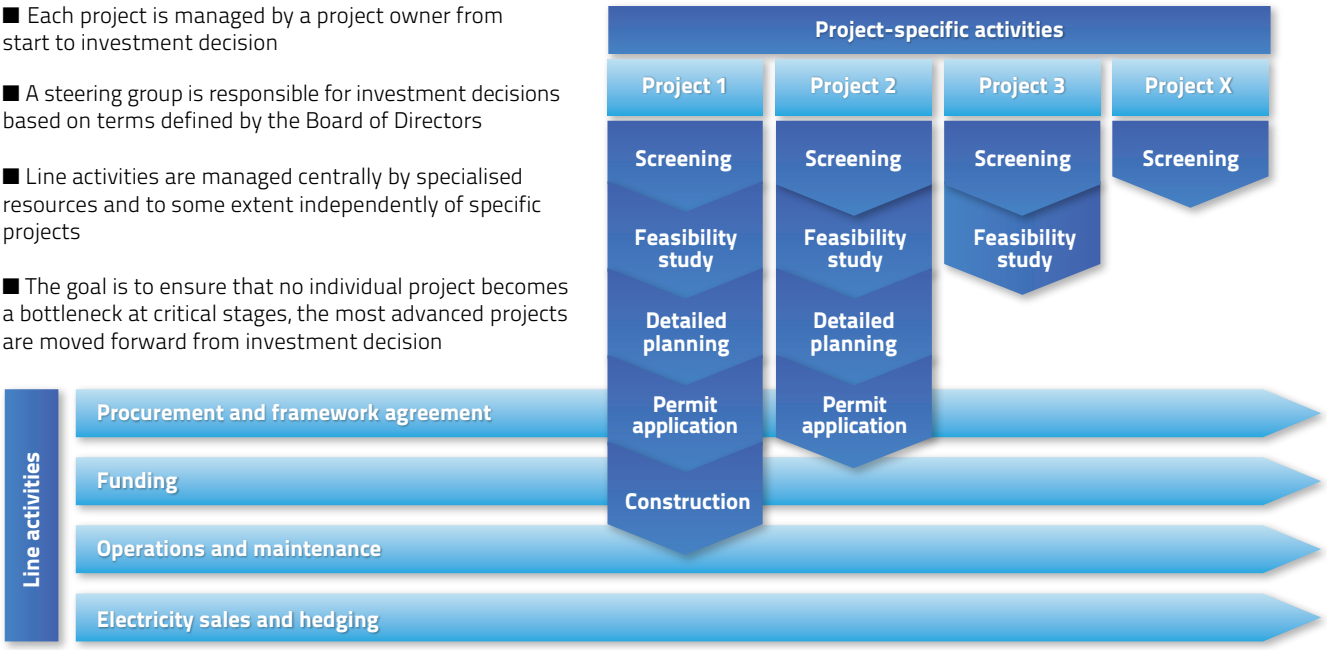
The Arise Windpower approach

■ Each project is managed by a project owner from start to investment decision

■ A steering group is responsible for investment decisions based on terms defined by the Board of Directors

■ Line activities are managed centrally by specialised resources and to some extent independently of specific projects

■ The goal is to ensure that no individual project becomes a bottleneck at critical stages, the most advanced projects are moved forward from investment decision



Company's line activities. The project owner forms part of the steering group for the project during the investment stage and has a particular responsibility for contacts with landowners and for ensuring that the project is implemented in the manner agreed with the landowners. Each project follows a specific timetable that is based on local circumstances and conditions. A management group is responsible for making decisions on whether a project is ready to move on to the next stage in the project development process or if it needs to be developed further before this happens or terminated. The steering group's responsibility is to ensure that the project complies with the terms and conditions for investment projects adopted by the Board and to monitor and submit reports on the progress of each project. The chairman of the steering group reports on the progress of the project and any deviations from the plan to the Company's CEO. The model of running multiple parallel projects reduces the risk that an individual project will become a bottleneck. As the projects advance from one stage to the next steps are taken to ensure that resources are allocated and the focus shifted to the most advanced and profitable projects.

After an investment decision has been made the project is transferred to the construction organisation. Investment projects are led by a lead project manager who coordinates the activities of a number of sub-project managers. The project manager submits reports on the project's finances, environmental and safety aspects and any obstacles to the project steering group. It is also the project manager's responsibility to convene construction meetings with sub-project managers, suppliers and contractors to discuss and resolve specific technology-related and other issues. All project development is performed using customised IT systems, and to create cost and other efficiency benefits and assure the quality, the implementation of the project is guided by a project manual consisting of checklists, clear descriptions of responsibilities, authorities, environmental and worker safety issues, accounting and finance, timetables and monitoring and reporting procedures. All projects follow the same template and approach.

Once an investment project has been put into operation, approved and transferred to the Company, responsibility for operations and maintenance is transferred to the operations department. For the time being, these services are purchased from external suppliers, generally the wind power supplier itself, but the Company's intention is to eventually build a pool of in-house resources for this activity and has to some extent already started to do so, as in-house servicing and maintenance are expected to create cost advantages while the risk of reduced availability is not expected to increase.

Project stages such as negotiation and procurement, construction and operation and sale of electricity and price hedging are coordinated at group level and then together with each project group to improve the efficiency of the project activities. Through large-scale purchases and framework agreements, partly with fixed prices for the whole contract period, the Company has managed to cut the investment cost per generated kWh over the last 12 to 18 months, despite a sharp decline in the value of the Swedish krona against the euro over the same period. Work is underway on optimising the Company's operational wind farms

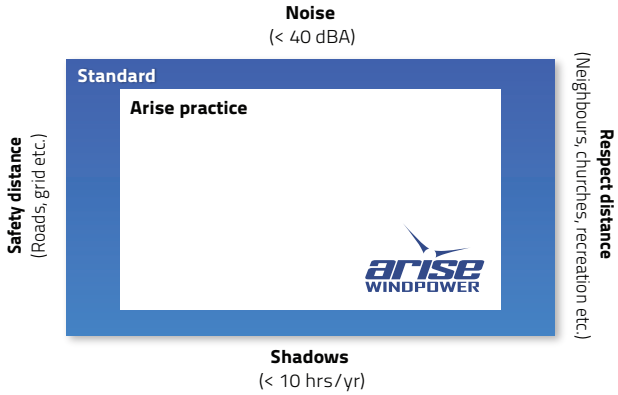
and on further improving the efficiency of the installation work with the goal of further reducing the investment cost.

Arise Windpower works proactively throughout the project development process to address identified risks and bottlenecks. Concrete examples of how the Company handles key factors during the development of a project are described in the figure below.

To facilitate collaboration with landowners and local residents, a project organisation is established in which the former project owner participates, serving as a link between the landowner and the project organisation. He or she ensures the continuity of the project and monitors compliance with the agreements made with the landowner. Landowners who entrust Arise Windpower to erect large wind turbines on their land need to be assured that the Company will perform this work with care and with minimal impact on trees and land. Local residents need to be assured that consideration is shown for the environment in which they live, both during construction and once the turbine is up and running. Attentiveness to society's needs and wishes, as expressed by local authorities, county administrations and other government agencies, is another core value for the Company. The figure to the right shows how Arise Windpower generally establishes limits for noise, shadows and distances to surrounding houses, exceeding generally established standards by a comfortable margin to avoid any conflicts.

As part of the focused work being performed by Arise Windpower, the Company has established centres of excellence in a number of areas. Arise Windpower has, for instance, received a grant of MSEK 50 from the Swedish Agency to build on existing knowledge about the construction of wind power installations in forest locations in southern Sweden.[7] The grant has been distributed among three projects being developed by Arise Windpower: Oxhult, Råbelöv and Idhult. This will create opportunities to compare various forest projects along Sweden's West, South and East coasts and how they are affected by different wind conditions, terrains and other factors. Of the total grant, MSEK 9 refers to a grant to design foundations that are suitable for use in forest environments, where towers are generally taller than in flatland installations, resulting in greater stresses. Through its work on the Oxhult project Arise Windpower has already built up a team of individuals with expert skills in project development in forest environment and in design and construction of high-quality, foundations with long useful lives.

Limits for noise, shadows and distances

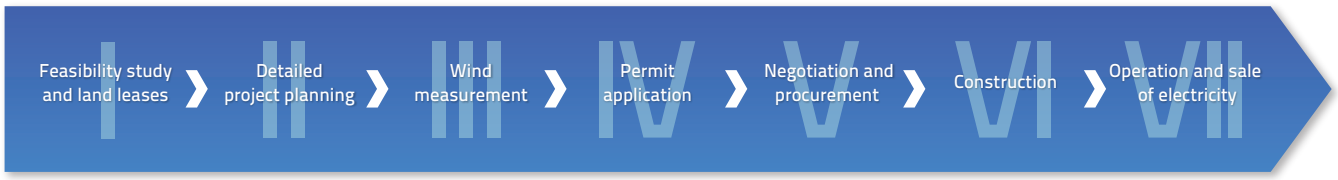


7 Swedish Energy Agency, "234 miljoner till pilotprojekt för mer el från vindkraft" (2009)

Key factors for the implementation of wind power projects, Arise Windpower's position

Critical factor	Arise position
Good wind locations	■ Arise Windpower has rapidly built up a high-quality project portfolio located mainly in forest environments plus a number of projects in open landscapes, of more than 900 MW ■ The farms are concentrated to South Sweden in wind locations deemed to be economically favourable
Permits	■ Arise Windpower has built up an organisation with expertise and long experience of public administration and permit issues ■ Arise Windpower currently has permits for 38 MW (in addition to wind farms in operation/under construction)
Implementation resources	■ Arise Windpower has staff with key expertise in effective project planning, project management during construction and other activities for ensuring an effective expansion of the project portfolio ■ Arise works closely with researchers and academics on issues like wind farm operations in forest environments
Wind turbines	■ Framework agreement with GE for delivery of 52 turbines in 2010-2011 ■ Framework agreement with Vestas for delivery of 60 turbines (with an option for more) in 2010-2012
Transmission network	■ Arise Windpower has established a Group-owned grid company, which cuts transmission costs and minimises the risk of bottlenecks at the stage of connecting to the national grid
Capital	■ Arise Windpower has so far procured loan funding of MSEK 657, including undrawn committed lines of credit. On top of this, the Company has committed lines of credit for a further MSEK 380. This, coupled with the equity capital, gives the Company freedom of manoeuvre and the strength to grow

The project development process



THE PROJECT DEVELOPMENT PROCESS

Building a wind turbine requires considerable resources and a broad pool of expertise. Generally speaking, a company's profitability is affected by the project development process in two dimensions: the quality of the projects and the speed at which a project can be developed from conclusion of a land lease agreement to revenue-generating asset. Expenditure relating to feasibility studies and the lease agreements are charged to expense up to the time when a land lease is concluded. Thereafter the Company capitalises project expenditure in its balance sheet. The figure above shows the main activities in the project development process. Each stage of the process is then described in greater detail. The various activities are performed both sequentially and in parallel in order to shorten the critical line as far as possible and avoid the emergence of bottlenecks in the process.

The Company works continuously to verify the project portfolio to minimise any unnecessary use of critical resources. As a natural part of the project development process, certain projects will be terminated during the development stage, if it established that the Company's ambitious target returns cannot be achieved. Arise Windpower attaches a lot of importance to identifying such shortcomings at as early a stage of the project development process as possible in order to minimise the resources that are allocated to projects which cannot be brought to completion. The ambition is to reduce the implementation risk as far as possible at each milestone in the development of a project in order to minimise operational risks and simplify resource planning in the organisation. The general factor determining whether a project is taken forward is the expected return on total capital. This means that certain projects in locations with weaker winds may still be of interest because other conditions are favourable or vice versa. The figure to the right describes this development process.

Feasibility study and land leases

The project development process begins with a search for suitable locations for building wind farms, as careful planning and good wind locations constitute the foundations for future profitability and returns. In addition to wind speed, the infrastructure in the locality is of great importance and consists mainly of roads and transmission grids. Some of the factors that are decisive for the quality and feasibility of a project are listed to the right. The interaction between such factors, coupled with a requirement of a sufficiently large scale, has a critical impact on the return from the project investment. Arise Windpower's experienced and highly skilled team work to identify the key factors at as early a stage as possible to ensure that priority is given to the most promising projects. As investment costs have been reduced significantly through the framework agreements concluded by the Company and through improvements to the design of roads, crane sites and foundations, the average wind required to achieve the target of a 10 per cent return on total invested capital before tax has been reduced significantly for future projects. Operations and maintenance costs and costs for transmitting electricity from operational wind farms for future projects have also been reduced while the acquisition of a crane will cut the lifting cost. Finally, new, more efficient wind turbines have been developed with higher towers and larger rotors, resulting in a higher output per installed MW. With a euro exchange rate of SEK 10 the Company is therefore able to implement projects that meet the defined profitability target at an average annual wind speed of 6.5 metres per second (14.5 mph). However, the goal is to exceed the target return, which means that priority is given to sites with higher average wind speeds.

■ *Wind potential*

Generally speaking, the Company looks for wind locations with an average annual wind speed of 6.7 metres per second (15.0 mph) or more at a hub height of 100 metres above ground level.

■ *Grid connection*

Means of connecting the wind farm to the national grid within a reasonable distance and timeframe

■ *Potential permit risks and conflicts*

The risk of a rejection or significant delays in the permit process are assessed by taking account of factors such as wildlife and environmental interests, military interests, the proximity of housing and other buildings

■ *Roads and logistics*

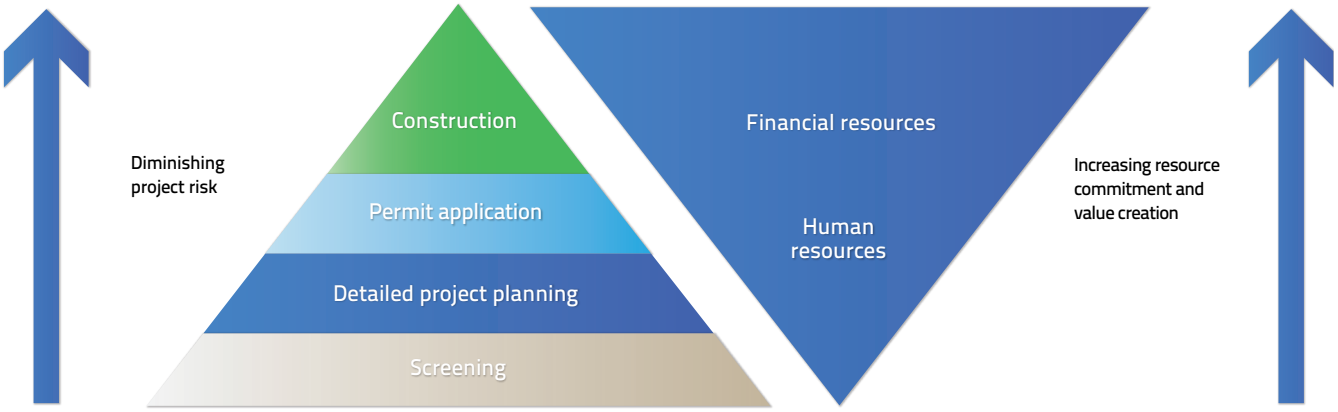
It must be possible to build roads for transports during the time of construction and subsequently for servicing and maintenance

Arise Windpower has concluded long-term land leases for the entire project portfolio, which give the Company the right, but not an obligation, to build wind turbines on the leased properties. To ensure an efficient project planning process, local residents are informed and invited to take part in the process at an early stage. This ensures that account can be taken of potential wishes and requirements in the design of the project, and thus increase the likelihood of effective handling of the permit process.

Detailed project planning

At the detailed project planning stage analyses are made of wind locations, including the appropriate number of turbines, grid connections, etc. In the preparatory analysis great importance is attached to the impact of the turbines on the surrounding environment, especially in the form of shadow and noise calculations, to

Risk and resource allocation



ensure that the impact on the surrounding environment and local population is minimised and kept at a reasonable level. Potential areas of conflict are carefully examined in advance to avoid any delays at later stages of the process.

Detailed calculations for energy production, choice of turbine class and rotor diameter, and the number of turbines coupled with means of connecting to the electricity grid and the investment cost provide an estimate of the profitability of the project. If the profitability of the project lives up to expectations a strategy is drawn up for a permit application.

Wind measurement

For the initial assessment of the wind potential the wind study produced by Uppsala University on behalf of the Swedish Energy Agency is used along with the Company's own wind measurements in the locality. However, the study only provides a rough wind resource map of Sweden and cannot be used as a basis for an investment decision. Upon completion of the detailed project plan, a period of wind measurements begins, the aim of which is to determine where the turbines should be placed. To effectively move the project forward, the Company has in some cases chosen to begin wind measurements even before completion of the detailed planning stage. This can be done easily using one of the Company's mobile measuring units (sodars). Normally, wind measurements are performed over a period of 9-12 months, except in the far South of Sweden (Skåne), where there is no real need for measurements thanks to a wealth of historical data.

Wind measurements are made using a measurement tower and/or sodar. Arise Windpower's measurement towers can measure wind speeds at heights of 40, 60, 80, 100 and 120 metres while a sodar can measure winds at heights of 5 to 200 metres. Arise Windpower currently has six measurement masts and seven sodars in operation. Wind measurements have been completed for 15 projects and are underway for a further 13 projects. For another five projects measurement data has also been obtained from other wind power companies or landowners. Based on this, the Company has a good idea of the wind potential in southern Sweden that can be used in investment decisions. In the current project portfolio wind measurements remain to be done for 17 projects.

Permit application

Once a land lease agreement has been signed and detailed project planning and wind measurements have begun for the project, the permit application process is initiated. The county administration is the first government body to which an application for a wind turbine permit needs to be submitted. The process has been speeded up, as it is no longer necessary to apply for a building permit. A wind turbine developer also requires a concession to operate a transmission grid in order to transmit electricity from the turbines to the grid. Normally, the number of possible turbines is reduced slightly due to conflicts with other interests that could not be foreseen at the time of concluding the lease. Generally, it can be assumed that the theoretical number of potential turbines will be cut by 25 per cent at the detailed planning stage (which now will only be required in special cases) and by a few more in the course of the permit process. At the same time a number of adjoining land areas are often added when the field-based project planning activities commence.

Arise Windpower's project organisation has important expertise on the permit process through staff with previous experience, notably from the licensing authority and local authorities. The Company has also gained extensive experience and contacts in those municipalities where it has handled permit applications to date.

Construction

The construction stage includes preparatory infrastructure, such as roads and transmission grids, as well as the erection and assembly of the turbines. Essentially, the building work takes the form of a traditional infrastructure project, except that the size and weight of the components used require roads and other infrastructure of a high quality. Most of the Group's wind farms will be sited in forest locations, which, due to limited accessibility during the construction phase, is somewhat more complicated than in open terrain. Over the next few years the Company expects to develop a large number of wind power projects in parallel at various locations around Sweden. Arise Windpower expects that the specific skills required to raise a wind turbine will be a scarce resource over this period, and the Company's organisation is therefore being adapted so as to be able to internally control the process in a cost-effective manner. As part of this work, the Company has ordered a wheeled crane for the raising of wind turbines. The crane has the capacity to handle the pace and extent of the planned expansion and is suited for use in forest areas. In this respect the geographic concentration of the Company's project portfolio is a big advantage.

Summary of financial information

The following is a selection of historical financial information from Arise Windpower's audited consolidated financial statements for 2007, 2008 and 2009, which have been prepared in compliance with IFRS. The information contained in the following should be read in conjunction with "Financial situation and comments on financial performance" (page 61) and "Historical financial information incorporated by way of reference" (see page 89).

Income statement

MSEK	2007	2008	2009
Net sales	-	-	29.7
Capitalised production costs	-	9.3	13.3
Other operating income	-	-	0.6
Gross profit/loss	**0.0**	**9.3**	**43.5**
Other external expenses	-4.6	-11.8	-18.4
Staff expenses	-2.5	-12.9	-23.4
Profit/loss before depreciation (EBITDA)	**-7.1**	**-15.4**	**1.7**
Depreciation	-0.1	-0.6	-12.5
Operating profit/loss	**-7.2**	**-16.0**	**-10.8**
Interest income	1.2	10.8	7.4
Interest expenses	0.0	-1.3	-8.0
Profit/loss before tax	**-6.0**	**-6.5**	**-11.4**
Appropriations	-	-	-
Deferred tax	-	3.2	3.8
Profit/loss for period	**-6.0**	**-3.3**	**-7.6**

Balance sheet

MSEK	2007	2008	2009
Fixed assets	3.8	354.8	918.3
Current assets (excl. cash and cash equivalents)	1.2	60.5	88.5
Cash and cash equivalents	44.8	408.9	341.3
Total assets	**49.8**	**824.3**	**1,348.1**
Equity	48.2	373.6	680.3
Interest-bearing liabilities	0.0	290.0	600.0
Trade payables	0.9	139.3	18.5
Other liabilities	0.7	21.4	49.3
Liabilities and equity	**49.8**	**824.3**	**1,348.1**

Cash flow statement

MSEK	2007	2008	2009
Operating activities			
Operating profit/loss (EBIT)	-7.2	-16.0	-10.8
Adjustment for items not included in cash flow	0.1	0.5	12.5
Tax paid	-0.1	0.0	-0.2
Cash flow from operating activities before changes in working capital	*-7.2*	*-15.6*	*1.5*
Cash flow from changes in working capital			
Increase in inventories	-	-	-1.0
Increase in operating assets	-0.8	-55.3	-4.3
Increase(+)/decrease(-) in operating liabilities	1.4	142.0	-116.1
Cash flow from operating activities	***-6.6***	***71.1***	***-119.9***
Investing activities			
Acquisition of tangible fixed assets	-3.9	-334.4	-583.0
Government grants	-	-	15.4
Sale of tangible fixed assets	-	0.1	-
Cash flow from investing activities	***-3.9***	***-334.3***	***-567.6***
Financing activities			
Increase in long-term and short-term borrowing	-	*290.0*	*310.0*
Interest paid	0.0	-2.2	-8.9
Interest received	1.2	8.8	8.7
Dividend	-0.3	-	-
Issue of new shares	54.1	330.8	310.1
Cash flow from financing activities	***54.9***	***627.3***	***619.9***
Cash flow for the period	**44.5**	**364.1**	**-67.6**

Key performance indicators

MSEK	2007	2008	2009
Operational performance indicators			
Installed capacity at year-end, MW	-	-	34.0
Electricity production during period, GWh	-	-	36.0
Number of employees at end of period	3	15	21
Financial performance indicators			
EBITDA margin, %	neg.	neg.	5.8%
Operating margin, %	neg.	neg.	neg.
Return on capital employed, %	neg.	neg.	0.5%
Return on equity, %	neg.	neg.	neg.
Capital employed, MSEK	3.4	254.7	939.0
Interest-bearing net debt, MSEK	-44.8	-118.9	258.7
Equity/assets ratio, %	96.8%	45.3%	50.5%
Interest coverage ratio, %	neg.	neg.	neg.
Number of shares at end of period	7,365,385**	15 453 885	21 426 070
Earnings per share, before dilution, SEK*	-0.97	-0.21	-0.44
Earnings per share, after dilution SEK*	-0.97	-0.21	-0.44

* Earnings per share before dilution is calculated by dividing the profit for the year by the number of shares. The average number of outstanding shares used in calculating earnings per share before dilution in 2009 was 17,502,478 shares (2008: 12,859,635 shares, 2007: 6,182,692.5 shares). Treasury shares have not been included. The Company has issued warrants that could result in dilution but no dilution is reported as the Company's earnings are negative
** The number of outstanding shares at the end of the period for 2007 has been adjusted for a share split in 2008

Definitions

Average capital employed	For the fiscal year: the average of opening balance and closing balance for each of the year's four quarters
Capital employed	Equity + interest-bearing net debt
EBITDA	Operating profit/loss before depreciation
EBITDA margin	EBITDA / net sales
Equity/assets ratio	Equity / total assets
Interest coverage ratio	Profit/loss after financial income / financial expenses
Interest-bearing net debt	Interest-bearing liabilities - cash
Return on capital employed	EBITDA / average capital employed
Return on equity	Profit/loss for the year / average equity

Financial situation and comments on financial performance

The following information should be read in conjunction with page 58 "Summary of financial information" and the annual reports for the financial years 2007-2009, which are incorporated in this Prospectus by way of reference (see page 89 of this Prospectus) and the Company's other financial statements. The following account contains prospective information that is associated with uncertainty and risks, which means that actual events, circumstances and conditions may differ significantly from the events, circumstances and conditions stated or implied by the prospective statements .[1]

SUMMARY

Arise Windpower is a Swedish wind power company whose principal activity is to erect and manage onshore wind turbines and to produce and sell green electricity. Arise Windpower operates according to an industrial and results-oriented approach, which means that operations are expanded methodically and through multiple parallel projects. Wind measurements and project development are performed internally by a pool of individuals with key expertise for effective project development. A Group-owned grid company, crane (ordered and due for delivery in summer 2010) and wind measurement equipment further improve the efficiency of project development.

Arise Windpower AB is the parent company of the Arise Windpower Group, which consists mainly of the wholly owned subsidiaries Arise Wind Farm 1...8 AB, Arise Elnät AB, Arise Service & Projektering AB and Arise Kran AB. The parent company performs project planning for suitable wind locations, obtains permits, assists on purchasing and procurement of funding, infrastructure work and construction contracts, and administers and manages the sale of electricity on behalf of the Group companies. The subsidiary company Arise Wind Farm 1 AB administers the Company's power-generating Oxhult, Råbelöv and Brunsmo wind farms while Arise Wind Farm 3 AB owns the Hylte wind farm. Arise Elnät AB has a concession to build the grid used to transmit the electricity generated by the wind farms to the upstream grid. Towards the end of the financial year 2008 the company built and put into operation an electrical installation in Knäred, which has capacity to connect 130 MW of new wind power, expandable to 200 MW. Arise Service & Projektering AB owns the Group's measurement equipment and performs wind measurements. Arise Kran AB will be the owner of the mobile crane ordered by the Company, which is expected to be delivered in summer 2010. All activities of the Group are conducted in Sweden.

The Group's revenues come mainly from the sale of generated electricity and electricity certificates as well as from financial hedging of such sales. The Group's operating expenses consist mainly of project development expenses, operating expenses for electricity generation, administration, and depreciation. Production-related operating expenses comprise land lease payments, expenses for transmission of electricity, and balance power. Other operating expenses for electricity generation refer mainly to servicing and maintenance, insurance, property tax and administration.

The Group has applied IFRS from 1 January 2008. The introduction of IFRS resulted in a change of accounting principle in 2008. To ensure comparability, consolidated financial statements for 2007 were prepared. Because of the Group's limited operations in 2007 and the previously applied accounting principles, no differences have occurred upon transition to IFRS in respect of classifications or valuations in the income statement and balance sheet for the comparison year 2007.

FACTORS AFFECTING ARISE WINDPOWER'S EARNINGS

The financial year 2009 compared with 2008

Sales and earnings

Net sales in 2009 were MSEK 29.7 (-) and refer to the sale of generated electricity, the earning and sale of electricity certificates and the realisation of electricity and currency derivatives attributable to hedged production, of which 18.9 (-) refers to electricity and 10.8 (-) refers to electricity certificates. On top of this, expenditure of MSEK 13.3 (9.3) relating to internal work on the Group's wind power projects and electrical installations has been capitalised. Other operating income refers to invoiced external consulting work and capital gains and losses on the sale of fixed assets. In 2009 the operating profit before depreciation (EBITDA) was MSEK 1.7 (-15.4). Staff expenses and other external expenses totalled MSEK -41.7 (-24.8). The increased expenses are primarily attributable to the expansion of operations, resulting in a larger number of projects and an increase in the number of employees. The operating profit was MSEK -10.8 (-16.0) and depreciation expense MSEK -12.5 (-0.6).

The net financial expense was MSEK -0.6 (9.5) for 2009 and the profit before tax MSEK -11.4 (-6.5). The profit after estimated tax was MSEK -7.6 (-3.3). Earnings per share for 2009 was SEK -0.44 (-0.21). The total loss was MSEK -6.9 (-14.1) including a net positive impact on total earnings from cash flow hedges of electricity, interest rates and currencies of MSEK 0.8, compared with a net negative impact on total earnings of MSEK -10.8 in 2008.

Segment reporting

The Group's internal reporting system is based on the returns and profitability of the wind farms that have been built and put into operation, which means that Wind power operations is the primary basis of classification in segment reporting. All other operations in the Group are aimed at developing wind farms, and

1 See also "Important information" on page 2

Segment reporting

	Wind power operations		Other wind power development		Eliminations		Group	
	2009	2008	2009	2008	2009	2008	2009	2008
Net sales, external	29.7	-	-	-	-	-	29.7	-
Net sales, internal	-	-	19.5	-	-19.5	-	-	-
Capitalised production costs	-	-	13.3	9.3	-	-	13.3	9.3
Other revenues	-	-	0.6	-	-	-	0.6	-
Total revenues	**29.7**	**-**	**33.3**	**9.3**	**-19.5**	**-**	**43.5**	**9.3**
Operational profit/loss	21.9	-	32.8	9.3	-17.7	-	36.9	*9.3*
Operating profit/loss before depreciation (EBITDA)	20.9	-	-4.1	-15.4	-15.1	-	1.7	-15.4
Operating profit/loss (EBIT)	8.7	-	-6.8	-16.0	-12.7	-	-10.8	-16.0
Assets	411.4	-	1,163.1	824.3	-226.4	-	1,348.1	824.3

these have therefore been classified as Other wind power development. Income, earnings and assets for the segments include directly attributable items as well as items that can be allocated to the segments in a reasonable and reliable manner.

The Group's total power generation in 2009 was 36.0 GWh. The average income for electricity was SEK 525 per MWh and for electricity certificates SEK 299 per MWh, i.e. an average income of SEK 824 per MWh. Net sales from operational wind farms were MSEK 29.7 (-) and the operating profit before depreciation (EBITDA) was MSEK 20.9 (-). This is primarily attributable to the Oxhult farm, which became operational in March 2009. Output from the Oxhult farm in 2009 was affected by unfavourable wind conditions during the year and by normal servicing and adjustment works as well as optimisation measures and analyses, which reduced availability. Optimisation measures aimed at increasing output are ongoing.

Investments and fixed assets
Net investments in 2009 were MSEK 568 (334) after deductions for grants received from the Swedish Energy Agency of MSEK 31 (-). The entire invested amount relates to the construction of electrical power generation facilities, with the exception of MSEK 4 (4), which refers to investments in measurement and office equipment. The increase in net investments in 2009 compared with 2008 is primarily due to an increased pace of expansion in electricity production.

Cash flow
Arise Windpower's cash flow from operating activities in 2009 was MSEK -120 (71) and the cash flow after investments MSEK -688 (-263). Interest-bearing liabilities increased by MSEK 310 (290) during the period to MSEK 600 due the draw down of additional loans. The share offering raised a net amount of MSEK 310 (331) for the Company, resulting in a cash flow for the year of MSEK -68 (364).

Financial position and equity/assets ratio
The net debt at year-end 2009 was MSEK -259, compared with net assets of MSEK 119 at year-end 2008. The change is entirely attributable to the Company's operating activities. The equity/assets ratio at year-end 2009 was 50.5 per cent, against 45.3 per cent at year-end 2008. Cash and cash equivalents at the end of 2009 were MSEK 341 (409). At the same date the Company had undrawn credit facilities of MSEK 57 (367). Taking account of its existing cash and cash equivalents and credit facilities, grants and conditional lines of credit, the Company is able to build additional capacity of approximately 53.5 MW in addition to projects that are currently in operation or in the process of being put into operation. The Company's continued expansion plans are contingent on new capital raised through share offerings and external funding.

The financial year 2008 compared with 2007
Sales and earnings
No wind farms were put into operation in 2008 or 2007, which means that there are no sales to report in the Group in respect of operations in 2008 and 2007. The Group posted an operating loss of MSEK -16.0 (-7.2) for 2008 while the loss after tax was MSEK -3.3 (-6.0). The change in earnings in 2008 is essentially attributable to the expansion of the Group's organisation.

Investments and fixed assets
Net investments in 2008 were MSEK 334 (4), of which MSEK 330 (-) relates to the expansion of electrical power generation facilities. Other investments, MSEK 4, refer mainly to measurement and office equipment. As work on putting wind turbines into operation has not begun, no depreciation expense for related investments has been recognised. The depreciation charge of MSEK -0.5 (-0.1) for 2008 is primarily attributable to equipment, tools and installations. The increase in net investments in 2008 compared with 2007 is mainly due to the initiation of the Company's first investment in electrical power generation.

Cash flow
Cash flow from operating activities in 2008 was MSEK 71 (-5). The increase is mainly related to a decrease in working capital. Cash flow from investing activities was MSEK -334 (-4). The increase is mainly due to investments relating to the expansion of electrical power generation facilities.

Financial position and equity/assets ratio
At year-end 2008 the Group had net interest-bearing assets of MSEK 119 (45). Undrawn credit facilities were MSEK 367 (-). Equity at year-end 2008 was MSEK 374, up from MSEK 48 at the end of 2007. Share offerings during the year raised a net amount of MSEK 330 after issue expenses. The equity/assets ratio at the balance sheet date was 45.3 per cent (96.8 per cent).

CAPITAL STRUCTURE AND OTHER FINANCIAL INFORMATION

The capital structure of Arise Windpower at 31 December 2009 is shown below. The net debt of Arise Windpower at 31 December 2009 is shown on the next page.

Report on working capital

Arise Windpower's need for working capital is mainly linked to the Group's operating cash flow, working capital and contracted investments. Operating cash flow consists mainly of revenues from the sale of electricity and electricity certificates as well as expenses attributable to the operation of electrical power generation facilities and expenses for the Group's organisation. Working capital and contracted investments refer mainly to prepayments and final payments on wind turbines. In view of its existing credit facilities and available cash and cash equivalents, Arise Windpower deems that the Group's resources are sufficient to meet its working capital requirements and its payment obligations over the coming twelve-month period.

To fund the investments envisioned in the Company's expansion plan for the period until 2014, further capital will be required in the form of both equity and debt capital. Arise Windpower therefore intends to raise additional capital with the primary aim of funding this planned expansion, of which a portion will be raised through the planned Offer. However, decisions on investments to expand the project portfolio will be made only once capital for such investments has been secured.

Equity and liabilities

MSEK	31 December 2009
Total current interest-bearing liabilities	
Guarantee or surety provided	-
Collateral provided	13.1
Without guarantee/surety or collateral	-
Total long-term interest-bearing liabilities	
Guarantee or surety provided	-
Collateral provided	586.9
Without guarantee/surety or collateral	-
Equity	
Share capital	1.7
Other contributed capital	705.5
Hedging reserve	-10.0
Accumulated deficit	-16.9

Net debt

MSEK	31 December 2009
(A) Cash balances	341.3
(B) Other cash and cash equivalents	-
(C) Short-term financial investments	-
(D) Liquidity (A)+(B)+(C)	**341.3**
(E) Current financial receivables	**-**
(F) Short-term bank loans	-
(G) Current portion of long-term liabilities	13.1
(H) Other current financial liabilities	-
(I) Current financial liabilities (F)+(G)+(H)	**13.1**
(J) Short-term financial net debt (I)-(E)-(D)	**-328.2**
(K) Long-term bank loans	586.9
(L) Outstanding bond loans	-
(M) Other long-term financial liabilities	-
(N) Long-term financial liabilities (K)+(L)+(M)	**586.9**
(O) Long-term financial net debt (N)-(L)	**586.9**
(P) Financial net debt (J)+(N)	**258.7**

Tangible fixed assets
At 31 December 2009 the Company had tangible fixed assets with a book value of MSEK 898, which mostly refer to wind turbines, foundations and electrical installations (MSEK 457) as well as advances and work in progress (MSEK 429). Other items comprise equipment, tools and installations (MSEK 7) and buildings and land (MSEK 5).

Operating leases

SEK '000	2009	2008	2007
Within 1 year	1,299	375	-
In 2 to 5 years	4,088	928	-
In 6 to 20 years	14,760	1,350	-

Operating leases
The Company has concluded operating leases, which mainly refer to leases for land in connection with the erection of wind turbines, for which minimum lease payments are shown in the table above. The land lease expense is based on minimum lease payments for wind turbines in operation and under construction, and for agreements where all permits for the erection of wind turbines have been obtained. Minimum lease payments are indexed. On top of this, a variable fee based on revenues from generated electricity is paid.

Future investments
In 2009 Arise Windpower concluded framework agreements with GE Energy and Vestas for delivery of 112 wind turbines with options for delivery during the period 2010-2012. The agreements entail framework agreement obligations to acquire wind turbines. Failure to fulfil these agreements could incur costs of up to MSEK 127 for the Company during the period 2010-2012. The Company intends to continually conclude agreements with suppliers for its continued expansion until 2014. Arise Windpower currently has one project under construction, the Fröslida project which comprises six GE 2.5 MW turbines with a total capacity of 15 MW and an expected annual output of 39 GWh at an estimated investment cost of MSEK 212. Construction work began in December 2009 and the farm is expected to become operational in November 2010. At 31 December 2009 MSEK 132 remained to be invested in Fröslida.

Research and development
In 2008 and 2009 Arise Windpower engaged in research activities through collaborative efforts and by actively supporting a professorship at Halmstad University focused on onshore wind analysis. The Group also continued its collaboration with Uppsala University, which is aimed at refining methods of assessing wind potential in forest terrain. In addition to these activities, the Group is conducting an internal development project aimed at increasing knowledge on wind behaviour in different environments. Methods for careful noise analysis and improved foundation design have also been developed.

Employees
The average number of employees in the Group was 18 in 2009, seven in 2008 and two in 2007. The total number of employees was 21 at year-end 2009, 15 at year-end 2008 and three at year-end 2007.

Trends and material changes
In 2009 companies in the Group started to generate electricity equivalent to an annual output of about 90 GWh, before the optimisation measures now being implemented. In the first quarter of 2010 the Group is expected to put a further five turbines with an expected annual output of 34 GWh into operation. Due to climate conditions, the amount of available energy in the wind during the beginning of 2010 has been 25-35 per cent lower than in the corresponding period for a normal wind year, which has resulted in lower production levels than anticipated. As a result, the Company has been required to purchased additional electricity on Nord Pool to comply with existing supply agreements, at a market price which occasionally has been very high. Aggregately, this is expected to have a negative effect on the Company's result of approximately MSEK 2. The hedging level has been has been adjusted as from 1 March 2010.

Outlook
The Group is well equipped for a continued expansion in onshore wind farms and associated electrical installations. The challenges are to continue the planned expansion at a sufficiently fast pace and secure the pace of expansion in 2011 and future years through loans and share offerings. At the request of the EU, Svenska Kraftnät has drawn up a proposal under which Sweden would be divided into various price areas as of July 2011. The proposal is expected to mean that prices will normally be higher in the southern part of the country than in northern Sweden, which will strengthen the Company's position, as the Company's planned wind power projects are concentrated to southern Sweden.

FINANCIAL EXPOSURE AND RISK MANAGEMENT

The overall goal of the Group's financial risk management is to identify and control the Group's financial risks. Risk management is centralised to the parent company's finance function. All financial risks that exist or arise in the Group's subsidiaries are managed by the central finance function.

The picture given below applied at the indicated date and may vary in the future depending on trends in prices, changes in exchange rates, debt levels, interest rates, fluctuations in interest rate and currency positions, and other factors.

Sensitivity analysis
A change in any of the following variables will affect earnings before tax (MSEK) as follows:

Energy prices
The most significant risk and the risk that has the biggest impact on consolidated earnings is energy price risk, which is related to electricity prices and electricity certificate prices.[2] The risk arises in cases where prices for sold energy have not been hedged, which means that changes in prices in the power market will have a direct impact on the Group's operating earnings. The main purpose of the Group's price hedging strategy is to minimise the risk of fluctuations in consolidated earnings through price hedging.

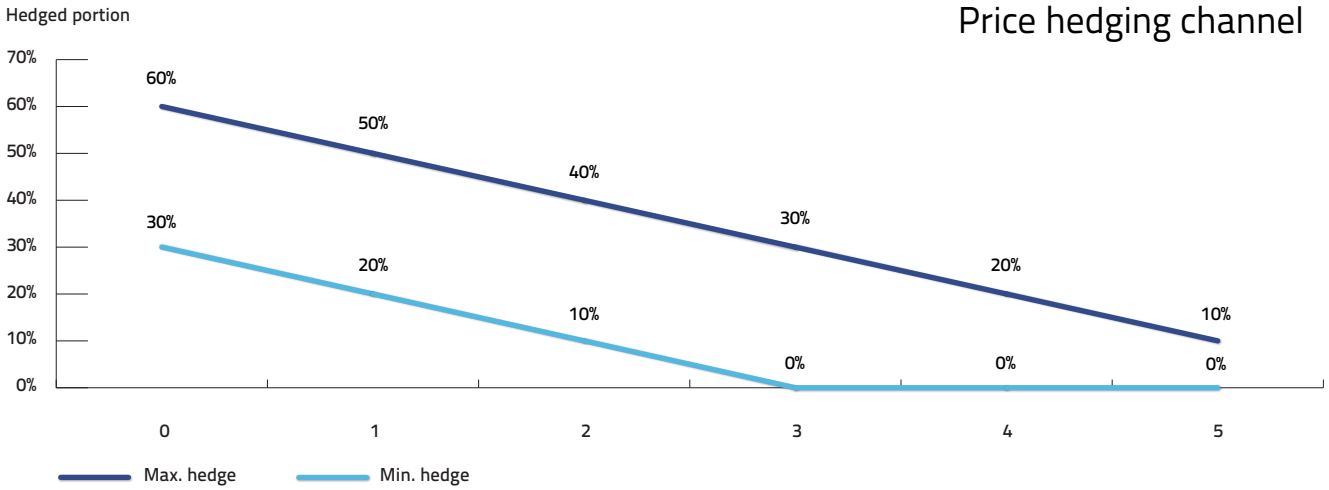
Electricity prices in the power market vary over time, and the Group strives to ensure that the price of delivered electricity should, at the time of delivery, be 30 to 60 per cent hedged with

2 See also page 14 "Changes in electricity and electricity certificate prices"

Sensitivity analysis

Variable	Change	Impact on earnings before tax
Production	10%	2.3
Electricity price	10%	1.1
Electricity certificate price	10%	1.0
Interest rates	1% point	1.2
Investment cost	10%	1.2
EUR/SEK for investments	10%	0.9
EUR/SEK for electricity prices	10%	1.6

Price hedging channel



a falling hedging channel for future years, where the channel in year 5 should be 0 to 10 per cent. The remaining volume is sold at variable prices. The hedged portion of sales must remain within the defined price hedging channel at any given time. Prices can be hedged bilaterally, through physical delivery contracts with major consumers of electricity, and financially, through trading in electricity derivatives on the Nordic power exchange, Nord Pool. Price risk can be hedged up to five years prior to delivery of the same volume.

If the price of electricity to be delivered is hedged before the production capacity concerned has become operational a volume risk arises, i.e. the risk of non-delivery or delays in the delivery of the electricity. The Group strives to hedge prices of electricity from facilities that have yet to go into operation; in the first hand, through bilateral contracts which eliminate or limit volume risk; in the second hand, and provided this results in a higher revenue, through financial hedging on Nord Pool. However, financial hedging of prices of electricity from non-operational facilities is subject to a limit of 25 per cent of the planned annual output. The remaining portion, up to the target price hedging level, is hedged through bilateral contracts.

Price hedging through various types of financial derivatives must be performed in a way that meets the requirements for hedge accounting according to IAS 39. Derivatives are carried at market value in the balance sheet while unrealised changes in value are recognised in the balance sheet and the hedging reserve in equity. When the hedged position is recognised in the income statement the gain or loss from the derivatives transaction is transferred from equity to the income statement to meet the gain or loss on the hedged position.

Price hedging via Nord Pool is generally made in the Nordic price area, at a "system price", while actual production and delivery is made in the Stockholm price area. In connection with price hedging on Nord Pool the Group strives to ensure that the price area risk is also eliminated through trading in CFDs (Contracts For

Hedged electricity production 31 December 2009

Price hedging of electricity sales	2010	2011	2012	2013	2014	2015
Total hedged electricity production (GWh)	**96**	**149**	**149**	**131**	**61**	**44**
Of which, financially hedged (GWh)	-	44	44	26	-	-
Weighted average price of electricity price hedges (SEK/MWh)	**514**	**463**	**469**	**452**	**430**	**435**

Hedged certificate production 31 December 2009

Price hedging of certificate sales	2010	2011	2012	2013	2014	2015
Total hedged certificate production (GWh)	**70**	**129**	**111**	**92**	**129**	**-**
Of which, financially hedged (GWh)	-	-	-	-	-	-
Weighted average price of certificate price hedges (SEK/MWh)	**330**	**327**	**329**	**345**	**349**	**-**

Difference). On electricity-related issues the Group works with Scandem, which, in addition to providing assistance on power trading and electricity issues, also handles the Group's need for 'balance power'. This need arises on those occasions when the actual physical delivery of electricity deviates from the forecast delivery. The difference, positive or negative, is known as 'balance power' and is administered by Scandem. Through aggregation with Scandem's other customers a lower balance power cost is generally achieved than if Arise Windpower had administered this process itself.

Currency

The Group's currency risk exposure arises mainly in connection with the sale of electricity in the Nord Pool power exchange from the time of concluding a financial contract to settlement (transaction exposure), the purchase of wind turbines and the translation of balance sheet items in foreign currencies from the time of concluding a contract to settlement (translation exposure). All of these transactions are mostly made in Euro. The risk on the sales side is managed by hedging the currency portion of hedged power prices using Euro currency futures. Wind power investments in foreign currencies are hedged by concluding futures contracts at the time when the investment decision is made.

Transaction exposure

Under the Group's adopted financial policy, prices and currencies in contracted and forecast payment flows must be hedged up to five years in advance in a channel of 30 to 60 per cent.

The Group uses currency futures to manage currency risk exposure and applies hedge accounting for contracted future payment flows and the translation of financial assets and liabilities. The Group's net foreign currency flow refers almost exclusively to Euro. Foreign exchange differences on operating liabilities are recognised along with the investment. Currency futures held for hedging purposes are recognised as net sales. Foreign exchange differences on financial liabilities and assets are recognised in net financial expense/income.

Translation exposure

Financial and other operating-related assets and liabilities in foreign currencies arise almost exclusively in connection with the purchase of wind turbines and other electrical installations, which are normally hedged using currency futures. Other items are not significant and are not currency-hedged.

Interest rate

Interest rate risk is defined as the risk of a fall in earnings caused by a change in market interest rates. The Group's financial policy includes guidelines on fixed-rate periods (interest rate duration). The management of interest risk is aimed at reducing negative effects from changes in market interest rates. The Group strives to achieve a balance between cost-effective borrowing and risk exposure on the one hand, and a negative impact on earnings in the event of a sudden major change in interest rates. The interest on at least 70 per cent of the Group's borrowing must be hedged.

The Group's total credit facilities at 31 December 2009 were MSEK 657 (657) and are used primarily to fund the operations in the form of bank loans. Interest payments are hedged through interest swaps. The Group currently holds five contracts, of which two have fixed-rate periods of three months while the remaining contracts cover periods of 5.7 and 10 years. The average fixed-rate period for all contracts is 3.3 years (7.6). The funding cost is based on the confirmed fixed-rate period and agreed margin, including the cost of the funding, which is allocated to accounting periods. The Group's average effective interest rate in 2009 was 4.9 per cent (6.3).

Capital

The Group's goal for capital structure is to secure the Group's ability to continue its operations with the aim of generating a return for its shareholders while also creating benefits for other stakeholders and to optimise the capital structure with regard to the cost of capital. The issuance of new shares or sale of assets are examples of measures that the Group can employ to adjust its capital structure. The Group aims to maintain an equity/assets ratio of 25-30 per cent. At 31 December 2009 the actual equity/ra-

Assets and liabilities, 31 December 2009

	Interest-bearing		Non-interest-bearing
MSEK	Fixed interest	Variable interest	
Current receivables	-	0.4	87.2
Long-term receivables	-	-	20.2
Cash and cash equivalents	-	341.3	-
Current liabilities	-13.1	-	-64.5
Long-term liabilities	-276.9	-310.0	-
Total	**-290.0**	**31.7**	**43.0**

Maturity structure of the Group's financial liabilities including calculated interest payments, 31 December 2009

MSEK	Within 1 year	In 2-3 years	In 4-5 years	After 5 years	Total contracted cash flow
Bank loans*	64	124	113	547	848
Trade payables	19	-	-	-	19
Forward rate agreements*	-	-	-	-	-
Currency forward contracts	100	50	-	-	150
Currency forward contracts	-99	-50	-	-	-149
Total	**84**	**124**	**113**	**547**	**868**

*) In calculating interest payments for bank loans, the interest takes account of the effect of the forward exchange contracts based on the situation at year-end

tio was 50.5 per cent. See also the information on dividend policy on page 80 "Dividend policy and equity/assets ratio".

Financing risk

Financing risk is defined as the risk that the Company will be unable to meet its liabilities due to insufficient liquidity or difficulties in obtaining funding. The Group's objective is to always have more than one counterparty that is willing to offer funding on market terms. The adopted policy states that the Group must have MSEK 50 in liquidity available at all times, which is sufficient to cover the cost of the Company's administration and project development activities over a period of 12-24 months without taking account of revenues from operational wind farms. The Group's credit agreements contain covenants giving creditors the option of calling the loans in response to changes in the Company's key performance indicators, specifically the equity/assets ratio and the debt service ratio, which is defined as EBITDA divided by interest paid and loan repayments over the past twelve-month period. No loan covenants have been breached.

Currency forward contracts relate to purchase of Euro to hedge sale of electricity as well as wind turbines. There is an underlying cash flow is SEK for every position.

Credit risk

Credit risk, or counterparty risk, is the risk of incurring a loss if a counterparty fails to meet its obligations. Commercial credit risk, which refers to the solvency of customers, is managed by the Company's central finance function through careful monitoring of track records on payments and customers' financial reports as well as good communications. The Group's total credit risk will be distributed across a small number of customers, which will account for a relatively large share of the Group's trade receivables. All customers have a high level of transparency, including the Nord Pool marketplace, which is the Company's single largest customer in this context.

During periods when the Company temporarily has excess liquidity a certain portion of this liquidity may be invested to obtain a higher return. Excess liquidity may only be invested in assets with a low counterparty risk that have been approved by the Board of Directors. These are bank accounts (special savings, business or investment accounts), treasury bills or certificates if the counterparty has a credit rating of at least A3/A- from Moody's or Standard & Poor's. Investments in complex financial products are not permitted even if they meet the credit rating criteria.

Hedging reserve

The hedging reserve consists of interest, electricity and currency futures contracts. The Group's financial policy states that a share of the transaction exposures must be hedged through hedging of prices and exchange rates in future contracted payment flows using electricity and currency futures contracts. Contracts have been concluded with maturities matching those of the underlying contracted orders and payment flows.

Futures contracts, 31 December 2009

MSEK	Carrying amount	Fair value
Electricity futures	24	24
Currency forward contracts, EUR/SEK	-1	-1
Currency forward contracts, SEK/EUR	0	0
Interest rate swaps	-36	-36
Hedging reserve	**-14**	**-14**

Board of Directors, senior executives and independent auditor

BOARD OF DIRECTORS

The Board of Directors of Arise Windpower AB (publ) currently consists of six Board members, including the Chairman. The names, year of appointment to the Board and positions of the Company's current Board members are shown in the following table.

Pehr G Gyllenhammar, born 1935

Pehr G Gyllenhammar is a Board member and has served as the Board's Chairman since being appointed at the general shareholders' meeting on 2 October 2007.

Other directorships and positions: Chairman of Thomson Reuters Founders Share Company Ltd., Vice Chairman of Rothschild Europe and Chairman of Rothschild Nordic AB.

Previous directorships and positions in the last five years: Chairman of Majid Al Futtaim LLC, Chairman of Aviva Plc. and Chairman of Investment AB Kinnevik.

Education: LL.M. from Lund University (1959).

Interests in Arise Windpower, including family and company interests: 446,639 shares and 39,500 warrants (entitling to acquire 197,500 shares).

Independence/dependence[1]*:* Pehr G Gyllenhammar is independent in relation to Arise Windpower, its senior executives and major shareholders.

Jon G Brandsar, born 1954

Jon G Brandsar has been a Board member since his appointment at the general shareholders' meeting on 16 June 2008.

Other directorships and positions: Executive Vice President of Statkraft with responsibility for customers, wind power, industrial ownership, Skagerak Energi and IT and processes, CEO of Statkraft Industrial Holding AS and Statkraft Development AS, Chairman of Trondheim Energi AS, Chairman of Skagerak Energi AS and Board member of Agder Energi AS.

Previous directorships and positions in the last five years: Vice Chairman of BKK AS, Board member of Statkraft Development AS, CEO of Trondheim Energiverk, CTO at Statkraft AS, Head of Department at Statkraft Engineering and Head of Department at ABB.

Education: Degree in electrical engineering from GIH Gjøvik (1977).

Interests in Arise Windpower, including family and company interests: -

Independence/dependence: Jon G Brandsar can be regarded as dependent in relation to Arise Windpower's major shareholders in view of his position and duties at Statkraft AS, which holds 11.65 per cent of the shares of Arise Windpower. However, Jon G Brandsar is independent in relation to Arise Windpower and its senior executives.

Ulf Corné, born 1954

Ulf Corné has been a Board member since being appointed at the general shareholders' meeting on 30 April 2002.

Other directorships and positions: CEO and Chairman of PLU Energy Holding AB, Board member of Forsus Trade Net Aktiebolag, Board member of DontBuyIt Sverige AB, Deputy Board member of Zinwin AB, Board member of U Energy Holding AB, Board member of Sustainable Growth Capital SGC AB, member of the Investment Committee of Innovationsbron väst AB and member of the Steering Group for the "Mer vind i seglen" project run by Västsvenska Industri och Handelskammare and Västra Götalandsregionen.

Previous directorships and positions in the last five years: Board member of Arise Elnät AB, Deputy Board member of Arise

1 In this context, the terms "independence" and "dependence" have the definitions given in the Swedish Corporate Governance Code

Board of Directors

Name	Position	Appointed	Independent in relation to		Number of shares	Number of warrants*
			Company	Main owners		
Pehr G Gyllenhammar	Chairman	2007-10-02	Independent	Independent	446,639	39,500
Jon G Brandsar	Board member	2008-06-16	Independent	Dependent	-	-
Ulf Corné	Board member	2002-04-30	Independent	Dependent	1,660,041	-
Joachim Gahm	Board member	2007-07-11	Independent	Independent	10,000	6,000
Birger von Hall	Board member	2007-07-11	Independent	Independent	10,000	6,000
Leif Jansson	Board member	2007-02-19	Dependent	Dependent	1,472,076	-

*) 1 warrants entitle the holder to subscribe for 5 shares

Service & Projektering AB, Board member and CEO of Arise Kran AB and Board member and CEO of Arise Wind Farm companies, which are subsidiaries of Arise Windpower, Board member of Bluetronics Sweden AB, Chairman of PLU Energy Intressenter AB, Board member of Nilsson Special Vehicles AB, Board member of Coach Manufacturing Sweden AB, Board member of Masterform AB, partner of PLU Kapitalplacering Kommanditbolag, CEO of Arise Windpower AB and CEO of Nilsson Special Vehicles AB.

Education: M.Sc. in Engineering from Chalmers University of Technology (1980), Executive MBA studies at Santa Clara University in California (1991).

Interests in Arise Windpower, including family and company interests: 1,660,041 shares.

Independence/dependence: Ulf Corné is dependent in relation to Arise Windpower's major shareholders in view of his interests in, and duties as Chairman for, PLU Energy Holding AB, which owns 18.03 per cent of the shares of Arise Windpower. Ulf Corné ceased to be an employee of Arise Windpower and its subsidiaries on 31 December 2009. From 1 January 2010 Ulf Corné has only been performing limited consulting work[2] for Arise Windpower through a company, and can, as of that date, be regarded as independent in relation to Arise Windpower and its senior executives.

Joachim Gahm, born 1964

Joachim Gahm has been a Board member since being appointed at the general shareholders' meeting on 11 July 2007.

Other directorships and positions: Chairman of Sustainable Growth Capital SGC AB, Board member of Förvaltnings AB Hanneborg and Deputy Board member of and CEO of Gullbergby Jakt & Viltvård AB.

Previous directorships and positions in the last five years: Board member of E. Öhman J:or Fondkommission AB, Board member of Fylkinvest AB, Board member of Arbustum Invest AB, Board member of Aldano AB, Board member of SmafiBZ AB, Board member of Småföretagsinvest AB, CEO of E. Öhman J:or Investment AB, CEO of E. Öhman J:or Investment Trading AB, CEO of Morpheus Capital AB and Executive Vice President of E. Öhman J:or Fondkommission AB.

Education: M.Sc. in Economics and Business from Stockholm University (1990).

Interests in Arise Windpower, including family and company interests: 10,000 shares and 6,000 warrants (entitling the holder to acquire 30,000 shares).

Independence/dependence: Joachim Gahm is independent in relation to Arise Windpower, its senior executives and major shareholders.

Birger von Hall, born 1948

Birger von Hall has been a Board member since being appointed at the general shareholders' meeting on 11 July 2007.

Other directorships and positions: Board member of Sverigehuset i Göteborg AB, Board member of Saltholmsgruppen Invest AB, Board member of The Royal Bachelors Club Residence Aktiebolag, Board member and Chairman of Aktiebolaget Club Avancez, Board member of A och B von Hall AB, Deputy Board member of Platzer Fastigheter Holding AB (publ), Board member and Chairman of YourSafe AB, Board member of Chalmers Innovation Affiliate Fund AB (publ), Chairman of Chalmersska Ingenjörsföreningen, Chairman of Stiftelsen Göteborgs Maritima Centrum, Board member of Emils Kårhus AB and Board member of The Local Firm Sweden AB.

Previous directorships and positions in the last five years: Board member of Armaturjonsson A/S, Board member of Värmeprodukter i Göteborg AB, CEO and Board member of Skagerack Holding AB (formerly Platzer AB) and Board member of 35 subsidiaries and CEO of three subsidiaries, Board member of Svallvågen AB, Board member of Fastighetsbranschens Utvecklingsforum Service AB, Board member of AB Niklasberg Axet 1, Board member of Odinsgatan Hotell AB, Board member of John Mattson Fastighetsföretagen AB and Board member of six subsidiaries, Board member of Fysiken Fastigheter AB, CEO and Board member of LänsPlatzer Nord AB and Board member of nine subsidiaries, CEO and Board member of LänsPlatzer Syd AB and Board member of nine subsidiaries, Board member of Platzer Fastigheter Holding AB (publ), Board member of Bostadsrättsföreningen Turistgården, and Board member of Stiftelsen För Byggandets Managementfrågor.

Education: M.Sc. in Engineering from Chalmers University of Technology (1974).

Interests in Arise Windpower, including family and company interests: 10,000 shares and 6,000 warrants (entitling the holder to acquire 30,000 shares).

Independence/dependence: Birger von Hall is independent in relation to Arise Windpower, its senior executives and major shareholders.

Leif Jansson, born 1954

Leif Jansson has been a Board member since being appointed at the general shareholders' meeting on 19 February 2007.

Other directorships and positions: Board member of Arise Service & Projektering AB, Board member of Arise Kran AB and Board member of the Arise Wind Farm companies, which are subsidiaries of Arise Windpower, Board member of PLU Energy Holding AB, Deputy Board member of Zinwin AB and Board member of L Energy Holding AB.

Previous directorships and positions in the last five years: Board member of Arise Elnät AB and CEO of Arise Wind Farm 1 AB and Arise Wind Farm 7 AB, which are subsidiaries of Arise Windpower, partner of PLU Kapitalplacering Kommanditbolag and Board member and CEO of PLU Energy Intressenter AB.

Education: M.Sc. in Economics and Business from the Stockholm School of Economics (1978).

Interests in Arise Windpower, including family and company interests: 1,472,076 shares.

2 See also page 84 "Related-party transactions"

Independence/dependence: Leif Jansson is dependent in relation to Arise Windpower's major shareholders in view of his interests in, and duties as a Board member of, PLU Energy Holding AB, which owns 18.03 per cent of the shares of Arise Windpower. As an employed senior executive of Arise Windpower Leif Jansson, is also dependent in relation to Arise Windpower and its senior executives.

No Deputy Board members have been appointed.

SENIOR MANAGEMENT AND EXECUTIVES

Peter Nygren, born 1958

Founder and CEO of Arise Windpower. Employed in the Group since 2007.

Other directorships and positions: Chairman of Arise Elnät AB, Chairman of Arise Service & Projektering AB, Board member of Arise Kran AB and Chairman of Arise Wind Farm 1 AB and of the other Arise Wind Farm companies, which are subsidiaries of Arise Windpower, Board member of PLU Energy Holding AB, Board member of NyHolding i Motala AB and Board member of Zinwin AB.

Previous directorships and positions in the last five years: Board member of Arise Windpower, CEO of Arise Wind Farm 1 AB and Arise Wind Farm 6 AB, which are subsidiaries of Arise Windpower, responsible for energy issues at SCA AB, owner and partner of Joule HB, partner of PLU Kapitalplacering Kommanditbolag, Board member of PLU Energy Intressenter AB and owner of Scandinavian Waste Management.

Education: MBA studies at Uppsala University (2001).

Interests in Arise Windpower, including family and company interests: 1,537,791 shares.

Lars Fröding, born 1963

Responsible for detailed development plans and permit applications for new wind farms and for environmental and quality issues. Employed in the Group since 2008.

Other directorships and positions: Owner of Fröding kompetens.

Previous directorships and positions in the last five years: Owner of Turism och rekreation i Dals-Ed, CEO of Arise Wind Farm 2 AB, Municipal Manager of Laholm and Sotenäs municipalities.

Education: B.Sc. from Lund University (1986).

Interests in Arise Windpower, including family and company interests: 15,000 warrants (entitling the holder to acquire 15,000 shares).

Leif Jansson, born 1954

Founder and Board member of and responsible for land leases, development of new land areas for wind power installations and for site development. Employed in the Group since 2007.

Other directorships and positions: Board member of Arise Service & Projektering AB, Board member of Arise Kran AB and Board member of the Arise Wind Farm companies, which are subsidiaries of Arise Windpower, Board member of PLU Energy Holding AB, Deputy Board member of Zinwin AB and Board member of L Energy Holding AB.

Previous directorships and positions in the last five years: Board member of Arise Elnät AB and CEO of Arise Wind Farm 1 AB and Arise Wind Farm 7 AB, which are subsidiaries of Arise Windpower, partner of PLU Kapitalplacering Kommanditbolag and Board member and CEO of PLU Energy Intressenter AB.

Education: M.Sc. in Economics and Business from the Stockholm School of Economics (1978).

Interests in Arise Windpower, including family and company interests: 1,472,076 shares.

Thomas Johansson, born 1963

CFO of Arise Windpower and the other companies in the Group. Employed in the Group since 2008.

Other directorships and positions: Deputy Board member of the Arise Wind Farm companies, which are subsidiaries of Arise Windpower and owner of TJO Consulting.

Previous directorships and positions in the last five years: General Manager, Finance Manager and Administration Manager at Yanbu Steel Company, Finance Director of Brio AB.

Education: M.Sc. in Economics and Business from Växjö University, Authorised Public Accountant (1995).

Interests in Arise Windpower, including family and company interests: 50,000 shares and 30,000 warrants (entitling the holder to acquire 30,000 shares).

Mats Olofsson, born 1948

CEO of the subsidiary company Arise Service & Projektering AB since 2008 and employed in the Group since 2007.

Responsible for wind measurement and prospecting, including siting of wind turbines. Mats has long experience as an entrepreneur and supervisor and has previously worked at Kartverket.

Other directorships and positions: Board member of Arise Service & Projektering AB, Board member and CEO of Arise Kran AB, partner of OILSORB Handelsbolag and owner of Mats Olofsson Hårprodukter (dormant).

Previous directorships and positions in the last five years: Deputy Board member of Transportservice i Svenljunga AB, owner of Sensei Skandinavien HB and owner of OILSORB HB.

Education: Elementary school and various courses.

Interests in Arise Windpower, including family and company interests: 177,213 shares and 3,000 warrants (entitling the holder to acquire 15,000 shares).

Liane Persson, born 1966

COO with responsibility for operations and maintenance of erected wind farms. Employed in the Group since 2009.

Other directorships and positions: -

Previous directorships and positions in the last five years: Board member of Helianthemum Vind AB, COO of NEG Micon Sverige AB, Director of Servicing at HAFA AB, various executive positions in servicing in the Vestas Group.

Education: Electrical engineering programme at the Kattegattgymnasiet high school in Halmstad, Progressive Leadership course at Akademi Båstad (2004).

Interests in Arise Windpower, including family and company interests: -

Glenn Pettersson, born 1961
CEO of the subsidiary company Arise Elnät AB. Employed in the Group since 2008.

Other directorships and positions: -

Previous directorships and positions in the last five years: Deputy Board member of STRI AB, Director of Technology Development at Vattenfall Eldistribution AB.

Education: Technology programme at high school, university-level education in Uppsala (1984), qualified electrician (1984).

Interests in Arise Windpower, including family and company interests: 2,800 shares and 3,000 warrants (entitling the holder to acquire 15,000 shares).

Bo Rydlinger, born 1965
Director Investor Relations and Capital Markets. Employed in the Group since September 2009.

Other directorships and positions: Deputy Board member of Sofama AB and partner of Rydlinger Konsult Handelsbolag.

Previous directorships and positions in the last five years: Twenty years' experience of funding-related issues on behalf of and in various positions at Swedbank and SEB in Sweden, Luxembourg and Denmark.

Education: M.Sc. in Economics and Business from the School of Business, Economics and Law at the University of Gothenburg (1990).

Interests in Arise Windpower, including family and company interests: 5,000 shares.

OTHER INFORMATION ABOUT THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

All members of the Board of Directors and management team have an office address at Arise Windpower AB (publ), Box 808, 301 18 Halmstad. No directorships are limited in time, other than what is provided for in the Swedish Companies Act. There are no family connections between Board members or members of the management team. No Board member or member of the management team has been convicted in any fraud-related case in the last five years. None of the aforesaid have in the last five years been involved in any bankruptcy, liquidation (due to insolvency) or bankruptcy administration. Nor, in the last five years, has any accusation been made against and/or sanction been imposed by a government agency on any of the aforesaid persons, and none of the aforesaid have been prohibited by a court of law to become a member of a company's administrative, managerial or governing body or to perform leading or general-level functions in a company. There is no potential conflict of interest relating to any Board member or member of the management team, i.e. no person in the management team has any private interest that could conflict with that of the Company. The fact that certain members of the Board and management team have financial interests in the Company through holdings of shares or warrants is stated in the above list. Related-party transactions are described on page 84 "Related-party transactions".

COMPENSATION TO BOARD MEMBERS AND SENIOR EXECUTIVES

Basic salary/Board members' fee

The Chairman of the Board and other Board members are paid fees in accordance with resolutions passed at meetings of the shareholders. Executive Directors receive no compensation or benefits in addition to those associated with their employment in the Group. The compensation paid to the CEO and other senior executives consists of a basic salary, variable compensation, other benefits and pension. As of the 2009 Annual General Meeting the remuneration policy for senior executives adopted by the Annual General Meeting applies (see also page 76 "Remuneration committee"). In this context senior executives refer to the seven people who, together with the CEO, make up senior management.

Variable compensation

All employees except Peter Nygren and Leif Jansson are covered by a collective compensation programme that is tied directly to certain quantitative targets that have been adopted in the Group. In essence, the compensation programme provides for the payment of variable compensation to the employees for each wind turbine, above certain limits, that the Group puts into operation and/or commences building work on during the year and for each permit, above certain limits, that comes into effect during the year. The payment of variable compensation as described in the foregoing is also subject to a requirement that the Company's cash flow before investments during the year has been positive. Variable compensation is limited by a bonus ceiling defined as a multiple of each employee's monthly salary, which ranges from 3 to 6 monthly salaries except in the case of one person, who has a ceiling of 12 monthly salaries.

For one of the Company's employees a separate agreement on variable compensation applies that is tied to the number of operational turbines in certain municipalities. This compensation is limited as described above with a bonus ceiling defined as a multiple of the employee's monthly salary that is limited to 12 monthly salaries.

In 2009 variable compensation of SEK 1,400,000 in the form of salaries and pensions was paid.

Other than the warrants described under "Warrants" on page 79, there are no other variable or other forms of compensation with a dilutive effect for shareholders.

Other benefits

Other benefits refer principally to the benefit of a company car.

Pension
The retirement age for the CEO and other senior executives is 65. The pension premium to the CEO is 35 per cent of the pensionable salary and is paid under a defined contribution pension plan. Other senior executives also have defined contribution plans, and for 2009 the average premium was 29 per cent of the basic salary. Variable compensation is not pensionable, either for the CEO or for senior executives. All pensions are secure, i.e. they are not conditional on future employment.

Financial instruments
No compensation or benefits in the form of financial instruments exist.

Termination and severance pay
The contract between the Company and the CEO is subject to six months' notice by either party. The contracts of other senior executives are normally subject to three to six months' notice by the Company, with the exception of one senior executive, whose contract is subject to 12 months' notice by the Company. No severance pay is payable to the CEO or other senior executives. Normal salary is paid during the period of notice.

Compensation to the Board of Directors in 2009
The Annual General Meeting on 23 April 2009 adopted a resolution approving the payment of not more than SEK 1,000,000 to the Chairman and SEK 150,000 to each of the other non-executive Board members, irrespective of any compensation for work on the Company's committees.

In accordance with an agreement approved previously by the Annual General Meeting, the size of the fee payable to the Chairman is contingent on the number of permits received, which means that the fee payable to the Chairman for 2009 will be SEK 750,000 provided permits are received for the erection of at least 15 wind turbines, or SEK 1,000,000 provided permits are received for the erection of at least 49 wind turbines.

On top of this, total fees of SEK 125,000 for work on the Audit Committee are payable (of which, SEK 75,000 to the Chairman), and, for work on a temporarily established Finance Committee, SEK 150,000 to each non-executive Committee member. No fees are paid for work on the Remuneration Committee.

AUDITORS
In March 2007 KPMG AB were appointed auditors of the Company with the Authorised Public Accountant Ronnie Wernersson as chief auditor. KPMG AB audited the annual reports for 2007. KPMG AB's office address is Box 16105, 102 23 Stockholm. At the 2008 Annual General Meeting KPMG AB were dismissed as auditors and replaced by Öhrlings PricewaterhouseCoopers AB with the Authorised Public Accountant Bror Frid as chief auditor for the period until the Annual General Meeting held in the fourth financial year after the appointment of the auditors. The Company has no deputy auditors. Bror Frid is a member of FAR SRS. Öhrlings PricewaterhouseCoopers' office address is Lilla Bommen 2, 405 32 Göteborg.

Compensation to the Board of Directors, CEO and other senior executives in 2009

SEK '000 Name	Directors' fee	Salaries	Variable pay	Other benefits	Pension cost
Pehr G Gyllenhammar, Chairman	750	-	-	-	-
Birger von Hall	375	-	-	-	-
Joachim Gahm	375	-	-	-	-
Jon G Brandsar	-	-	-	-	-
Leif Jansson	-	985	53	29	372
Ulf Corné	-	1,003	52	25	373
Total compensation to Board of Directors	**1,500**	**1,988**	**105**	**54**	**745**
Peter Nygren, CEO	-	1,261	53	56	485
Other senior executives (6 persons)	-	4,340	463	228	2,276
Total compensation to CEO and senior executives	**-**	**5,601**	**516**	**284**	**2,761**

Corporate governance

APPLICATION OF THE SWEDISH CORPORATE GOVERNANCE CODE

Arise Windpower is a public Swedish limited liability company. Corporate governance in Arise Windpower complies with the Swedish Corporate Governance Code and is thus based on principles provided for in laws, listing agreements, guidelines and good practice. A previously explained departure from the Code is the requirement contained in the Code that no more than one Board member elected by the Annual General Meeting may work in the Company's management team. However, this requirement was met as of 1 January 2010.

This section refers to the financial year 2009 and constitutes a summary of corporate governance issues. For more information, the reader is referred to the Company's corporate governance report in the published annual report.

THE GENERAL SHAREHOLDERS' MEETING

Arise Windpower's highest decision-making body is the general shareholders' meeting. Notice of the Annual General Meeting and extraordinary general meetings must be made in accordance with the applicable laws and the Company's Articles of Association.[1]

THE NOMINATING COMMITTEE

At the Annual General Meeting on 23 April 2009 the shareholders adopted a set of procedures for the appointment of a Nominating Committee in preparation for future appointments and fees. The Nominating Committee will consist of four regular members, comprising representatives for the three largest owners at the beginning of November and the Chairman of the Board. As announced in November 2009, the Nominating Committee for the 2010 Annual General Meeting consists of Ulf Corné (PLU Energy Holding AB), Bengt Hellström (AP3, the Third Swedish National Pension Fund), Peder Brustad (Statkraft AS) and the Chairman of the Board, Pehr G Gyllenhammar, with Peter van Berlekom (Nordea Fonder) as co-opted member. The majority of the Nominating Committee's members are independent in relation to the Company and management. The Nominating Committee's task is to prepare issues relating to appointments and fees prior to the next general shareholders' meeting at which such issues will be addressed.

THE BOARD OF DIRECTORS

The Board of Directors is responsible for the Company's administration of its affairs and organisation. The Board's work is periodically intensive. In 2009 the Board of Directors addressed issues relating to projects, funding and expansion plans, among other issues. The Board held ten meetings during the year. The rules of procedure for the Board of Directors include a list of issues that must be addressed at each regular meeting of the Board. Once a year the Board is required to evaluate the work of the CEO, on which occasion Board members who are also members of the Company's management are not present.

THE REMUNERATION COMMITTEE

During the period until the next Annual General Meeting the Remuneration Committee consists of Birger von Hall (chairman) and Joachim Gahm. The CEO normally presents reports at meetings of the Remuneration Committee. The Remuneration Committee prepares issues relating to compensation and other terms of employment for the CEO and other senior executives as well as issues relating to variable compensation programmes in the Group. All members of the committee are independent in relation to Arise Windpower and its senior executives.

The committee's work is based on the resolutions adopted at the most recent Annual General Meeting on guidelines for compensation to senior executives, which provide for the payment of fixed salaries and, from time to time, variable compensation of up to 50 per cent of the annual fixed salary, with the exception that one senior executive shall exceptionally be entitled to variable compensation up to his/her fixed salary. The intention is to propose substantially unchanged guidelines to next Annual General Meeting, also allowing an offer of synthetic options to the employees.

THE AUDIT COMMITTEE ETC.

During the period up to the next Annual General Meeting the Audit Committee consists of Birger von Hall (Chairman), Joachim Gahm and Jon G Brandsar. The CFO, Thomas Johansson, presents reports at meetings of the committee. The Audit Committee prepares issues relating to financial reporting, risks, governing documents, key performance indicators, accounting rules and internal control. The Audit Committee also conducts an ongoing dialogue with the Company's auditor. In addition, a specially established Finance Committee has prepared certain issues relating to capital acquisition and market listing.

INTERNAL CONTROL

The goal for Arise Windpower's internal financial control is to establish an effective decision-making process in which requirements, objectives and limits are clearly defined. Ultimately, the control is designed to protect the Group's assets and thus the shareholders' investments. The Board of Directors bears ultimate responsibility for ensuring that the Company has satisfactory systems for internal control and that accounting documents are prepared and are reliable at the time of publication. The Company and its management employ internal control systems to monitor activities, risks and the Group's financial position. Control systems have been introduced and will be expanded in line with Arise Windpower's continued expansion.

RISK ASSESSMENT AND CONTROL ACTIVITIES

Arise Windpower continuously performs risk analyses to identify potential sources of errors in its financial reporting. Documen-

1 See also page 86 "Articles of Association"

tation is being prepared for relevant procedures with the aim of improving traceability in accounting as Arise Windpower continues to expand. Normal control activities comprise account reconciliations and supplementary controls. The purpose of all control activities is to prevent, detect and correct any errors or discrepancies in financial reports.

INFORMATION AND COMMUNICATION

The provision of correct information internally and externally requires that all parts of the organisation exchange and report relevant and important information about the activities in an effective manner. To achieve this, Arise Windpower has issued a set of policies and guidelines on the management of information in the financial process, which have been communicated to the employees by the management team. For communications with external parties a policy has been adopted which contains guidelines for such communications. The ultimate purpose of the aforementioned policies is to ensure compliance with the Company's disclosure obligations and that investors receive correct and timely information.

Share capital and ownership

Share capital history

Share capital history		Number of shares	Accumulated number of shares	Share capital (SEK)	Accumulated share capital (SEK)
1986	Incorporation	50,000	50,000	50,000.00	50,000.00
1997	Share split	950,000	1,000,000		50,000.00
1998	Bonus issue		1,000,000	50,000.00	100,000.00
2007	Issue of new shares	42,000	1,042,000	4,200.00	104,200.00
2007	Issue of new shares	408,000	1,450,000	40,800.00	145,000.00
2007	Issue of new shares	23,077	1,473,077	2,307.70	147,307.70
2008	Issue of new shares	100,000	1,573,077	10,000.00	157,307.70
2008	Issue of new shares	700,000	2,273,077	70,000.00	227,307.70
2008	Issue of new shares	244,000	2,517,077	24,400.00	251,707.70
2008	Issue of new shares	376,000	2,893,077	37,600.00	289,307.70
2008	Bonus issue		2,893,077	867,923.10	1,157,230.80
2008	Share split	11,572,308	14,465,385		1,157,230.80
2008	Issue of new shares	51,000	14,516,385	4,080.00	1,161,310.80
2008	Issue of new shares*	937,500	15,453,885	75,000.00	1,236,310.80
2009	Issue of new shares	5,972,185	21,426,070	477,774.80	1,714,085.60
2010	Exercise of warrants	135,000	21,561,070	10,800.00	1,724,885.60

*) Private placement in connection with the acquisition of PLU Energy Intressenter AB

SHARE CAPITAL

The Company's current Articles of Association state that the Company shall have a share capital of not less than SEK 1,120,000 and not more than SEK 4,480,000 and that the number of shares shall be not less than 14,000,000 and not more than 56,000,000. At the time of this Prospectus the Company has a registered share capital of SEK 1,724,885.60, represented by 21,561,070 shares, each with a quotient value of SEK 0.08. All shares belong to the same share class and entitle the holder to one vote and an equal right to any dividends and a share in the Company's assets in the event of liquidation. At general shareholders' meetings each shareholder is entitled to vote for the full number of shares held by him or her. The main rule is that existing shareholders have pre-emption rights to subscribe for new shares in share offerings, in compliance with the provisions of the Swedish Companies Act. The shares of the Company have been issued in accordance with Swedish law and are denominated in SEK. Shareholders' rights can only be amended in accordance with the procedures described in the Companies Act. The shares of Arise Windpower are not subject to the offers made in accordance with a duty to make a public takeover bid or under squeeze-out or sell-out provisions. No public takeover bids have been made in respect of Arise Windpower's shares during the current or preceding financial year.

TRANSFERABILITY

No restrictions on the transferability of shares in the Company are provided for in the Articles of Association or applicable laws. However, a separate shareholder agreement[1] between certain major shareholders, including the Founders (Peter Nygren, Ulf Corné, Leif Jansson) contains certain restrictions on transferability until the expiry of the shareholder agreement. The aforementioned shareholder agreement will expire in connection with a market listing. The Company is not aware of any other agreements between shareholders that impose restrictions on the transferability of shares.

SHAREHOLDERS

At 31 December 2009 the Company's shareholders comprised about 140 individuals and companies, including the Third Swedish National Pension Fund (AP3), Statkraft AS, Nordea Fonder, Ernström Kapitalpartner AB and Vätterledens Invest AB. The Company's founders, of whom two are active in the Company's management, are also significant shareholders of the Company.

AUTHORISATION TO ISSUE NEW SHARES

The Annual General Meeting on 23 April 2009 resolved to authorise

1 See also page 80 "Shareholder agreement"

Shareholders at 31 December 2009

Ownership 31 December 2009	Number of shares	Share of votes	Share of capital
PLU Energy Holding AB*	3,862,500	18.03%	18.03%
Third Swedish National Pension Fund	3,636,363	16.97%	16.97%
Statkraft AS	2,495,613	11.65%	11.65%
Nordea IM	2,356,967	11.00%	11.00%
Ernström Kapitalpartner AB	1,381,818	6.45%	6.45%
Vätterledens Invest AB	965,745	4.51%	4.51%
Hannells Holding AB	738,764	3.45%	3.45%
KL Ventures AB	681,818	3.18%	3.18%
Zinwin AB**	500,000	2.33%	2.33%
Länsförsäkringar GBG & Bohuslän	340,373	1.59%	1.59%
E. Öhman J:or Investment AB	323,985	1.51%	1.51%
Pehr G Gyllenhammar	311,639	1.45%	1.45%
Other shareholders	2,892,985	13.50%	13.50%
Total number of outstanding shares	20,488,570	95.62%	95.62%
Arise Windpower AB***	937,500	4.38%	4.38%
Total number of shares	21,426,070	100.00%	100.00%

*) PLU Energy Holding AB is owned in equal parts by Peter Nygren, Leif Jansson and Ulf Corné, who together with their families and companies own 7.13, 6.83 and 7.70 per cent, respectively, of the total number of outstanding shares of Arise Windpower prior to the Offer.
**) Prior to the Offer the Founders control 69.9 per cent of Zinwin AB (in equal parts). In connection with the Offer the Founders intend, through PLU Energy Holding AB, to conclude an agreement for the acquisition of the remaining 30.1 per cent of Zinwin AB, upon which the Founders will control 100 per cent of Zinwin (in equal parts). The agreement will be conditional on completion of the Offer.
***) Holdings of treasury shares following the incorporation of the subsidiary company PLU Energy Intressenter AB, which was acquired in autumn 2008. There is an intention to use this shareholding in connection with acquisitions, provided the conditions applying to such transactions are deemed to be of value for the Group. If the treasury shares are not sold within three years from the time when the group relationship between the Company and PLU Energy Intressenter AB arose the shares will be declared invalid and the share capital reduced by the proportion of the share capital represented.

the Board of Directors, during the period until the next Annual General Meeting, to decide to issue, on one or several occasions, new shares with pre-emption rights or in derogation of existing shareholders' pre-emption rights, for the purpose of enabling a further expansion of activities. The authorisation enables the issue of new shares up to the upper limit in respect of the number of shares provided for in the Articles of Association, which is 56,000,000 shares.

WARRANTS

In 2007 and 2008 decisions were made to issue warrants entitling the holders to subscribe for new shares in the Company to the Board of Directors, members of management and other key individuals as well as to external stakeholders such as landowners and agents. There are 307,000 outstanding warrants in the Company in five different series, entitling the holders to subscribe for a total of 1,315,000 shares in the Company. Full exercise of the warrants would result in a dilution of 5.75 per cent of the share capital and votes of the Company. However, the Company believes warrants issued to landowners covering 347,500 shares will not be exercisable.

Warrants of series 2007/2011 (i)

At an extraordinary general meeting on 24 August 2007 the shareholders approved a private placement of 72,500 warrants to Board members, each of which entitles the holder to subscribe for five new shares in Arise Windpower at price of SEK 32 per share. The warrants may, subject to compliance with the Company's insider policy, be exercised to subscribe for shares during the period 2 March 2008 to 2 March 2011 inclusive. Warrants have been exercised resulting in an increase in the Company's share capital of SEK 10,800. Full exercise of the remaining warrants of this series would increase the Company's share capital by a further SEK 18,200.

Warrants of series 2007/2011 (ii)

At an extraordinary general meeting on 10 December 2007 the shareholders approved a private placement of 3,000 warrants to senior executives, each of which entitles the holder to subscribe for five new shares in Arise Windpower at a price of SEK 40 per share. The warrants may, subject to compliance with the Company's insider policy, be exercised to subscribe for shares during

Warrants

Series	Issued	Number of warrants	Number of shares	Premium paid per warrant	Exercise period	Exercise price per share	Dilution*
2007/2011 (i)	2007-08-24	45,500	227,500	SEK 11.43	2 Mar 2008 - 2 Mar 2011	SEK 32.00	1.04%
2007/2011 (ii)	2007-12-10	3,000	15,000	SEK 13.21	1 Mar - 31 Mar 2009, 2010 and 2011	SEK 40.00	0.07%
2008/2011 (i)	2008-04-10	11,000	55,000	SEK 13.21	1 Mar - 31 Mar 2009, 2010 and 2011	SEK 40.00	0.25%
2008/2015	2008-04-10	192,500	962,500	Warrants allotted free of charge	1 Feb - 28 Feb 2009, 2010, 2011, 2013, 2014 and 2015, as well as 1 Feb - 29 Feb 2012	SEK 45.00	4.27%
2008/2011 (ii)	2008-10-29	55,000	55,000	SEK 4.22	1 Nov - 30 Nov 2009, 2010 and 2011	SEK 62.50	0.25%

*) The dilution is defined as the maximum number of shares and votes that can be issued divided by the total number of shares and votes after such issuance

the period 1 March to 31 March inclusive in 2009, 2010 and 2011. Full exercise of the warrants would increase the Company's share capital by SEK 1,200.

Warrants of series 2008/2011 (i)
At a meeting of the Board of Directors on 10 April 2008 the Board decided, based on an authorisation from the extraordinary general meeting on 28 February 2008, to approve a private placement of 11,000 warrants to senior executives and Board members, each of which entitles the holder to subscribe for five new shares in Arise Windpower at a price of SEK 40 per share. The warrants may, subject to compliance with the Company's insider policy, be exercised to subscribe for shares during the period 1 March to 31 March inclusive in 2009, 2010 and 2011. Full exercise of the warrants would increase the Company's share capital by SEK 4,400.

Warrants of series 2008/2015
At a meeting of the Board of Directors on 10 April 2008 the Board decided, based on an authorisation from the extraordinary general meeting on 28 February 2008, to approve a private placement of 192,500 warrants to landowners and consultants, each of which entitles the holder to subscribe for five new shares in Arise Windpower at a price of SEK 45 per share. The warrants may, subject to compliance with the Company's insider policy, be exercised to subscribe for shares from 1 February to 28 February inclusive in 2009, 2010, 2011, 2013, 2014 and 2015, and from 1 February to 29 February inclusive in 2012. Exercise of the warrants to subscribe for new shares in Arise Windpower is contingent on fulfilment of certain terms in respect of agreements, licenses and the erection of wind turbines. Full exercise of the warrants would increase the Company's share capital by SEK 77,000. However, the Company believes warrants issued to landowners covering 347,500 shares will not be exercisable due to non-fulfilment of the conditions for exercise.

Warrants of series 2008/2011 (ii)
At an extraordinary general meeting on 29 October 2008 the shareholders approved a private placement of 55,000 warrants to senior executives, each of which entitles the holder to subscribe for one new share in Arise Windpower at a price of SEK 62.50 per share. The warrants may, subject to compliance with the Company's insider policy, be exercised to subscribe for shares during the period 1 November to 30 November inclusive in 2009, 2010 and 2011. Full exercise of the warrants would increase the Company's share capital by SEK 4,400.

SHAREHOLDER AGREEMENT
In a separate shareholder agreement between certain major shareholders the parties have agreed on principles for Board composition and procedures for capital acquisition and market listing. Among other things, the parties to the shareholder agreement have agreed that the Board of Directors should consist of six Board members appointed at a general shareholders' meeting (of which the Founders will be entitled to appoint two and Statkraft AS one), that the Board Chairman must be independent and that Board decisions be made in accordance with customary rules on majority decisions contained in the Swedish Companies Act. The aforementioned shareholder agreement will expire prior to or no later than in connection with a market listing.[2]

CENTRAL SECURITIES DEPOSITORY
The Company and the shares are connected to the electronic securities system managed by Euroclear Sweden AB (formerly VPC AB), Box 7822, 103 97 Stockholm as central securities depository. No share certificates have been issued for the Company's shares. The ISIN code for the shares is SE0002095604. Any dividend payments are subject to approval by a general shareholders' meeting while disbursement of dividends is administered by Euroclear Sweden AB. Shareholders registered in the register of shareholders administered by Euroclear Sweden AB at a record date appointed by a general shareholders' meeting have a right to receive a dividend. If a shareholder cannot be reached through Euroclear Sweden AB such shareholder's claim on the Company in respect of dividends will remain and is limited only by statutes of limitation. Upon expiration of the statue of limitations the dividend accrues to the Company. There are no restrictions on dividends or special procedures applying to shareholders domiciled outside Sweden.

DIVIDEND POLICY AND EQUITY/ASSETS RATIO
As the Group is in a build-up phase, the Board of Directors is of the opinion and has proposed that no dividend payments be made in the next few years. The financial policy states that the consolidated equity/assets ratio should exceed 25 per cent.

2 See also page 78 "Transferability"

Legal issues and supplementary information

COMPANY INFORMATION AND OVERVIEW OF LEGAL STRUCTURE

The Company is a Swedish public limited liability company and its organisation number is 556274-6726. The Company was incorporated on 7 March 1986 and registered with the Swedish Patent and Registration Office (now the Swedish Companies Registration Office) on 18 March 1986. Its registered office is in the municipality of Laholm. The legal form of the Company is regulated by the Swedish Companies Act. Shareholders' rights arising from the shares can only be amended in accordance with the aforementioned rules and regulations. Arise Windpower is the parent company for eleven wholly owned subsidiaries.

MATERIAL AGREEMENTS

The following agreements with third parties are deemed to be of material significance for the Group.

Supply agreements

Agreements with Vestas and GE for delivery of wind turbines

On 23 May 2008 Arise Wind Farm 1 AB concluded a supply agreement with Vestas Northern Europe AB ("Vestas") for delivery of twelve 2.0 MW wind turbines for the Company's Oxhult wind farm. The turbines have been delivered and were put into operation during the period March-May 2009. Under a servicing agreement concluded with Vestas, Vestas has undertaken to service the wind turbines during a period of two years from the handover. On 23 June 2009 Arise Wind Farm 1 AB concluded another supply agreement with Vestas for delivery of five 2.0 MW wind turbines for the Company's Råbelöv wind farm. The turbines were delivered during the period October-November. All turbines have been handed over and went into operation in December 2009. In connection with the conclusion of the supply agreements Arise Wind Farm 1 AB has also signed a servicing agreement with Vestas under which Vestas has undertaken to service the wind turbines for a period of two years from the handover.

On 19 June 2009 Arise Wind Farm 1 AB concluded a supply agreement with GE Wind Energy GmbH and GE Energy (Sweden) AB (jointly "GE") for delivery of five 2.5 MW wind turbines for the Company's Brunsmo wind farm. The wind turbines were delivered during the period October-December 2009 and all turbines will be handed over and go into operation in March 2010. Arise Wind Farm 1 AB has also signed a servicing agreement with GE Energy (Sweden) AB under which Energy (Sweden) AB has undertaken to service the wind turbines for a period of two years from the handover.

On 10 December 2009 Arise Wind Farm 3 AB concluded a supply agreement with GE for delivery of six 2.5 MW wind turbines for the Company's Fröslida wind farm. The turbines are scheduled for delivery and handover during the period August-October 2010.

The terms and conditions of the delivery and servicing agreements accord with market practice for similar types of agreements and include warranties from the suppliers.

The acquisitions from Vestas and GE have been financed through the funding agreements described on page 82 "Credit and derivatives agreements".

Framework agreement with GE Energy

On 20 August 2009 Arise Windpower and GE Wind Energy GmbH

Subsidiaries

Subsidiaries	Organisation number	Registered office	Shares and votes
Arise Elnät AB	556747-2641	Halmstad	100%
Arise Service & Projektering AB	556756-2730	Halmstad	100%
Arise Kran AB	556758-8996	Halmstad	100%
Arise Wind Farm 1 AB	556732-8942	Halmstad	100%
Arise Wind Farm 2 AB	556758-9113	Halmstad	100%
Arise Wind Farm 3 AB	556758-9105	Halmstad	100%
Arise Wind Farm 4 AB	556758-8993	Halmstad	100%
Arise Wind Farm 5 AB	556758-8992	Halmstad	100%
Arise Wind Farm 6 AB	556758-8974	Halmstad	100%
Arise Wind Farm 7 AB	556758-8909	Halmstad	100%
Arise Wind Farm 8 AB	556758-8991	Halmstad	100%

("GE Energy") concluded a framework agreement for delivery and servicing of 52 2.5 MW wind turbines in 2010-2011 with a certain degree of flexibility allowing for the deferral of some parts of the delivery until the beginning of 2012. Under the framework agreement, GE Energy is obliged to deliver a specified number of turbines per quarter. The Company has a corresponding obligation to order wind turbines, and failure to fulfil this obligation to order wind turbines would entitle GE Energy to compensation. The compensation is defined as a small share of the total consideration for the wind turbines. Up to the end of March 2010 Arise Windpower has ordered six turbines under the agreement for delivery to Fröslida. The agreement gives Arise Windpower a right, without indemnification, to cancel orders for about 17 turbines. Based on current procurement plans and forecasts, the Company estimates that it will not be liable for any compensation for cancellations under the agreement. The terms and conditions of the framework agreement are normal for the industry.

Framework agreement with Vestas
On 11 December 2009 Arise Windpower and Vestas concluded a framework agreement for delivery and servicing of 60 2.0 MW wind turbines during the period 2010-2012 with an option for delivery of a further 20 turbines. Under the framework agreement, Vestas is obliged to deliver a specified number of turbines per year. The Company has a corresponding obligation to order wind turbines, and failure to fulfil this obligation to order wind turbines would entitle Vestas to compensation. The compensation is defined as a small share of the total consideration for the wind turbines. Based on current procurement plans and forecasts, the Company estimates that it will not be liable for any compensation for cancellations under the agreement. The terms and conditions of the framework agreement are normal for the industry.

Acquisition of a crane
In 2008 Arise Windpower concluded an agreement for the purchase of a mobile crane from a third party for delivery in summer 2010. The terms and conditions for the acquisition are based on standard terms and conditions that are normal for the industry.

Construction contracts etc.
Arise Wind Farm 1 AB has concluded a construction contract with Jonab Anläggnings AB for land improvements and civil engineering works for the Company's wind farms in Brunsmo and Råbelöv. In addition, Arise Windpower AB has concluded a framework agreement with AB Sydsten for delivery of concrete and road building materials for the planned expansion to 2014.

Arise Wind Farm 1 AB has also concluded a grid connection agreement with EON Elnät for Råbelöv and Arise Elnät for Brunsmo. Arise Windpower AB has signed a grid connection agreement with Arise Elnät AB for Fröslida, Putsered and Skogaby.

An agreement has also been concluded between Arise Elnät AB and ETRA for delivery of two transformers for Brunsmo and Fröslida.

Credit and derivatives agreements
On 27 May 2008 Arise Wind Farm 1 AB concluded a customary credit agreement with Swedbank which provides a credit facility of MSEK 657 for 16 years for the purpose of funding the acquisition of about 30 wind turbines in the Laholm area. The credit agreement has been used for the funding of the Company's Oxhult, Råbelöv and Brunsmo wind farms. As security for Arise Wind Farm 1 AB's fulfilment of its obligations under the agreement, Arise Wind Farm 1 AB has transferred assets to Swedbank as collateral in respect of agreements on the lease of land, delivery of wind turbines, land improvement works and delivery of electricity. In addition, Arise Windpower has also made a general pledge of bank deposits in favour of Swedbank.

Arise Wind Farm 2 AB has a MSEK 240 conditional line of credit with Swedbank AB (publ) for acquisition of wind turbines. Use of this credit facility is subject to fulfilment of customary terms and conditions, such as the conclusion of a full credit agreement.

Arise Wind Farm 3 AB has a MSEK 140 conditional line of credit with a Swedish bank for the funding of the Company's Fröslida wind farm. Use of this credit facility is subject to fulfilment of customary terms and conditions, such as the conclusion of a full credit agreement.

In addition, Arise Wind Farm 1 AB and Arise Windpower have concluded an agreement with Swedbank relating to derivatives trading, which covers interest and currency swaps, for the purpose of mitigating credit risk arising from the loan agreements described above. The derivatives agreements are based on standard terms and conditions that are normal for the industry.

Electricity agreements
Bilateral electricity agreements
In 2007 and 2008 Arise Windpower concluded a number of bilateral agreements for delivery of electricity under which the Company has undertaken to deliver, and the counterparty to purchase, electricity during a specified period. The agreements specify the annual rate of delivery and the tariff for delivered electricity. The tariff is fixed for the first few years and is then indexed. The agreements normally run for at least five years. The terms and conditions of delivery under the agreements are normal for the industry.

Bilateral electricity certificate agreements
In 2007, 2008 and 2009 Arise Windpower concluded a number of bilateral agreements for delivery of electricity certificates under which the Company has undertaken to deliver, and the counterparty to purchase, the agreed amount of certificates at the contractual price. The price is fixed with no indexation. The terms and conditions of delivery under the agreements are normal for the industry.

Agreement with Scandem
Arise Windpower has concluded an agreement on portfolio

management and administration of balance power with Scandem AB. Under the agreement, Scandem has undertaken to perform portfolio management service in respect of the Group's production of electricity and assumed responsibility for administering balance power for the same production. The agreement runs until 31 December 2015 with an option to extend the agreement.

Financial hedging agreements relating to electricity and electricity certificates
Agreements have been signed with Nord Pool ASA in respect of financial hedging of future sales. The market value of concluded contracts at 31 December 2009 was about MSEK 23, including the negative value of the currency futures concluded at the same time. Financial hedging on Nord Pool is denominated in Euro.

Other price hedges refer to bilateral physical delivery agreements concluded directly with end consumers of electricity or electricity certificates.

Right of use agreements
For wind turbines in operation and for the project portfolio as a whole companies in the Group have concluded about 250 land lease agreements with landowners in southern Sweden covering some 428 potential sites for the erection of wind turbines. No single land lease agreement is of material significance to the operations of the Group but jointly the agreements are material to the Group. The land leases give Arise Windpower the right to use the leased site for the erection, operation and maintenance of wind turbines, including transports and the construction of cable trenches, transformer stations, etc. Most of the land leases have been registered in the Swedish Land Register and run for at least 25 years. Unless they are terminated before the end of the term of agreement, the leases are normally extended by five years at a time on the same terms and conditions, which Arise Windpower intends to synchronise with the useful life of each turbine.

Land lease payments consist of a fixed fee that is payable until a wind turbine has been erected on the leased site. Thereafter payments are based on the gross income of the turbine (subject to a fixed minimum payment). Most of the land leases can be terminated before expiry by the landowner in the event that a permit for the turbine is delayed or cannot be obtained or if construction of the turbine is delayed or does not take place. Normally, it is presumed in this context that Arise Windpower will have initiated the permit application process within three years from the signing of the land lease, and that Arise Windpower will have initiated work on pouring the foundations within three years from the announcement of a decision on a permit application, failing which the land lease may be terminable before expiry. Upon normal expiry of a land lease, Arise Windpower is required to dismantle the wind turbines and associated equipment and restore the leased site. Under certain leases, Arise Windpower is also required to deposit funds in a frozen account for use in dismantling the turbines.

The terms of the land leases are the result of extensive negotiations with a large number of counterparties, who have been offered essentially the same terms. The land leases are consistent with what is customary in the industry. Certain landowners have also acquired warrants in Arise Windpower, which entitle them to subscribe for shares in Arise Windpower on the same terms as holders of the same series of warrants subject to fulfilment of certain expansion-related terms and conditions. In one case, the Fröslida project, the landowner has the right under certain circumstances to acquire one of the turbines within a period of 30 months from the date on which the turbine goes into operation.

Where applicable, several landowners in one and the same area have teamed up to form a company-like partnership in order to distribute among themselves lease revenues from all participating property in accordance with specific agreed contribution scales. In these cases the landowners have normally also agreed in relation to each other not to file objections in the permit processes.

DISPUTES
Companies in the Group are not, and have not in the last twelve months been, party to any dispute or arbitration proceeding (including pending cases) that have recently had or could have a significant adverse impact on the Company's or Group's operations, earnings or financial position. Nor are the Company and Group aware of any existing or expected dispute that could have a significant adverse impact on the operations, earnings or financial position of the Company and Group.

INTELLECTUAL PROPERTY RIGHTS
The Arise Windpower logotype is registered in Sweden for, inter alia, wind power, construction of facilities and related activities. Registration of the logotype in the EU is underway. The arisewindpower.se, arisewindpower.nu, arisewindpower.eu and arisewindpower.net domain names have been registered. Other intellectual property rights that are required or arise in the course of the Company's operations are owned by the Group or used under customary licenses (e.g. technology licenses).

ENVIRONMENTAL IMPACT
The Group's principal business is to generate and transport green electricity without releasing carbon dioxide, dust or other emissions into the air, water or ground. The operations comprise construction and civil engineering works in connection with the erection of wind turbines and associated electrical installations, which comply with applicable regulations governing such activities.

The Group's handling of oils, chemicals and fuels is limited to oils for lubrication of the moving parts of wind turbines, such handling as is required for the land improvement and civil engineering works performed by external contractors, and fuel for vehicles used by suppliers and the Group.

The operation of wind farm installations has a direct impact on the environment in the form of noise, shadows and visual impressions.

LEGAL REQUIREMENTS, PERMITS AND REGULATIONS

By erecting, owning and operating wind turbines and electrical installations the Group conducts operations that are subject to permit and notification requirements under the Swedish Environmental Code and the Swedish Planning and Building Act. Arise puts a lot of resources into applying for and obtaining the required permits in time. For instance, civil engineering works for and the erection of wind turbines and building of electrical installations are not initiated until the required permits have been received. After that the Group continually monitors that the Group's activities are performed in accordance with the granted permits and with other applicable regulations. In view of the aforesaid, the Board of Directors deems that the Group is complying with applicable rules and regulations and holds the permits required for its existing operations.

INSURANCES

To ensure that the Group maintains appropriate insurance cover, the Group's insurance needs are continually analysed with the assistance of respected insurance brokers. In view of this, the Board of Directors deem that the Group has adequate insurance cover for the liabilities arising from its existing operations.

RELATED-PARTY TRANSACTIONS

In the financial year 2009 the parent company made sales to subsidiaries of MSEK 16.5 (4.5), which referred to sales of leases for land exploitation, consulting income referring mainly to permit and project planning services and invoicing of administration expenses.

Purchases by the parent company of services from subsidiaries in the financial year 2009 were MSEK 29.2 (2.7) and referred to electricity and electricity certificates, the purchase of measurement and calculation services and rent payments for measurement equipment.

PLU Energy Intressenter AB

The Company has acquired PLU Energy Intressenter AB, which has subsequently been integrated as part of a structural deal involving a share swap. By paying the same number of shares through a share offering to the shareholders of PLU Intressenter AB as the number of shares in Arise Windpower over which the Company gained control by acquiring PLU Energy Intressenter AB the consequence for the Company and its shareholders was neutral. Before the share swap PLU Energy Intressenter AB was controlled by the Founders, Peter Nygren, Ulf Corné and Leif Jansson and family.

Forsus Trade Net AB

On 23 March 2007 the Company and Forsus Trade Net AB concluded a business transfer agreement through which the Company transferred those operations which did not relate to wind turbines and related activities along with all rights and obligations associated with the transferred operations to Forsus Trade Net AB. The transactions between Forsus Trade Net AB and the Company comprise (i) the transfer of operations, as described above, and (ii) expenses for Ulf Corné in his role as a Board member of the Company, which totalled MSEK 0.6 in 2008. The transactions relating to expenses for Ulf Corné ceased when Ulf Corné became an employee of the Company in July 2008. Forsus Trade Net AB is controlled by Ulf Corné, who is a Board member of the Company.

In addition, Forsus Trade Net AB has a limited consulting assignment for Arise Windpower in which the company, through Ulf Corné, provides services in the areas of licensing and commercialisation of intellectual property rights. Payments for the consulting assignment in 2010 are limited to MSEK 0.15 per month during the term of the assignment.

Transactions with other senior executives

Transactions between other senior executives and the Company, which totalled MSEK 1.1 in the financial year 2008, refer entirely to fees for consulting services in respect of periods before the executives concerned became employees of the Group.

AGREEMENT ON THE SALE OF SHARES

Under the terms of an agreement on the sale of shares (the "Placing Agreement"), which is intended to be concluded around 23 March 2010 between Arise Windpower, the Founders[1] and ABGSC, Arise Windpower will undertake to issue at most 10,000,000 shares and the Founders will undertake to sell 730,000 shares to buyers indicated by ABGSC. ABGSC will undertake to find buyers for the number of shares covered by the Offer. ABGSC's undertaking is contingent on the provision of certain guarantees by Arise Windpower and the Founders.

In the Placing Agreement Arise Windpower intends to undertake to issue and allot, at the request of ABGSC and no later than the date occurring 30 days after the first day of trading in the Company's shares on NASDAQ OMX Stockholm, at most 1,609,500 additional shares, comprising not more than 15 per cent of the shares in the Offer, to cover any over-allotment (the "Over-Allotment Option"). The Over-Allotment Option may only be exercised for the purpose of covering any over-allotment under the Offer.

The Founders and Board members with shareholdings[2] intend, in connection with the Placing Agreement, to agree not to transfer, pledge or issue options to acquire shares or securities entitling the holder to subscribe for or swap assets for shares in the Company in addition to those included in the Offer without consent from ABGSC until at least twelve and six months, respectively, from the first day of trading on NASDAQ OMX Stockholm.

Through the Placing Agreement Arise Windpower intends to agree not to transfer, pledge or issue options to acquire shares in Arise Windpower that are held by the Company[3] without consent

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1 In this section the term "Founders" also includes PLU Energy Holding AB, a company controlled by the Founders

2 Refers to Pehr G Gyllenhammar, Joachim Gahm and Birger von Hall

3 See also page 78, "Share capital and ownership"

from ABGSC until after publication of the Company's interim report for the period January-June 2010, which is expected to be published on 25 August 2010. Arise Windpower furthermore intends, during the same period, not to issue any further shares or securities entitling the holder to subscribe for shares or swap assets for shares in the Company (in addition to those included in the Offer). The undertakings will include certain exemptions, which will, among other things, allow Arise Windpower to use treasury shares or newly issued shares as consideration for the acquisition of companies or operations.

In the Placing Agreement Arise Windpower and the Founders intend to undertake, on customary terms and conditions and under certain circumstances, to hold ABGSC harmless against certain claims, including claims made under applicable securities legislation. Furthermore, Arise Windpower and the Founders will undertake to compensate ABGSC for certain expenses incurred by ABGSC in connection with the Offer.

To enable delivery of the shares issued by Arise Windpower under the Offer (including shares issued as a result of exercise of the Over-Allotment Option) before the shares have been registered with the Swedish Companies Registration Office, certain large shareholders in the Company, including the Founders, intend to, in connection with the Placing Agreement, undertake to lend to ABGSC a number of shares equal to the number of shares issued by Arise Windpower under the Offer and through exercise of the Over-Allotment Option.

ABGSC intends in the Placing Agreement to reserve the right to discontinue the Offer up to and including the payment date if certain circumstances exist which, in the view of ABGSC, have such a material negative impact on Arise Windpower or its shares that it would be inappropriate to implement the Offer in accordance with what is stated in this Prospectus.

In connection with the Offer ABGSC may decide to execute transactions which stabilise or maintain the price of the shares at levels that perhaps would not otherwise prevail in the market. The purpose of such stabilisation measures is to support the market price of the shares and these measures may be taken during a period of 30 calendar days from the first day of trading in the shares on NASDAQ OMX Stockholm. However, there is no guarantee that stabilisation measures will be taken, and if measures are taken, such measures may be discontinued at any time.

DOCUMENTS FOR INSPECTION

Throughout the period of validity of the Prospectus copies of the following documents may be inspected at Arise Windpower's head office at Kristian IV:s väg 3, 301 18 Halmstad, Sweden during ordinary office hours on weekdays.

1) The Articles of Association for Arise Windpower AB; and
2) audited annual reports for the financial years 2007, 2008 and 2009 for Arise Windpower AB and its subsidiaries

Articles of Association

ARTICLE 1 COMPANY NAME
The company's name is Arise Windpower AB. The company is a public company (publ).

ARTICLE 2 REGISTERED OFFICE
The Board of Directors shall have its seat in the municipality of Laholm.

ARTICLE 3 BUSINESS
The object of the company's activities is to develop, own and operate energy facilities, trade in electricity, perform energy development activities and associated activities.

ARTICLE 4 SHARE CAPITAL
The share capital shall be not less than SEK 1,120,000 and not more than SEK 4,480,000.

ARTICLE 5 NUMBER OF SHARES
The number of shares shall be at least 14,000,000 and not more than 56,000,000.

ARTICLE 6 BOARD OF DIRECTORS
The Board of Directors shall comprise at least three and not more than nine Board members.

ARTICLE 7 AUDITORS
The company shall have one or two auditors with or without deputy auditors.

ARTICLE 8 NOTICE OF A GENERAL SHAREHOLDERS' MEETING
Notice of an ordinary general shareholders' meeting and notice of an extraordinary general meeting at which questions relating to an amendment of the Articles of Association will be discussed shall be given no earlier than six weeks and no later than four weeks before the meeting. Notice of another extraordinary general meeting shall be given no earlier than six weeks and no later than two weeks before the meeting.

Notice shall be given by advertisement in Post- och Inrikes Tidningar and in Svenska Dagbladet.

ARTICLE 9 PARTICIPATION AT GENERAL SHAREHOLDERS' MEETINGS
To be entitled to participate at a general shareholders' meeting, a shareholder must notify the company no later than 4 p.m. on the date indicated in the notice of the meeting, stating the number of any assistants. This day must not be a Sunday or other public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve, and must not be earlier than five weekdays before the meeting.

ARTICLES 10 MATTERS TO BE CONSIDERED AT THE ANNUAL GENERAL MEETING
At the Annual General Meeting the following business shall be transacted

1. Election of a chairman for the meeting
2. Preparation and approval of the electoral register
3. Approval of the agenda
4. Election of one or two persons to check the minutes of the meeting
5. Determination of whether the Annual General Meeting has been duly convened
6. Presentation of the annual report and audit report and, where applicable, the consolidated financial statements and consolidated audit report
7. Resolutions on
   a. the adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and consolidated balance sheet
   b. the treatment of the company's profit or loss in accordance with the adopted balance sheet and, where applicable,
   c. the adopted consolidated financial statements release from liability to the company for the members of the Board of Directors and the CEO
8. Determination of the number of Board members and, where applicable, the number of auditors and deputy auditors
9. Determination of the fees payable to the Board members and auditors
10. Election of the Board of Directors and, where applicable, auditors and deputy auditors
11. Other business that is incumbent on the shareholders in accordance with the Swedish Companies Act (2005:551) or the company's Articles of Association

ARTICLE 11 FINANCIAL YEAR
The company's financial year shall be the calendar year.

ARTICLE 12 AFFILIATED CSD-REGISTERED COMPANY
Under the Swedish Financial Instruments Act (1998:1479), the company's shares are required to be registered in a central securities depository register.

The Articles of Association were adopted at a general shareholders' meeting held on 29 October 2008. It is intended that proposals be presented at the 2010 Annual General Meeting to change the Company's registered office to the municipality of Halmstad and to change the method of giving notice of a general shareholders' meeting so that notice is given by advertisement in Post- och Inrikes Tidningar and on the Company's website. The change to the notice procedure is, as at the previous Annual General Meeting in 2009, conditional on the adoption of a proposed amendment to the Swedish Companies Act. The above Articles of Association shall continue to apply without amendment until the next general shareholders' meeting in 2010.

Tax issues

TAX ISSUES IN SWEDEN

The following is a summary of certain Swedish tax rules that are relevant in connection with the Offer for natural persons and limited liability companies that are resident in Sweden for tax purposes, unless otherwise stated. The summary is based on currently applicable legislation and is intended only as general information.

The summary does not cover:

- situations where shares are held as inventory in a business operation,
- situations where shares are held by a trading partnership,
- the special rules on tax-free capital gains, including non-deductibility of capital losses, and dividends in the corporate sector that may be applicable to shareholdings that are deemed to be of a commercial nature, or
- the special rules which in certain cases may be applicable to shareholdings in companies that are or have been a close company or shares that have been acquired by use of shares in a close company.

Moreover, special tax rules apply for certain special categories of company. The tax treatment of each individual shareholder is partly dependent on his or her special situation. Shareholders are advised to contact their tax advisors for advice on what the tax consequences of the Offer may be in their particular case, including the applicability and effect of foreign rules and double taxation treaties.

NATURAL PERSONS

For natural persons capital gains and dividends on exchange-listed shares are subject to capital gains tax at a rate of 30 per cent. The capital gain or loss is the difference between the compensation received for the sale, after deducting for selling expenses, and the cost basis (acquisition costs plus costs for improvement). In calculating the cost basis of a share, the average cost basis for all shares of the same class and type are aggregated and calculated as a single value by applying the average cost method. As an alternative for exchange-listed shares, the cost basis may be calculated using the "standard rate method", which means that the cost basis may be defined as 20 per cent of the compensation received for the sale after deducting for selling expenses.

Capital losses on exchange-listed shares are fully deductible against capital gains made in the same year on shares, including unlisted and exchange-listed shares and other exchange-listed equity securities with the exception of interests in investment funds that include Swedish debt instruments, known as fixed income funds.[1] Capital losses on exchange-listed shares that have not been used to offset capital gains in the manner described above are 70 per cent deductible against other capital income.

In case of a net capital loss, such loss may be used to reduce the tax on earned income as well as property tax and municipal property tax. The loss is 30 per cent tax-deductible up to SEK 100,000 and 21 per cent tax-deductible above this amount. The deficit can not be carried forward to future tax years.

For natural persons who are resident in Sweden for tax purposes a preliminary tax of 30 per cent on dividends is withheld. Preliminary tax is normally withheld by Euroclear Sweden AB or, for nominee-registered shares, by the nominee.

ACQUISITION BY EMPLOYEES

Normally no tax is payable upon allotment of shares. However, for employees allotments of shares may be subject to tax on benefits, which are taxed as earned income. No benefit tax should be payable if the employees, including Board members and deputy Board members and current shareholders, acquire no more than 20 per cent of the total number of shares offered on the same terms as other investors (i.e. the public), provided the value of the shares acquired by the employee does not exceed SEK 30,000.

LIMITED LIABILITY COMPANIES

For limited liability companies all income, including capital gains and dividends, are taxed as business income at a rate of 26.3 per cent.

Taxable capital gains and deductible capital losses are calculated in the same way as for natural persons, as described above.[2] Capital losses on shares are only deductible against capital gains on shares and other securities that are taxed as shares. If a capital loss cannot be deducted by the company incurring the loss it can in the same year be deducted against capital gains and other securities that are taxed as shares in another company in the same corporate group if a right to make Group contributions exists between the companies and each company requests this in the tax assessment for the same year. Capital losses on shares that could not be used a certain year may be saved and used to offset capital gains on shares and other securities that are taxed as shares in subsequent tax years without limitation in time.

Special tax rules may be applicable for certain categories of company or certain legal entities, such as investment funds and investment companies.

SHAREHOLDERS WITH LIMITED TAX LIABILITY IN SWEDEN

For shareholders with limited tax liability in Sweden who receive dividends on shares in a Swedish limited liability company a

1 Certain rules for the order of priority apply to deductions for capital losses

2 Should a capital loss occur for a legal entity or a partnership associated to the seller, the capital loss is not deductible before the point in time when the shares are no longer held by a legal entity or a partnership associated to the seller (so called deferred deductibility)

withholding tax on dividends known as "coupon tax" is normally deducted at source. The same applies to payments from Arise Windpower made in connection with, for instance, the redemption of shares and the repurchase of treasury shares through an offering aimed at all shareholders or all owners of shares of a certain class.[3] Coupon tax is levied at a rate of 30 per cent, although this rate is generally reduced through double taxation treaties. In Sweden coupon tax is normally withheld by Euroclear Sweden AB or, for nominee-registered shares, by the nominee.

Shareholders with limited tax liability in Sweden who do not conduct activities from a fixed place of operation in Sweden are not normally liable for tax in Sweden on capital gains from the sale of shares. Shareholders may be liable for tax in their country of residence, however. Under a special rule, natural persons with limited tax liability in Sweden may be liable for capital gains tax in Sweden on the sale of shares in Arise Windpower if they at some point during the calendar year in which the sale took place or during the preceding ten calendar years were resident in Sweden or stayed in Sweden for an extended period of time. However, the applicability of the rule may be limited by a double taxation treaty between Sweden and other countries.

3 Coupon tax is not withheld on dividends, redemption proceeds, etc paid to legal entities if certain conditions are met

Historical financial information incorporated by way of reference

Financial statements for the three financial years 2007, 2008 and 2009 are incorporated in the Prospectus by way of reference. All reports are available in electronic format on Arise Windpower's website (www.arisewindpower.se). Arise Windpower's audited financial statements for 2007, 2008 and 2009 are included in the annual reports for the respective years. The audit reports are included in the annual reports and conform to the standard format and contain no qualifications. Other than the auditing of the annual reports for 2007, 2008 and 2009, which are the source of the historical financial information contained in the Prospectus, the Company's auditor has not examined any parts of the Prospectus other than what is stated in the auditor's report concerning supplementary information to the historical financial reports on page 90.

Definitions

ABG Sundal Collier or ABGSC	ABG Sundal Collier AB and/or ABG Sundal Collier Norge ASA
Arise Windpower, the Company or the Group	Arise Windpower AB (publ), organisation number 556274-6726, or, depending on the context the group of which Arise Windpower AB (publ) is the parent company
The Companies Act	The Swedish Companies Act (2005:551)
AWEA	American Wind Energy Association
CAGR	Compound annual growth rate, geometric average growth
E	E after a year indicates that the figure is an estimate
Electricity certificates	Swedish market-based support system for renewable electricity production
Issuing Institution	ABG Sundal Collier AB acts as financial advisor in connection with the Offer and is, through its parent company ABG Sundal Collier Norge ASA, the issuer agent
EU	The European Union
Euroclear	Euroclear Sweden AB, formerly VPC AB
EWEA	European Wind Energy Association
Peak load hour	Output corresponding to one hour of production at a wind turbine's maximum capacity
The Founders	The Company's founders; Ulf Corné, Leif Jansson and Peter Nygren
GW	Gigawatt
GWEC	Global Wind Energy Council
GWh	Gigawat hour
IEA	International Energy Agency
MW	Megawatt
MWh	Megawat hour
Nord Pool	Europe's largest and most liquid marketplace for physical and financial power trading
Grid compensation	Compensation from a network operator received in return for the benefit to the network of a connected production unit
Sodar	Sound Detection And Ranging, used to measure wind speeds
Svensk Vindenergi	Swedish trade association for wind power (www.svenskvindenergi.org)
TW	Terawatt
TWh	Terawat hour
Load factor	Share of theoretically available time that is used for actual production (peak load hour)
Wind farm in operation	A wind power project where the wind farm has been transferred to production after completion of test runs and is generating electricity
Conversion factors	
Capacity	1 TW = 1,000 GW = 1,000,000 MW = 1,000,000,000 kW
Energy	1 TWh = 1,000 GWh = 1,000,000 MWh = 1,000,000,000 kWh

Auditor's report concerning supplementary information to the historical financial reports

We have examined the supplementary information relating to Arise Windpower AB consisting of cash flow statements for the period comprising two fiscal years ending 31 December 2007, which have been produced for the purpose of being included in the prospectus dated 11 March 2010 on page 59.

Supplementary information has been produced as a complement to the historical financial reports for Arise Windpower AB in order to meet the disclosure requirements contained in the Prospectus Regulation 809/2004/EC.

Responsibility for ensuring that the supplementary information is produced in accordance with the provisions of the Swedish Annual Accounts Act, the general recommendations of the Swedish Accounting Standards Board and the Prospectus Directive 809/2004/EC rests with the Board of Directors.

Our responsibility is to make a statement in accordance with Annex I p. 20.1 of the Prospectus Directive 809/2004/EC. We assume no responsibility for such financial information as has been used to produce supplementary information attributable to previously submitted historical financial reports other than the responsibility we have for the auditor's reports concerning historical financial information that we have previously submitted.

We have performed our work in accordance with FAR SRS' recommendation RevR5 Examination of prospectuses. Our work consists chiefly of assessing the supplementary information based on the source material used in preparing the information and a discussion with management.

We consider that the supplementary information has been produced in accordance with accounting principles applied in note 1 in the company's annual report 2008.

Gothenburg, 8 March 2010

Öhrlings PricewaterhouseCoopers AB
Bror Frid
Authorised Public Accountant

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