

ANNUAL REPORT 2014

GREEN, INDEPENDENT AND COST-EFFECTIVE ENERGY

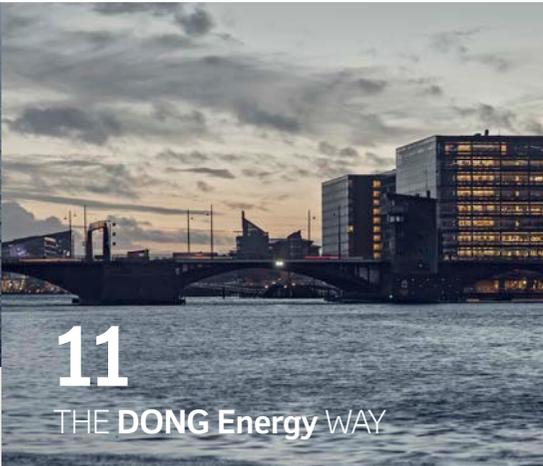


DONG
energy



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Language

The report has been prepared in Danish and in English. In the event of any discrepancies between the Danish and the English reports, the Danish version shall prevail.

DONG Energy is one of the energy companies in Europe that lead the transformation to renewable energy.



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ON BEHALF OF THE BOARD OF DIRECTORS, I WOULD LIKE TO THANK DONG ENERGY'S COMPETENT EMPLOYEES AND MANAGEMENT FOR THE GREAT RESULTS ACHIEVED IN 2014.

The European energy sector is undergoing a long-term transformation towards an ever-increasing use of renewable energy. In 2000, only 2% of Europe's electricity generation was based on renewable energy, while the figure has grown to 15% today. By 2030, renewable energy is expected to increase to one third of the total European electricity supply.

DONG Energy is one of the energy companies in Europe that lead the transformation to renewable energy, which in 2014 accounted for 46% of the Group's total electricity and heat generation. Our primary strengths are within offshore wind and biomass-fired power stations. In both areas, DONG Energy is a world leader. DONG Energy has constructed more offshore wind farms than any other company in the world, and our combined portfolio of operational and planned biomass-fired power stations is unsurpassed. This gives us the necessary expertise and economies of scale to realise our business objectives.

DONG Energy runs an efficient utility business involving the distribution and sale of energy and services. We have a leading position in Denmark, and also have significant activities in the UK, Germany and Sweden. This position allows us to offer our customers a reliable and competitive energy supply, to actively help them to reduce their energy consumption and to make the most of the opportunities inherent in the green transformation of the energy system.

DONG Energy also contributes to Europe's oil and gas supply. We run a regional E&P business in the countries around the North Sea with a daily production of more than 100,000 barrels of oil and gas. Thus we support the continued exploitation of the oil and gas resources in Northwestern Europe, on which the functioning of the society depends. Moreover, the extraction of the local resources contributes to strengthening the security of supply in the various countries and to reducing their dependence on imported oil and gas.

DONG Energy is one of the most progressive energy companies in Europe when it comes to adjusting its business platform to the

demands of the future. Our mission is to develop and enable energy systems that are green, independent and economically viable. The shareholders and the Board of Directors want to continue the transformation of DONG Energy in this direction and to maintain and further develop the strong market positions held by the Group.

The sharp drop in the oil price in the second half of 2014 shows that energy companies operate in a volatile and demanding market. It does not alter our strategy, but we do, of course, take the changed market conditions into consideration in our assessments of the value of our existing production assets as well as our current and potential projects.

It is very important to the Board of Directors that DONG Energy's employees and those of our partners carry out their duties under fair and safe working conditions. Therefore, we are pleased that 2014 saw a further reduction in the number of lost time injuries and for the second consecutive year, we have avoided accidents with fatal consequences. However, much can still be done to further strengthen our safety culture internally and in relation to our suppliers.

On behalf of the Board of Directors, I would like to thank DONG Energy's competent employees and management for the great results achieved in 2014. With the exception of the impairments recognised in our E&P business primarily due to the market price developments, the development in the Group's results for 2014 is satisfactory. The results testify to the fact that DONG Energy is on the right track in its ambitious efforts to be recognised as a winner in European energy.

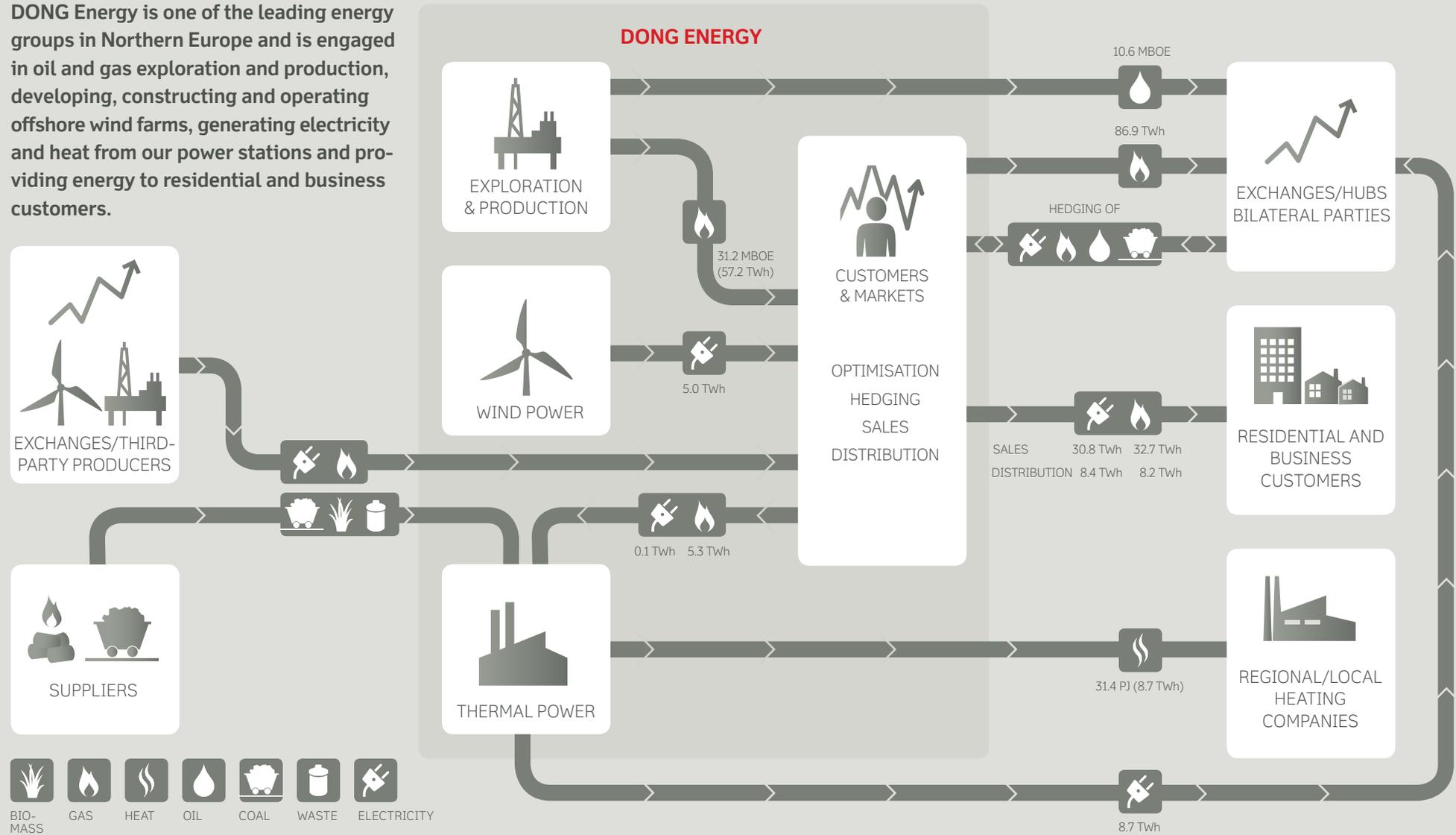
5 February 2015

A handwritten signature in black ink, appearing to read 'T. Thune Andersen', written over a white background.

Thomas Thune Andersen
Chairman of the Board of Directors

OUR BUSINESS MODEL

DONG Energy is one of the leading energy groups in Northern Europe and is engaged in oil and gas exploration and production, developing, constructing and operating offshore wind farms, generating electricity and heat from our power stations and providing energy to residential and business customers.



The business model shows the energy flow as reflected in the Group's financial results. In the risk management setup, all exposures are transferred to Customers & Markets and consolidated before they are hedged in the market - read more on page 38. Read more about emissions and environmental results on page 119

OUR BUSINESS UNITS

PREFACE AND AT A GLANCE



EXPLORATION & PRODUCTION



WIND POWER



THERMAL POWER



CUSTOMERS & MARKETS

KEY FIGURES 2014*

Revenue:	DKK 14.0bn	Revenue:	DKK 9.7bn	Revenue:	DKK 6.3bn	Revenue:	DKK 48.1bn
EBITDA:	DKK 8.6bn	EBITDA:	DKK 6.1bn	EBITDA:	DKK 0.4bn	EBITDA:	DKK 1.4bn
Gross investments:	DKK 5.0bn	Gross investments:	DKK 7.8bn	Gross investments:	DKK 0.7bn	Gross investments:	DKK 1.7bn
ROCE:	Negative	ROCE:	8.6%	FCF:	Negative	ROCE:	Negative
Adjusted ROCE:**	3.9%	Adjusted ROCE:	8.6%	LTIF:	3.8	Adjusted ROCE:	Negative
LTIF:	1.2	LTIF:	2.1			LTIF:	2.3

CORE BUSINESS

Oil and gas exploration and production	Development, construction and operation of offshore wind farms	Electricity and heat generation from power stations	Electricity and gas sales and distribution in the wholesale and retail markets as well as optimisation and hedging of the Group's overall energy portfolio
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MARKET POSITION

- | | | | |
|---|--|---|---|
| <ul style="list-style-type: none"> Strong market position in Northwestern Europe and one of the largest E&P companies in Denmark based on reserves Competencies as operator across the entire E&P value chain 4-5 new fields in production by 2020 | <ul style="list-style-type: none"> Global market-leader within offshore wind Has constructed one third of Europe's offshore wind capacity 4 projects under construction and a handful projects under development towards 2020 | <ul style="list-style-type: none"> 9 central power stations in Denmark Generates about one third of the district heating consumed in Denmark and one fourth of the total Danish electricity generation (almost half of the Danish electricity generation from thermal power stations) | <ul style="list-style-type: none"> Largest Danish distributor of electricity with a market share of 26% and second-largest Danish distributor of gas with a market share of 29% Active participant in the energy wholesale and trading market in Northwestern Europe Retail sales in Denmark, Sweden, Germany and the UK |
|---|--|---|---|

BUSINESS DRIVERS

- | | | | |
|--|---|---|--|
| <ul style="list-style-type: none"> Oil and gas exploration success rate Field availability Oil and gas prices Execution of investment projects | <ul style="list-style-type: none"> Wind energy content and park availability Regulatory frameworks Reduction of offshore wind cost of electricity Partnerships with investors Execution of investment projects | <ul style="list-style-type: none"> Development in the price of electricity, fuels and carbon emissions as well as weather and wind conditions International interconnections Flexibility services to the market Regulatory frameworks Long-term heat contracts Execution of biomass conversions | <ul style="list-style-type: none"> Regulatory frameworks Renegotiation of long-term gas contracts Development in energy prices Customer satisfaction and loyalty Market liquidity |
|--|---|---|--|

FINANCIAL TARGETS

ROCE: avg. 12% (2015-2020)	ROCE: 6-8% (2016) 12-14% (2020)	FCF: Positive from 2018	ROCE: >8% (2016) >10% (2020)
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* Other activities and eliminations means that the business units' key figures for 2014 combined does not equal consolidated key figures - read more on page 61-62.

** ROCE adjusted for impairments (all years) and provision for gas storage contracts and LNG capacity in 2012. See definition on page 59.

OUR ACTIVITIES

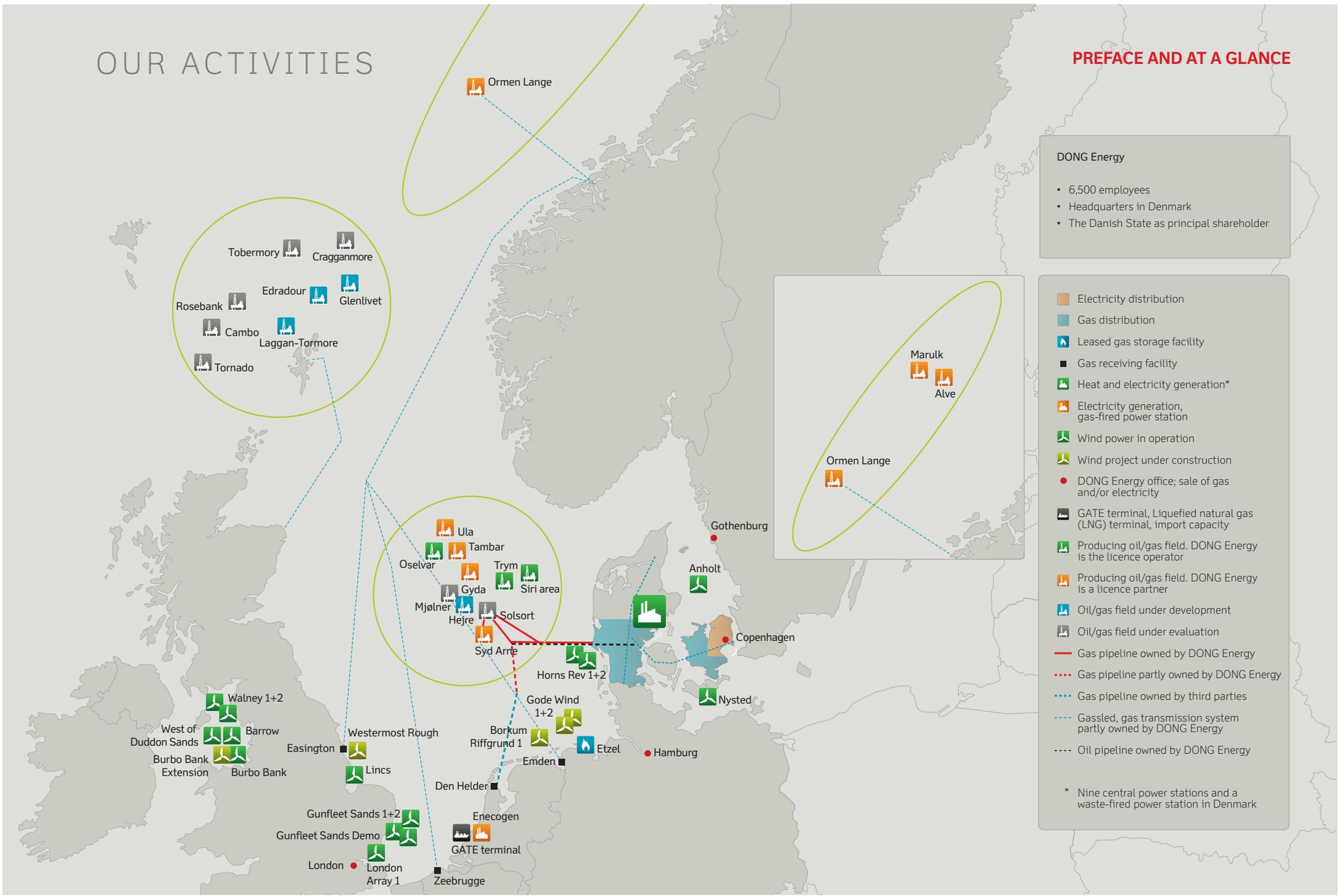
PREFACE AND AT A GLANCE

DONG Energy

- 6,500 employees
- Headquarters in Denmark
- The Danish State as principal shareholder

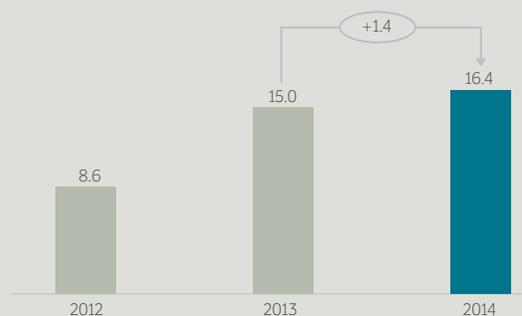
- Electricity distribution
- Gas distribution
- Leased gas storage facility
- Gas receiving facility
- Heat and electricity generation*
- Electricity generation, gas-fired power station
- Wind power in operation
- Wind project under construction
- DONG Energy office; sale of gas and/or electricity
- GATE terminal, Liquefied natural gas (LNG) terminal, import capacity
- Producing oil/gas field. DONG Energy is the licence operator
- Producing oil/gas field. DONG Energy is a licence partner
- Oil/gas field under development
- Oil/gas field under evaluation
- Gas pipeline owned by DONG Energy
- Gas pipeline partly owned by DONG Energy
- Gas pipeline owned by third parties
- Gassled, gas transmission system partly owned by DONG Energy
- Oil pipeline owned by DONG Energy

* Nine central power stations and a waste-fired power station in Denmark



FINANCIAL KEY FIGURES

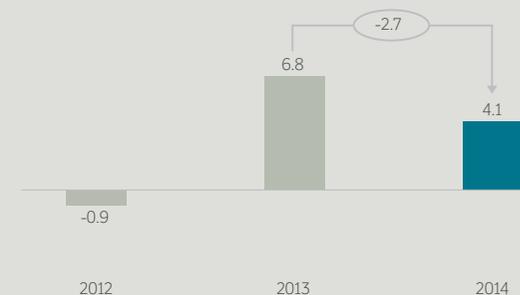
HIGHER OPERATING PROFIT
EBITDA, DKK billion



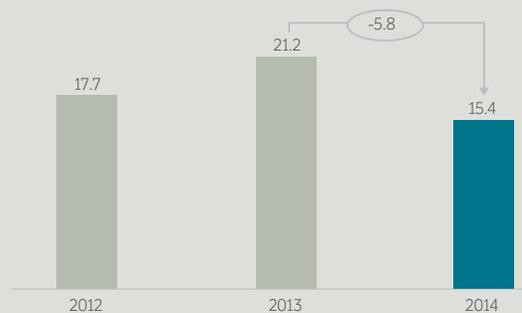
NEGATIVE RESULT DUE TO IMPAIRMENTS
NET PROFIT, DKK billion



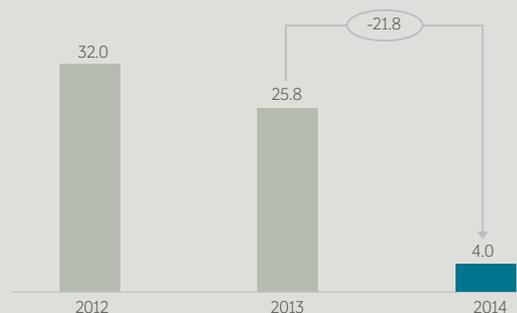
RETURN DOWN DUE TO HIGHER TAX
ADJUSTED ROCE, %



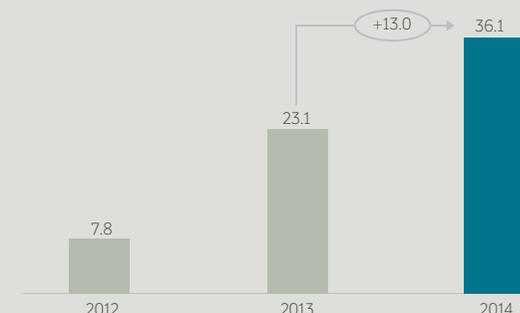
CONTINUED HIGH INVESTMENT LEVEL
GROSS INVESTMENTS, DKK billion



LOWER DEBT
NET INTEREST-BEARING DEBT, DKK billion



IMPROVED CREDIT METRIC
FFO/ADJUSTED NET DEBT, %



SELECTED EVENTS IN 2014

PREFACE AND AT A GLANCE

31 JANUARY

DONG Energy divests 50% of its share in the London Array 1 offshore wind farm to Caisse de dépôt et placement du Québec



20 FEBRUARY

Capital injection approved at extraordinary general meeting in DONG Energy A/S

31 MARCH

Marubeni Corporation and UK Green Investment Bank becomes co-owners of DONG Energy's Westermost Rough offshore wind farm



6 JUNE/25 JUNE

DONG Energy invests in converting the Studstrup and Skærbæk power stations to biomass

17 JULY

DONG Energy divests 50% of the German offshore wind farm project Gode Wind 2 to a consortium of Danish pension funds



7 AUGUST

Thomas Thune Andersen becomes new Chairman of DONG Energy's Board of Directors

20 OCTOBER

DONG Energy divests Stenlille Gas Storage Facility to Energinet.dk



30 OCTOBER

DONG Energy and Total agree to develop the Glenlivet and Edradour fields jointly – DONG Energy divests 5% of West of Shetland Edradour field to Total

26 NOVEMBER

Final approval of the repair of the Siri platform



19 DECEMBER

DONG Energy decides to build Burbo Bank Extension offshore wind farm in the UK

DONG Energy made significant progress in 2014 in terms of operating profit, operational performance, competitiveness, safety and climate efforts.



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THE INCREASED OPERATING PROFIT CAME FROM OUR MARKET-LEADING POSITION WITHIN OFFSHORE WIND AND A RECORD HIGH PRODUCTION OF OIL AND GAS.

EBITDA was up 9% at DKK 16.4 billion despite a significant negative impact from the decline in oil and gas prices. The increased operating profit came from our market-leading position within offshore wind and a record high production of oil and gas.

Our primary credit metric, FFO to net debt, was significantly improved to 36%, which supports our credit ratings. The capital injection and divestments were important elements in the strengthening of our financial platform and also decisive to Standard & Poor's and Fitch changing the outlook for our BBB+ rating from 'negative' to 'stable' in the spring.

Profit after tax was a loss of DKK 5.3 billion and was affected by post-tax impairments of DKK 6.6 billion recognised on oil and gas fields primarily as a result of the decline in oil and gas prices.

The impairments, driven by the decline in oil and gas prices, led to a negative return on capital employed at -8%. Adjusted for impairments, the return was 4%. In addition to the impairments, the return is still impacted by our extensive investments in future earnings. Thus, we invested DKK 15 billion in new assets in 2014. A significant level of investment, which we expect to maintain over the coming years.

In spite of the significantly deteriorated market prices for our E&P business, we maintain our target of delivering a return on capital employed of 10% and an EBITDA of around DKK 20 billion in 2016.

Carbon emissions per kWh of electricity generated were reduced by 16% from 2013 to 374g in 2014, a historical low for the Group. The reduced emissions can be ascribed to the increased firing of biomass at the power stations and an increased share of electricity generation from wind.

Safety and job satisfaction are crucial

Safety is a top priority for DONG Energy. In 2014, the lost time injury frequency (LTIF) was reduced further to 2.4 from 3.2 in 2013.

An ever stronger focus on safety among managers, employees and

suppliers is thus having an effect. A positive example of this is the Group-wide "Safety Through the Line" programme which focused on strengthening the safety culture throughout DONG Energy. However, much more can be done. We will therefore continue our accident prevention efforts and have reinforced our LTIF target for 2016 to max. 2.0.

We are committed to ensuring a high level of satisfaction and motivation among our employees. In 2014, 94% of employees completed the employee survey, which showed that job satisfaction and motivation are generally at a high level compared with benchmarks. The survey also testified a high degree of loyalty to DONG Energy and thereby dedication in the daily work. This is crucial to the Group's success.

Wind Power

2014 marked a breakthrough with regards to securing the pipeline which will lead to realising the target of a total installed offshore wind capacity of 6.5 GW in 2020. The deciding factor was the award of subsidies for the three UK offshore wind farm projects Burbo Bank Extension, Walney Extension and Hornsea. Against this background, the Board of Directors decided in December to go ahead with Burbo Bank Extension.

The UK offshore wind farm West of Duddon Sands went into full production, and the UK Westermost Rough wind farm produced the first power.

The partial divestment of the wind farms London Array, Westermost Rough and Gode Wind 2 confirms a consistent, strong market interest in investing in DONG Energy's offshore wind farms through our leading partnership model.

Finally, Wind Power has taken significant steps to reduce the costs of electricity generation from offshore wind through the standardisation of modules and components in close collaboration with suppliers.

Exploration & Production

A record average daily production of 115,000 barrels of oil and gas was achieved in 2014. The high level of production can be ascribed partly to the full-year effect of an increased ownership interest in the Ormen Lange field, and partly to a high level of field availability.

The repair of Siri was completed after nearly four years of work and normal operations were resumed on the platform.

At the same time, the Hejre project reached a major milestone marked by the installation of the platform's foundation in the North Sea and the drilling of the first production well. The work on the Hejre platform topside was, however, challenged by delays at our supplier consortium. The expected start-up of production was therefore postponed to 2017.

In addition, the operator of the Laggan-Tormore field announced delays in the construction of the gas processing plant on the Shetland Islands. The expected start-up of production was therefore postponed from the end of 2014 to 2015.

Together with the operator Total, it was decided to undertake a joint development of the Glenlivet and Edradour gas fields to be connected with the Laggan-Tormore infrastructure. In connection with the agreement, DONG Energy reduced its ownership interest to 20%. Total owns the remaining 80%.

In recent years, exploration results have not lived up to expectations. Together with lower oil and gas prices, delayed development projects and changes to the national tax rules, this resulted in a downward adjustment of the ROCE target for the E&P business from 20% to 12% on average for the 2015-2020 period.

A new strategy for the ongoing replacement of the long-term reserves is being implemented. Focus is on maintaining a sustainable and value-creating business in a challenging market.

Thermal Power

The market conditions for electricity and heat generation were difficult in 2014. In Denmark, the average temperature was the highest ever recorded, which resulted in an unfavourable development in electricity prices and the demand for heat. This led to a significant decline in volumes generated.

In 2014, it was decided to convert the Studstrup and Skærbæk power stations from coal and gas to sustainable biomass. The investments represent an important step in the direction of increas-

ing the share of biomass in Danish electricity and heat generation. The Group's target is for at least half of the Danish generation to be biomass-based by 2020.

The Inbicon and REnciescence biotechnologies are making steady progress towards commercialisation. We hope to enter into the first contracts in 2015 and 2016.

Customers & Markets

Feedback from customers on their direct contact with employees in our sales and distribution businesses is positive. However, when it comes to our general reputation, our score is low among our Danish residential customers. This is partly attributable to the massive media coverage of DONG Energy over the past three years, but we take this feedback from our customers very seriously. Consequently, we are investing in systems, processes, products and communication in order to further strengthen our customers' experience of our company.

In Denmark, we continued the preparations for the implementation of the new supplier centric model which is expected to come into effect for the Danish electricity supply in spring 2016. The model ensures, among other things, that consumers will receive a single energy bill from the sales company, that in addition to the supply of electricity, also will be invoicing the services supplied by the distribution companies and by Energinet.dk as well as taxes on behalf of the Danish tax authorities.

2014 was also the year when we completed the cable laying project. A project where we have replaced 4,200 kilometres of overhead lines and 120,000 electricity pylons with 8,000 kilometres of underground cables. This has significantly reduced the risk of electricity supply disruptions during storms.

A great focus was also put into the renegotiation of the Group's long-term gas sourcing contracts. One contract was renegotiated in 2014 with a result in line with our expectations. As part of the renegotiations, arbitration proceedings were initiated against several of our suppliers. We still expect to complete a number of renegotiations in 2015 and 2016.

Unlike previous years, the energy markets showed significant volatility in 2014. In spite of these, our business managed the Group's exposures highly satisfactory with relatively minor fluctuations in value while creating a good result for the year.

The DONG Energy Way

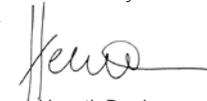
After a comprehensive process involving employee representatives, top management, the Board of Directors and input from customers and external stakeholders, the Group Executive Management in September presented 'The DONG Energy Way'. A single page summarising what DONG Energy wants to contribute to society and the way in which we want to do so.

Our mission *is to develop and enable energy systems that are green, independent and economically viable*. We believe that in this way DONG Energy will contribute to more sustainable developments in the countries in which we operate; at the same time, the mission implies considerable potential for the continued profitable growth of our business.

Through working with The DONG Energy Way, we have also established a handful of principles that will guide us in the development of the company and in our daily cooperation internally and in relation to our business partners.

2014 was a good year for DONG Energy. We made significant progress in the transformation of the Group's business platform in order to ensure its long-term, profitable growth and competitiveness. We operate in an unpredictable energy market and still have many battles that must be won, but thanks to our 6,500 skilled and committed employees we are well on our way.

5 February 2015



Henrik Poulsen
CEO and President

THE DONG ENERGY WAY

ALL SOCIETIES NEED ENERGY TO DEVELOP

DONG Energy creates value by serving the energy needs of our customers and the societies that we are part of. We make use of the energy resources provided by nature and turn them into products and solutions that enable our customers to live their daily lives and run their businesses. We want to be the preferred supplier for our customers, delivering reliable, energy-efficient and competitive solutions.

The way we produce energy is changing rapidly. Since DONG Energy was formed in 2006, we have transformed from one of the most coal-intensive utilities in Europe to a global leader in renewable energy. We are the world leader in deploying offshore wind, helping to reduce carbon emissions and harvest Europe's own energy resources. At the same time, we are taking the lead in converting existing coal- and gas-fired power stations to sustainable biomass, providing a heat and power supply which is both green and flexible.

While we expand renewable energy, we recognise that the world still needs oil and gas. That is why we invest in unlocking scarce European oil and gas resources, to keep society running, extend European security of supply and reduce dependence on imported fossil fuels.

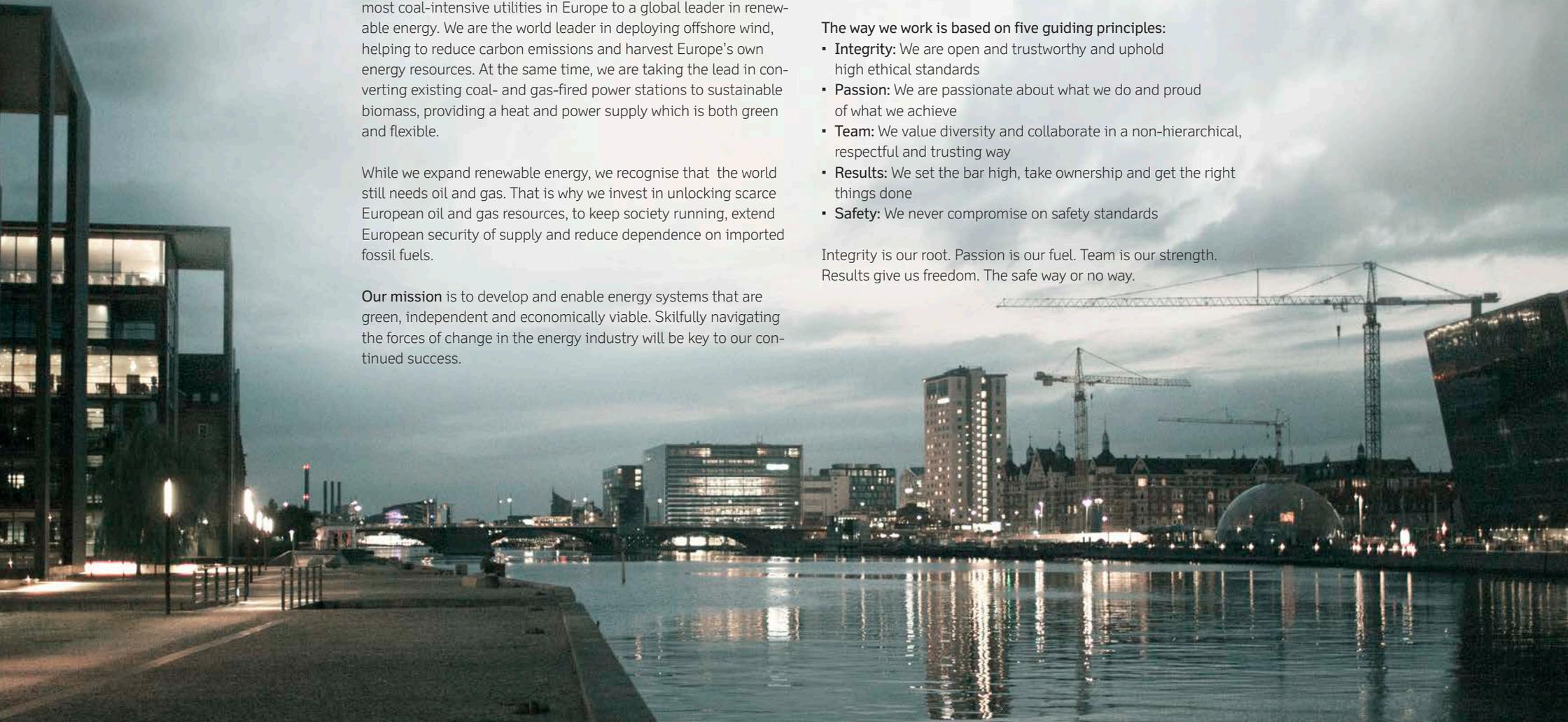
Our mission is to develop and enable energy systems that are green, independent and economically viable. Skilfully navigating the forces of change in the energy industry will be key to our continued success.

Our vision is to lead the energy transformation. We want DONG Energy to be recognised as a winner in European energy.

The way we work is based on five guiding principles:

- **Integrity:** We are open and trustworthy and uphold high ethical standards
- **Passion:** We are passionate about what we do and proud of what we achieve
- **Team:** We value diversity and collaborate in a non-hierarchical, respectful and trusting way
- **Results:** We set the bar high, take ownership and get the right things done
- **Safety:** We never compromise on safety standards

Integrity is our root. Passion is our fuel. Team is our strength. Results give us freedom. The safe way or no way.



FOCUSED STRATEGY LEADS DONG ENERGY'S TRANSFORMATION

DONG Energy's 2020 strategy is based on a mission to support the development of a green, independent and economically viable European energy system. The strategy leads the transformation of the Group towards 2020.

The targets are:

- To transform the business from a classic utility with operation of large central power stations to an energy company creating profitable growth
- To expand the position as a global leading operator of offshore wind
- To maintain a strong regional E&P business with a sustainable long-term platform
- To shift thermal electricity and heat generation from coal and gas to sustainable biomass technologies to achieve significant reductions in carbon emissions
- To remain strongly rooted in the Danish energy market for efficient and flexible power station operations, distribution operations with a high degree of security of supply and a customer-oriented and competitive sales business
- To ensure high satisfaction among customers
- To be a good, stimulating and safe place to work
- To create financial value with a target return on capital employed of 10% in 2016 and 12% in 2020.

BACKGROUND OF THE STRATEGY

Extensive changes in the energy sector

Since the 1990s, the European energy sector has undergone extensive changes involving a fundamental change of the production facilities. Production from renewable energy sources has increased from 2% of the European electricity supply in 2000 to 15% today. In 2030 the share is expected to increase to one third. The conventional power stations have come under pressure from growth in renewable energy. Coal and oil accounted for 37% of the European electricity generation in 2000; this share is expected to fall to 14% in 2030. At the same time, the demand for electricity is stagnating due to energy optimisations and the macro-economic downturn.

In parallel, the European energy markets have become more connected, liquid and competitive. This development has meant that the

market players are able to buy the energy they need when they need it. This has challenged the role of wholesalers. Also, an independent gas price formation system has emerged, based on market supply and demand, which means that oil and gas prices are no longer linked.

To navigate in this market, DONG Energy has restructured its original core business and established a new business platform.

Restructuring of core business

In 2008, 60-70% of DONG Energy's earnings were based on a classic utility business with operation of large, central power stations and wholesale of energy, not least gas.

To adjust the original core business to the new market conditions, DONG Energy has since 2008 reduced its total power station capacity by more than 40%, restructured its energy trading activities to restore profitability and reduced the cost of its sales and distribution businesses by more than 30% in order to strengthen competitiveness.

Creation of new business platform

Concurrently with the restructuring of the classic utility business, the Group has focused on developing a new business platform to be able to seize the opportunities that have also emerged in the wake of the extensive changes sweeping the European energy market.

STRATEGIC PRIORITIES



EXPLORATION & PRODUCTION

- Optimise extraction and ensure efficient operations and high field availability
- Complete the development of the Hejre, Laggan-Tormore, Glenlivet and Edradour fields
- Mature projects in the pipeline in the North Sea and West of Shetlands
- Invest in focused exploration activities
- Screen the market for potential value-creating acquisitions



WIND POWER

- Ensure effective operation and high availability of production assets
- Complete initiated investment projects*
- Mature pipeline projects**
- Develop pipeline for beyond 2020
- Reduce costs of electricity generation from offshore wind
- Ensure co-financing through the partnership model



THERMAL POWER

- Complete initiated biomass conversions (Studstrup and Skærbæk)
- Mature pipeline of biomass projects
- Continue to increase operational efficiency
- Increase power station flexibility
- Commercialise biotechnologies in New Bio Solutions



CUSTOMERS & MARKETS

- Increase customer satisfaction
- Reduce costs in the sales and distribution businesses
- Renegotiate long-term gas contracts
- Optimise LNG business
- Hedge and optimise the total energy-flow of the Group

* Borkum Riffgrund 1, Westermøst Rough, Gode Wind 1+2, Burbo Bank Extension

** Race Bank, Walney Extension and Hornsea

FOCUSED STRATEGY LEADS DONG ENERGY'S TRANSFORMATION CONTINUED

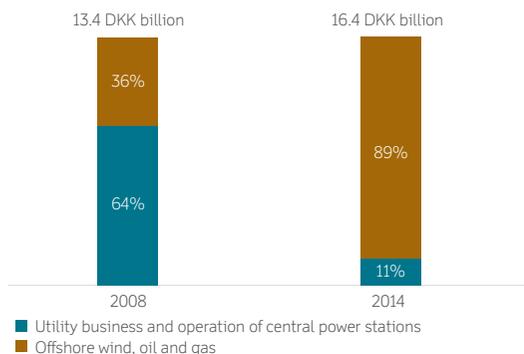
Since 2008, DONG Energy has constructed 1.9 GW of offshore wind, a total of 2.5 GW at the end of 2014, thereby attaining a world-leading position within this fast-growing energy technology. Also, the daily production of oil and gas has increased from 51,000 barrels to 115,000 barrels within the Group's geographical focus area in the Danish, Norwegian and UK sectors of the North Sea.

Electricity generation from offshore wind and oil and gas production accounted for 36% of the Group's total earnings (EBITDA) in 2008 and has increased to 89% in 2014.

The first phase of the adaptation of the Group's Danish power station portfolio consisted in reducing capacity to market demand and in cutting costs to maintain profitability. The second phase has now started and includes the ambitious conversion of the power stations to the firing of sustainable biomass. Towards 2020, DONG Energy aims to convert several of the existing Danish central power stations, so that at least half of the heat generation is based on sustainable biomass. The scope of this conversion programme means that DONG Energy expands its leading position in the field of biomass conversion of conventional power stations.

The extensive transformation of DONG Energy's electricity and heat generation to offshore wind and biomass means that in less than ten years, the Group has gone from being one of Europe's most coal-intensive utilities to being one of the leading renewable energy companies in the world.

DISTRIBUTION OF EBITDA - 2008 AND 2014, %



Strategic transformation under pressure

In 2012, the strategic transformation of DONG Energy came under pressure. Due to a number of structural changes in the European gas market, the Group in 2012 recognised substantial losses on its long-term gas storage contracts, LNG capacity and gas-fired power stations. Together with high levels of investment in Wind Power and Exploration & Production, this meant that the earnings-to-debt ratio significantly deteriorated and fell substantially short of the target. In October 2012, DONG Energy's rating was downgraded by Standard & Poor's, which at the same time changed its outlook to 'negative'.

If the transformation of DONG Energy was to continue, the Group's financial basis had to be restored. In February 2013, a financial action plan was therefore launched to restore the Group's financial foundation together with a strategy intended to lead the transformation of DONG Energy towards 2020. As part of the strategy, it was decided to focus investments within offshore wind, oil and gas as well as biomass conversions of CHP plants and also to continue the investments in the Group's Danish electricity and gas distribution networks.

Financial action plan

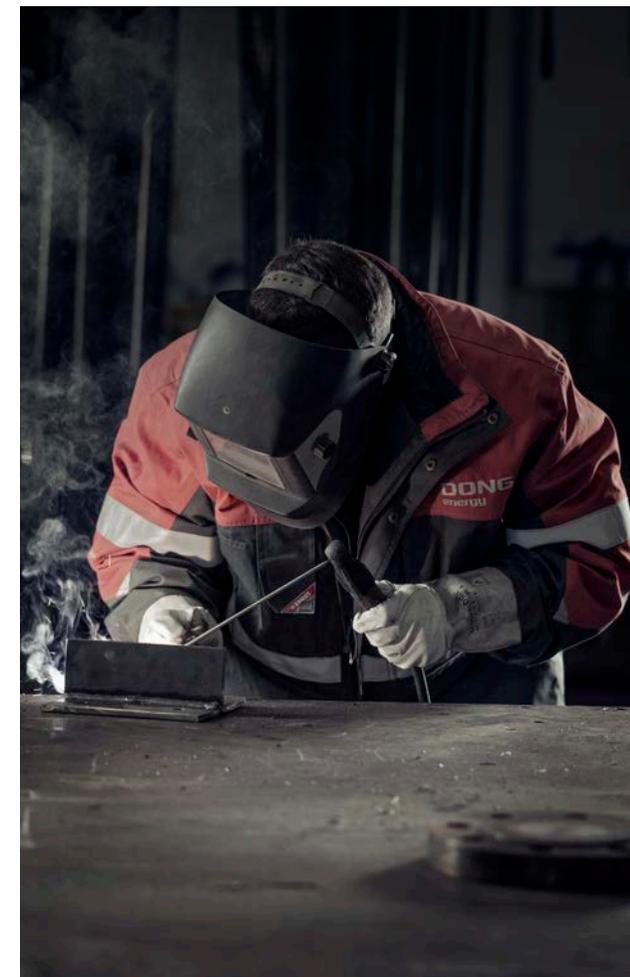
The financial action plan included a comprehensive programme of divestment of non-core assets and a reduction of the ownership interest in core activities. The divestments amount to DKK 23 billion during the 2013-2014 period. The capital freed up through the divestments has been used to reduce the Group's debt and to invest in the focus areas.

In addition to the divestments, it was necessary to inject additional equity to strengthen the Group's capital structure and the basis for continued growth. In February 2014, a capital injection of DKK 13 billion was effected, as a result of which the investment bank Goldman Sachs and the Danish pension funds ATP and PFA achieved a combined ownership interest of 25%.

Altogether the divestments and the capital injection meant that DONG Energy's capital base was strengthened by DKK 36 billion during the 2013-2014 period.

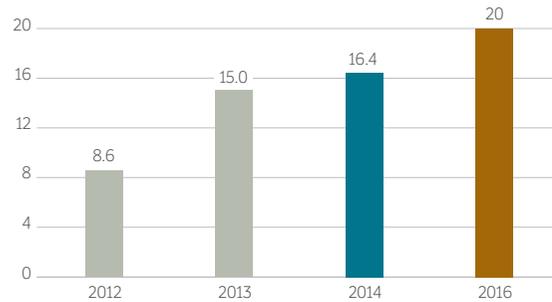
Concurrently, management has focused on strengthening the Group's operational efficiency. Cost savings of more than DKK 1.4 billion have been achieved, corresponding to 12% of the cost base in 2012, while the loss-making gas business has been restructured.

Following the implementation of the financial action plan, DONG Energy once again complies with the target for the capital structure key ratio, FFO to adjusted net debt, of approximately 30%.



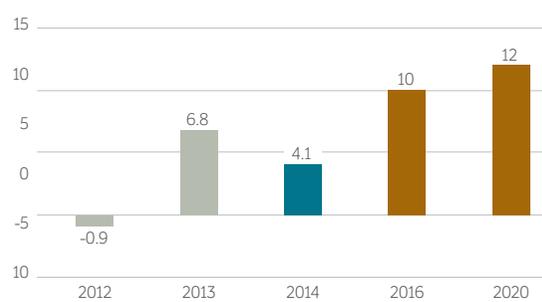
STRATEGIC TARGETS

EBITDA, DKK billion



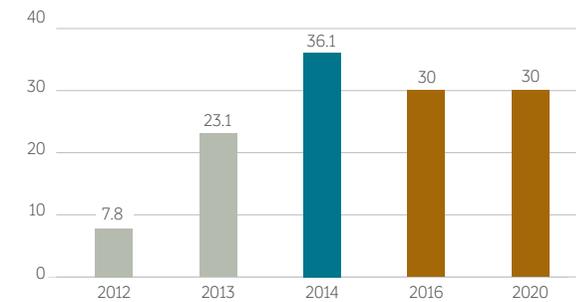
The increase in EBITDA towards 2016 will be driven by new assets on stream, reduced costs as the repair of the Siri platform is completed and renegotiation of gas contracts

ADJUSTED ROCE, %



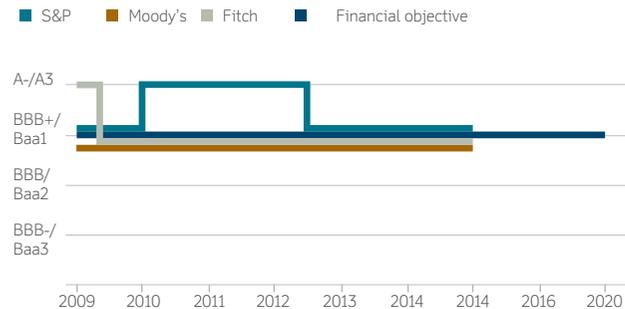
The improvement of ROCE towards 2016 will primarily be driven by the increase in EBITDA

FFO/ADJUSTED NET DEBT, %



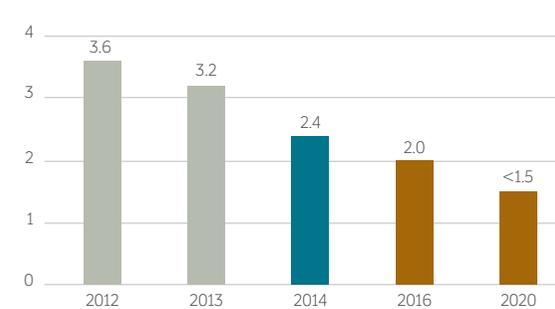
The long-term objective is for FFO to be around 30% of adjusted net debt to maintain the current ratings

RATING, category



In the first half of 2014, Standard & Poor's and Fitch changed DONG Energy's BBB+ rating outlook from "negative" to "stable". The current ratings from all three agencies are in line with DONG Energy's objective of a minimum floor rating of BBB+/Baa1

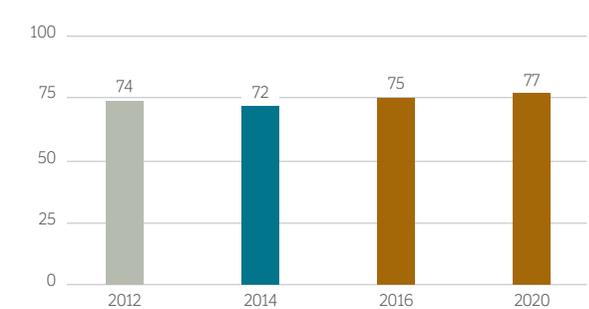
SAFETY, LTIF* per 1 million hours worked



* Lost Time Injury Frequency. Frequency of occupational injuries resulting in absence from work

The targets for 2016 and 2020 will be met by maintaining a constant focus on safety and involving suppliers in contributing to a safe working environment in DONG Energy. The Group's ever-increasing focus on safety and the improvements achieved in 2013 and 2014 have resulted in a reinforcement of the target for 2016 from 2.5 to 2.0

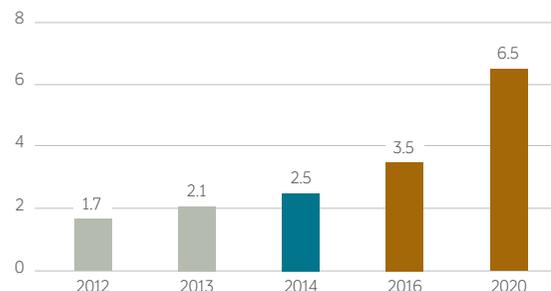
EMPLOYEE SATISFACTION AND MOTIVATION, score (0-100)



Regular follow-ups are made on the annual survey of employee satisfaction and motivation to create the best possible framework for the employees' continued development and well-being

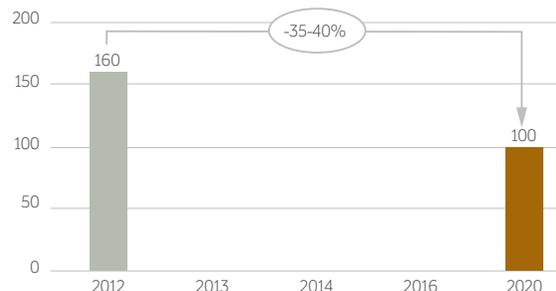
STRATEGIC TARGETS CONTINUED

INSTALLED OFFSHORE WIND CAPACITY, GW



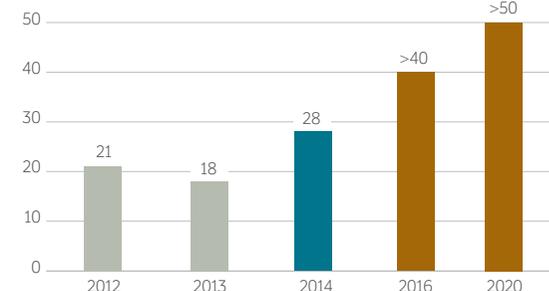
DONG Energy currently has four offshore wind farms under construction with a total capacity of almost 1.4 GW which will meet the target for 2016 of 3.5 GW. The target for 2020 is close to being fulfilled exclusively by the construction of decided projects as well as Walney Extension, Race Bank and Hornsea

OFFSHORE WIND COST OF ELECTRICITY, EUR/MWh



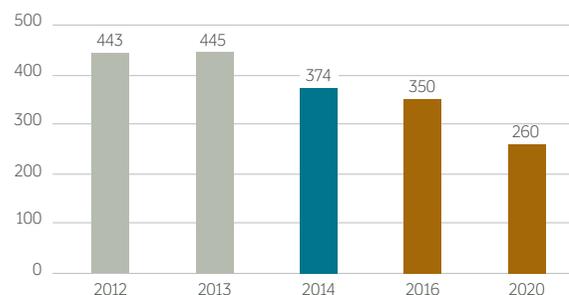
The fulfillment of the target for 2020 requires continued close dialogue with suppliers and a continued focus on the standardisation of design, construction and components under the Group's "Develop Standard Wind Farm" programme

BIOMASS SHARE IN DANISH CHP GENERATION, %



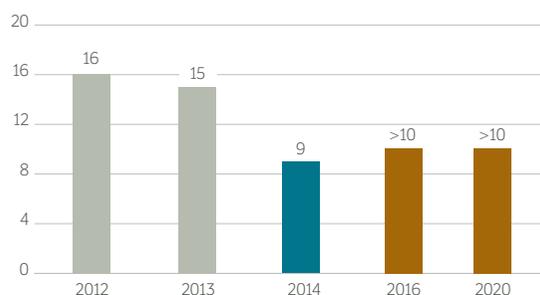
The targets for 2016 and 2020 are expected to be met through continued investments in conversion of existing power stations to biomass, including the already approved biomass conversions of Skærbæk and Studstrup

CARBON EMISSIONS, g/kWh



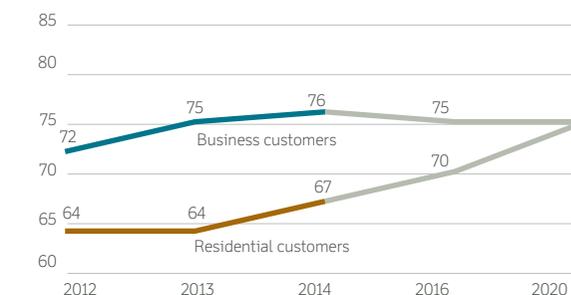
The reduction of carbon emissions in 2016 and 2020 is expected to be achieved by an ever-greater share of the Group's electricity generation from offshore wind as well as conversions of existing coal and gas-fired power stations to biomass

OIL AND GAS R/P RATIO, times



The long-term objective is to maintain a reserves (2P)-to-production (R/P) ratio of at least 10. The decrease relative to 2013 was due to a record high production in 2014 due to high field availability and full year effect from the higher ownership interest in Ormen Lange

CUSTOMER SATISFACTION, score (1-100)



DONG Energy is constantly striving to improve its customers' experiences with the sales business. Among other things in 2015, a project will be launched to help residential customers to reduce their total electricity bill

STAKEHOLDER DIALOGUE IS IMPORTANT FOR DONG ENERGY

The energy supply plays a key role in our everyday lives, but it also has a major impact on the production and competitiveness of companies, on the environment and the climate, and on geopolitics. Therefore, energy attracts an interest from customers, politicians, the authorities, trade associations, NGOs, scientists, and many other stakeholders.

In DONG Energy, our dialogue with stakeholders is key to the way in which we run and develop our business. Dialogue is important to understand the expectations of our stakeholders with regard to us as a company and the way in which we are developing the energy supply.

Through dialogue, we identify the issues and challenges which are of the utmost importance to our stakeholders. Such insights are important elements in the continued development of DONG Energy's business and sustainability strategy.

Based on our dialogue with stakeholders, we have identified

five main priorities which are both at the forefront of our stakeholders' minds and of importance to our business. By pursuing these priorities through the way we conduct our business, we create value for our stakeholders and for DONG Energy. The following pages describe how we are working with these five priorities.

Reliable and independent energy:
How do we continuously renew the energy supply?

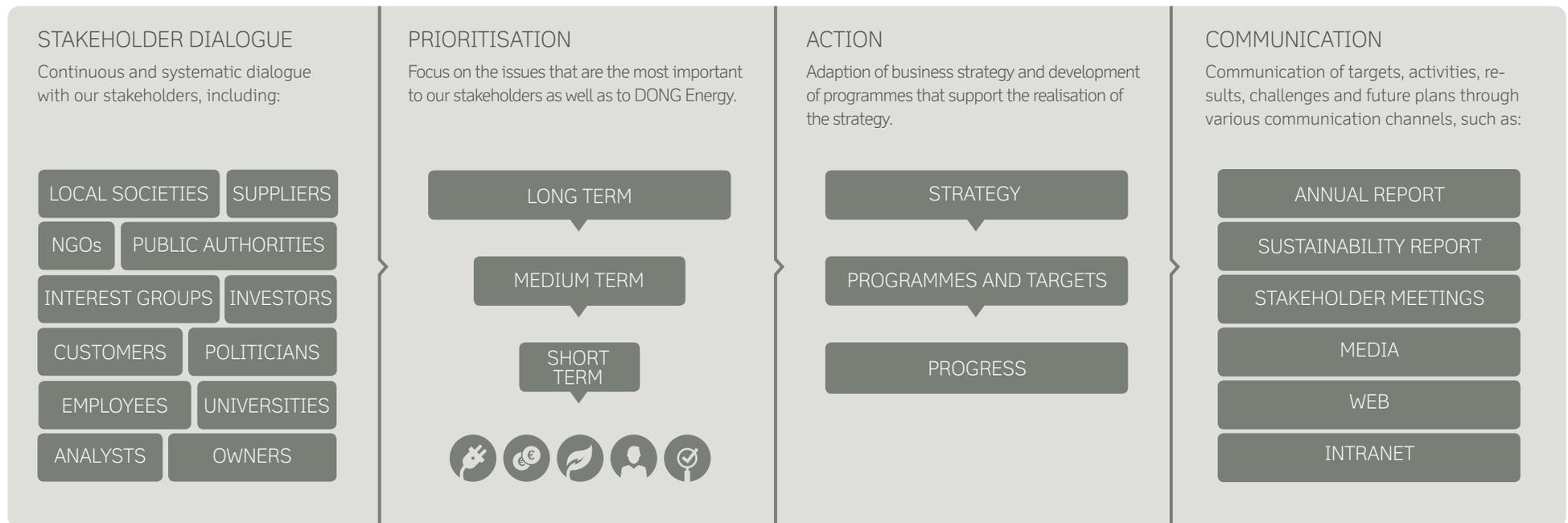
Cost-effective energy:
How do we provide cost-effective energy and contribute to the creation of growth and jobs?

Green energy:
How do we produce greener energy?

People matter:
How do we promote safety, the right skills and a motivating working environment?

Business integrity:
How do we ensure that we operate our business with high integrity?

Read more about the priorities and our activities in DONG Energy's sustainability report and our UN Global Compact communication on progress entitled "DONG Energy in society" (<http://www.dongenergy.com/sustainability2014>), which constitutes our reporting in accordance with Section 99a of the Danish Financial Statements Act.



NEED FOR CONTINUED INVESTMENTS IN THE ENERGY SUPPLY

Europe needs energy to work and develop. The demand for energy is expected to be stable up to 2035, but there is still a need for major investments in the energy system. This is due partly to the fact that assets need renewing as they get to the end of their technical lives, and partly to the fact that electricity will account for an increasing share of total energy consumption as the energy supply increasingly will be based on electricity. Toward 2035, the EU countries will be replacing and constructing the equivalent of more than 80% of the current electricity capacity. The need for capacity replacements is a unique opportunity to replace fossil fuel-fired power stations with new renewable energy technologies which ensure a cleaner and more environmentally friendly energy supply.

While Europe is converting its electricity and heat generation to more renewable energy, there will still be a need for oil and gas for many years to come, not least for transport purposes. Even in a scenario where the global

temperature increases are limited to 2°C – the target defined by researchers to prevent massive, destructive global climate changes – oil and gas will continue to represent almost 50% of the EU's total primary energy consumption in 2030. The continued need for oil and gas must be seen in light of the decline in the EU's own production of oil and gas and of the EU's increasing dependence on imported oil and gas.

Major investments are required in the European energy supply in the coming years – both to create a greener electricity and heat supply and to maintain the security of supply of oil and gas. The IEA is estimating that in the period up until 2035, Europe must invest almost EUR 2,500 billion in renewing the energy supply.

DONG Energy invests in the transformation

With its presence in Northwestern Europe and an ambitious investment programme towards 2020, DONG Energy is contributing to developing the European energy capacity. In total, DONG Energy expects to invest DKK 35-40 billion in 2015-2016. In the 2015-2020 period, around 60% of the investments are expected to go to offshore wind and 30% to oil and gas activities, while the remaining 10% is expected to go to the power stations and distribution operations. The investment programme is designed to create growth within DONG Energy's positions of strength, offshore wind and oil and gas extraction, to contribute to the continued development of Europe's energy supply and create value for the Group's owners.

Developing offshore wind

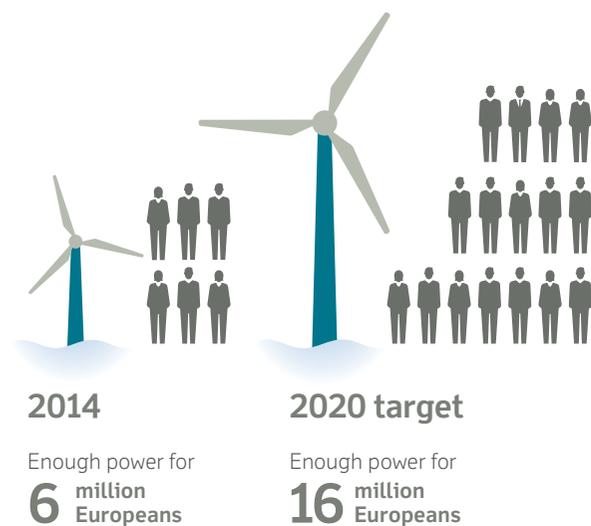
DONG Energy has installed more offshore wind capacity than any other player in the world. The Group distinguishes itself both by having the expertise to drive all phases of the construction of an offshore wind farm – from the early development phase through construction and operation and maintenance of the wind farms – and through its unique model for partnerships with financial investors.

DONG Energy has developed offshore wind farms in Denmark, the UK and Germany. With the inauguration of West of Duddon Sands in the UK in October 2014, DONG Energy has constructed more than 15 offshore wind farms with a total capacity of 2.5 GW, enough to cover the annual electricity consumption of 6 million Europeans. The target is 6.5 GW by 2020.

In 2014, Wind Power secured most of the pipeline needed to meet the

THE NEED FOR CAPACITY REPLACEMENTS IS A **UNIQUE OPPORTUNITY TO REPLACE FOSSIL FUEL-FIRED POWER STATIONS WITH NEW RENEWABLE ENERGY TECHNOLOGIES** WHICH ENSURE A CLEANER AND MORE ENVIRONMENTALLY FRIENDLY ENERGY SUPPLY

DONG Energy contributes to developing renewable energy in Europe



NEED FOR CONTINUED INVESTMENTS IN THE ENERGY SUPPLY CONTINUED

2020 target with the award of CfD certificates for the three wind farms Burbo Bank Extension, Walney Extension and Hornsea.

Four wind farms are under construction with a total capacity of almost 1.4 GW, with Westermost Rough in the UK and Borkum Riffgrund 1 in Germany being the ones nearest to completion. They are expected to be officially inaugurated in the second half of 2015. In 2014, DONG Energy invested a total of DKK 7.8 billion in expanding its wind activities. In 2015, investments are expected to remain high with the construction of the Gode Wind offshore wind farms, completion of Borkum Riffgrund 1 and Westermost Rough as well as the preparation of the Burbo Bank Extension for the construction phase and the development of new pipeline projects.

Oil and gas production

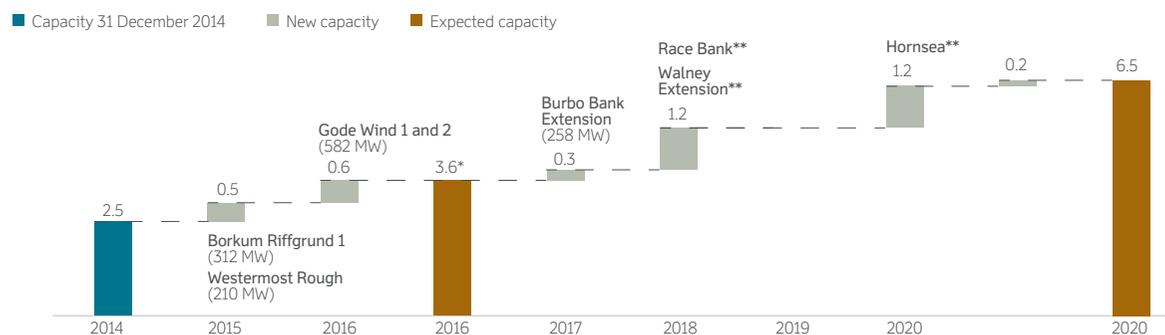
DONG Energy produces oil and gas in Denmark and Norway and explores for new oil and gas fields in the waters around Denmark, Norway and the UK. DONG Energy has ownership interests in 66 licences. 13 fields are in production, and four are under development. The other licences are at various stages of maturation, including collection of seismic data, evaluation of geological data, analysis of financial potential, etc.

We expect to complete the development of the Laggan-Tormore gas fields in the course of 2015, in addition to which a number of oil and gas finds are in the pipeline in the area. In October DONG Energy sold 5% of the Edradour licence, and earlier in the year 60% of the Glenlivet licence, to Total and at the same time decided to develop both areas with Total as the operator. DONG Energy now owns 20% of the UK fields Laggan-Tormore, Edradour and Glenlivet in the area west of the Shetland Islands. Edradour and Glenlivet will be connected to the existing Laggan-Tormore infrastructure, and the fields are expected to enter into production in 2018. Also, work is continuing on the Hejre platform in the Danish part of the North Sea, where production is expected to start in 2017.

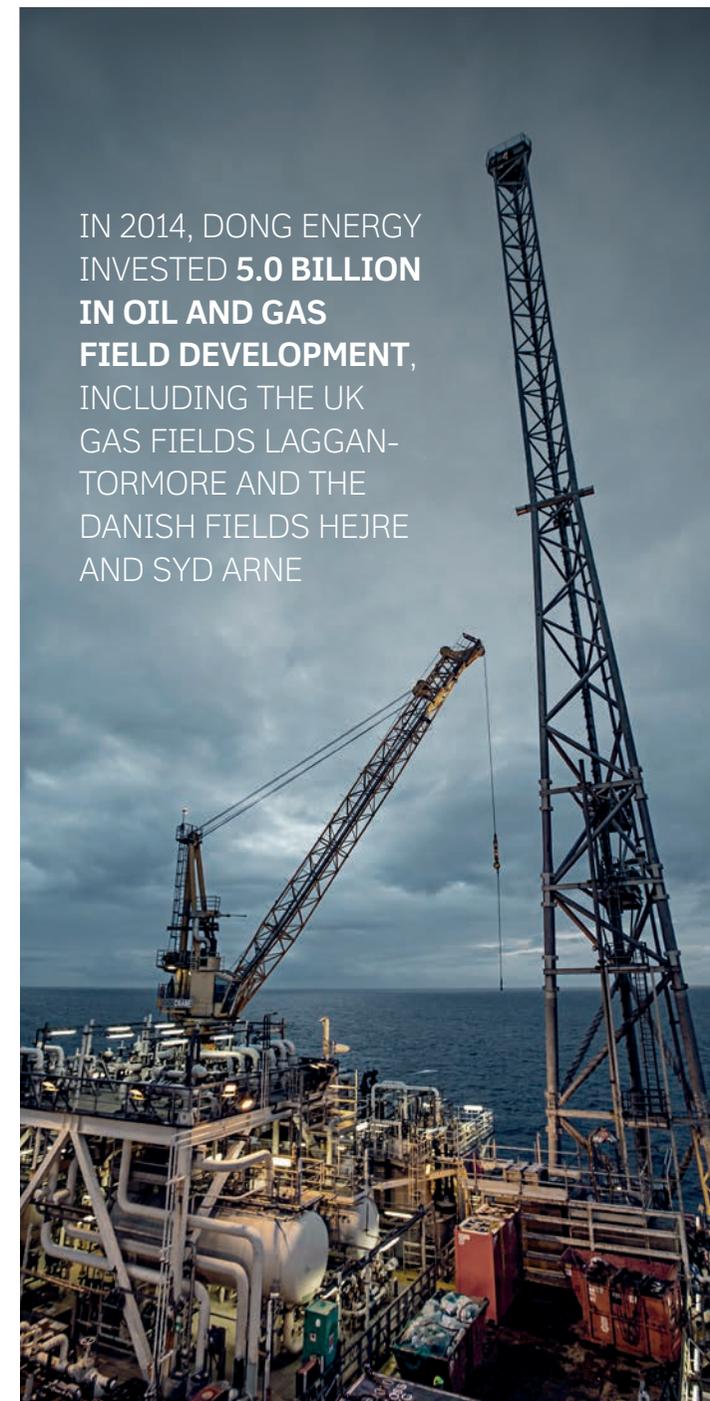
In 2014, DONG Energy invested DKK 5.0 billion in oil and gas field development, including the UK gas fields Laggan-Tormore and the Danish fields Hejre and Syd Arne. In 2015, further substantial investments are expected to be made in developing the Hejre platform and the Laggan-Tormore infrastructure.

In 2014, production totalled 115,000 boe per day. At the end of the year, the oil and gas reserves (2P) totalled 391 million boe, corresponding to nine years of production at current production levels.

EXPECTED DEVELOPMENT IN INSTALLED OFFSHORE WIND CAPACITY, GW



Installed capacity is stated gross, ie. before any divestments. Wind farms constructed over several years are only shown in the year in which they become fully operational
*Based on the construction projects in progress, the expected installed capacity in 2016 is 3.6 GW relative to target of 3.5 GW
**Planned, but not yet decided projects



IN 2014, DONG ENERGY INVESTED **5.0 BILLION** IN OIL AND GAS FIELD DEVELOPMENT, INCLUDING THE UK GAS FIELDS LAGGAN-TORMORE AND THE DANISH FIELDS HEJRE AND SYD ARNE

RENEWABLE ENERGY MUST BE CHEAPER

Today, traditional energy sources such as coal and gas are cheaper than renewable energy sources like offshore wind and solar energy. The reason is that the traditional energy sources have been on the market for longer and have had time to mature. For the renewable energy technologies, continued cost reductions are needed to make renewable energy competitive relative to the conventional forms of energy. This has already been achieved for onshore wind, which has attracted investments as well as special subsidies for more than 30 years. In windy locations, onshore wind is today the cheapest renewable energy technology and fully competitive with fossil fuels.

The reduction in the cost of renewable energy will not be achieved in the laboratory. Many energy technologies look promising in the laboratory, but the real challenge is taking them to an industrial scale while at the same time reducing costs sufficiently for them to be competitive with conventional energy sources. This can only be done by investing in new facilities and by gaining experience.

Just over ten years ago, DONG Energy installed the world's first large-scale commercial offshore wind farm, Horns Rev 1, off the west coast of Denmark. Today, offshore wind is undergoing the same development that onshore wind has been through, driven

by the fact that offshore wind is the most powerful and scalable renewable energy technology on the market. With the strong winds at sea, offshore installations can generate approximately 50% more electricity than the equivalent onshore capacity. That is why offshore wind is one of the most attractive renewable energy technologies for the industrial-scale delivery of green, independent and cost-effective energy.

Investments and targeted efforts can reduce the price of renewable energy

DONG Energy and the rest of the offshore wind industry are dedicated to reducing the costs of constructing wind farms. DONG Energy aims to reduce costs by 35-40%, leading to a price per megawatt hour generated by a standard project in the UK, where the final investment decision will be made in 2020, of EUR 100 per MWh compared to EUR 160 per MWh in 2012. The costs of individual projects will always vary depending on the specific project conditions – size of the wind farm, sea depths and seabed properties, distance from the coast and wind speed – but DONG Energy expects the efforts to gradually be reflected in generally lower costs for offshore wind in the coming years.

A standard offshore wind farm

DONG Energy's strategy for cost reductions is based on standardisation. DONG Energy is developing an offshore wind farm concept which is based on a standardised design, standard components and construction in areas characterised by the best possible conditions with regards to wind, distance from the coast, sea depths and seabed properties. The concept reduces the price of offshore wind considerably. For an industry characterised by high investment levels, especially in the construction phase, the biggest potential is in reducing construction costs.

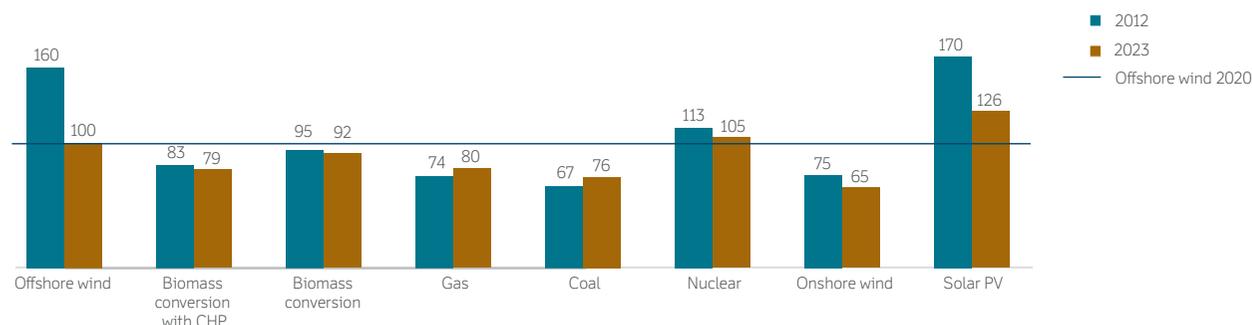
Centralised design and procurement process

With a view to promoting standardisation, DONG Energy has identified a number of standard modules, which are divided into four product lines: turbines, foundations, substations and electrical systems. For each product line and each module, a cost target has been defined, and a plan for realising it has been developed to enable DONG Energy to monitor progress towards the 2020 target.

Standardisation also makes it possible to enter into framework agreements with suppliers and to combine orders and send out tender documents for several projects at the same time. Through entering into major framework agreements, DONG Energy expects to achieve significant cost reductions. This requires close cooperation with suppliers, to ensure that they can deliver a product that meets the required specifications, in the desired quality and at the right price. Only suppliers with detailed cost reduction and quality control programmes are considered.

OFFSHORE WIND PROJECTS INVESTED IN BY DONG ENERGY IN 2020 AND WHICH START PRODUCTION IN 2023 HAS TO BE 35-40% CHEAPER COMPARED TO 2012

Average cost for projects commissioned in 2023, compared to 2012, EUR/MWh in 2012 real prices.



Source: Modelling based on IEA's 'World Energy Outlook 2014' fuel and CO₂ prices from New Policies Scenario, pages 45, 48. Technology costs modelling is based on Danish Energy Agency's 'Technology Data for Energy Plants 2014', IEA's 'Energy Technology Perspectives 2014', and DECC's 'Electricity Generation Costs 2013'.



BIOMASS GIVES A GREEN, STABLE AND EFFICIENT ENERGY SUPPLY

Global carbon emissions must be reduced if the global average temperature is to be prevented from increasing by more than 2°C. Energy production is responsible for a significant share of total carbon emissions, and the energy sector, therefore, has an important role to play.

With sun, wind, and water, electricity can be generated from renewable sources of energy. However, the power stations will still have a place in the energy supply of the future. They guarantee that we have electricity as and when we need it, even when no electricity is supplied to the grid from renewable energy sources. At the same time, CHP plants guarantee the supply of district heating to most Danes. However, at the moment, most of the European power stations are still fossil fuel-fired.

DONG Energy speeds up the conversion to biomass-based electricity and heat generation

DONG Energy has decided to convert its Danish central power stations from coal and gas to sustainable wood chips and wood pellets, so that at least half of the energy generated by the Danish CHP plants will be based on biomass in 2020. From a socio-economic point of view, the conversions are a cheap and efficient way of reducing carbon emissions, which can make a significant contribution to the transition to green energy. With the conversions, we are also making the most of the existing flexible capacity, which is crucial to being able to integrate variable renewable energy in the system as a whole. In this way, the biomass conversions are making a cost-effective contribution to stable, green energy.

In DONG Energy, we are speeding up the conversion to sustainable wood chips and wood pellets to ensure that our power stations can deliver green electricity and heat. Since 2006, we have more than halved our coal consumption while the share of biomass has increased. In 2014, 28% of the production from the Danish central CHP plants was thus based on biomass. In 2020, the share must be at least 50%.

Conversions to sustainable biomass

To achieve the target, DONG Energy is converting a number of its nine central Danish CHP plants from coal and gas to sustainable wood pellets, wood chips and straw. For a number of years, unit 2 at the Avedøre power station, unit 3 at the Studstrup power station and the Herring power station have been partially biomass-fired. In 2014, unit 2 at the Avedøre power station was converted to firing with 100% biomass, and it was also decided to invest in converting unit 3 at the Studstrup power station and unit 3 at the Skærbæk power station to sustainable biomass. The conversion started in summer 2014, and the power stations are expected to produce the first biomass-based energy at around the turn of the year 2016/2017.

In total, DONG Energy has initiated conversions totalling more than DKK 4 billion. They will make the Group one of the world's leading players within biomass-based electricity and heat generation.

Sustainable biomass significantly reduces carbon emissions

DONG Energy only uses sustainable biomass. This ensures a reduction in carbon emissions of between 80% and 90% over the full life cycle, including biomass processing and transport to the power stations.

Together with electricity generation from offshore wind, biomass will contribute to realising DONG Energy's overall goal of reducing carbon emissions from the electricity and heat generation by 60% from 2006 to 2020. In 2014, emissions had been reduced by 41%.

Sustainable biomass

The wood pellets and the wood chips used by DONG Energy come from sustainable forestry operations which base their production on wood waste and wood from thinning of forests. For DONG Energy, biomass must be sustainable to ensure significant and real carbon reductions.

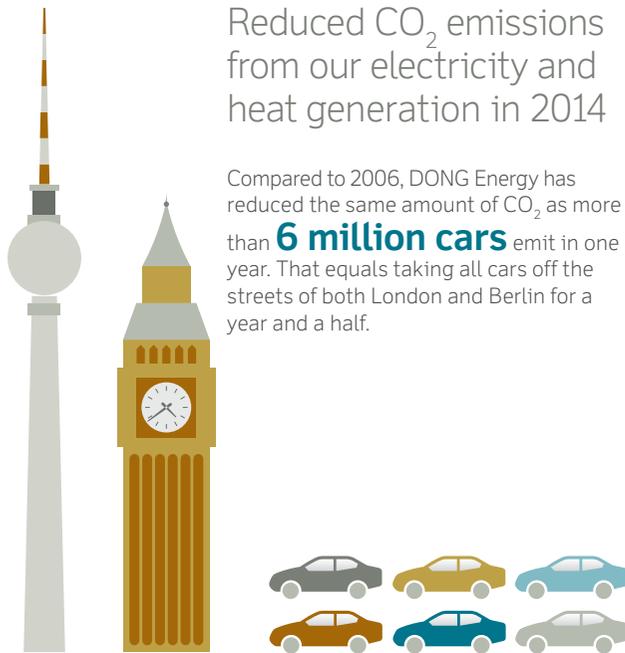
As no international political guidelines for sustainable biomass have yet been broadly adopted, DONG Energy developed "Programme for Sustainable Biomass Sourcing". The programme is based on the certification system for sustainable biomass which DONG Energy has developed in the Sustainable Biomass Partnership together with a number of European energy companies which use biomass for energy production.

Once the programme has been fully implemented, DONG Energy will only be using suppliers that have documented compliance with a number of sustainability criteria in third-party audits. Among other things, there must be continuous replanting, so that the carbon emitted to the atmosphere when firing the biomass can be absorbed by a constant or increasing forest cover. At the same time, biomass production must protect the biodiversity and ecosystems of the forests.

These criteria ensure that DONG Energy complies with the agreement formed with members of the Danish energy industry on sustainable biomass announced in December 2014.

Reduced CO₂ emissions from our electricity and heat generation in 2014

Compared to 2006, DONG Energy has reduced the same amount of CO₂ as more than **6 million cars** emit in one year. That equals taking all cars off the streets of both London and Berlin for a year and a half.



THE SAFE WAY OR NO WAY

In the energy business, much work is performed involving large, heavy constructions and machines, and often at sea and at height. Even the smallest of errors entails a risk that something can go seriously wrong. Both for the people involved and for the environment, the consequences can be severe.

Carefully defined work standards and procedures are essential to a safe working environment. In DONG Energy, safety is one of the five guiding principles for the way in which we work. Based on our corporate policy, we establish safety standards, develop action plans and safety procedures which ensure compliance with the policy by all business units, as well as arranging drills for employees and contractors. The drills enable everybody to assess the safety of a given task and to discontinue an activity if deemed unsafe.

Culture is crucial for high safety standards

Clearly defined safety procedures are not enough. It is crucial that safety is embedded in our corporate culture, whether work is carried out in high-risk areas on the production platforms or construction sites, or in an office.

Safety Through the Line

To realise the 2020 target of reducing the number of lost-time injuries (LTIF) to <1.5 per 1 million working hours, DONG Energy has launched the Safety Through the Line programme. The aim is to create a common safety culture and a sense of commitment throughout the line management.

Therefore, the programme has been rolled out throughout the Group in 2013 and 2014 with mandatory workshop driven by each individual manager. The focus has been on making safety relevant to each and every employee, making everybody take responsibility for thinking safety into their own work and that of others, and on creating role models in the organisation.

A DONG Energy motto is “You see it, you own it”. All employees are responsible for thinking their own safety and that of others into their work and for reacting if they experience situations which may pose a safety risk. The safety workshop was therefore followed up by an e-learning course which taught employees where and how to register and describe the near-incidents observed so that preventive measures can be implemented. In 2014, 97% of employees had completed the course.

Role models

In 2014, it became mandatory for all new managers to participate in DONG Energy’s “Safety Leadership Onboarding” course. It prepares managers for acting as role models and creating a framework within which they and their employees can contribute to the common safety culture. Safety is also one of the eight competences that all managers must be in possession of, and which is evaluated in their annual performance and development dialogues.

In addition, safety has been integrated into DONG Energy’s annual employee satisfaction survey and into the employees’ annual performance and development dialogues with their immediate superior. This ensures that safety is an integral part of all the managers’

dialogue with the employees on well-being, performance and scope for improvement.

Efforts pay off

Our figures show that the efforts have paid off. Since the launch of Safety Through the Line in August 2013, LTIF has fallen by 38%. The number of accidents does not only say something about personal safety. It also says something about the Group’s ability to deliver well-planned processes and results throughout the value chain. A good safety culture contributes to minimising risk in general, and the efforts are therefore also paying off for that reason.

Cooperation with contractors

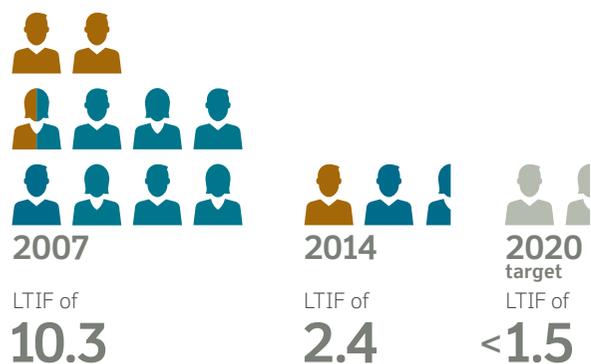
Success also requires collaboration with contractors and their employees. In addition to local safety routines, anybody working in areas either owned or managed by DONG Energy must do an e-learning course and attend a safety briefing.

Safety is important to our choice of contractors. Based on the Group’s safety requirements, DONG Energy estimates whether a task involves safety risks. If so, further safety requirements specified which must be met by contractors. This signals to our contractors that safety is such a central aspect of our collaboration with all our contractors that it must be addressed right from the start.

DONG Energy follows up on the contractor’s compliance with the safety requirements, and in the event of safety issues arising at any point, DONG Energy’s management will meet with the supplier’s management to discuss the challenges and to ensure a continued dialogue on how best to address them.

Fewer accidents in DONG Energy

- Own employees
- Contractor employees



Lost Time Injury Frequency (LTIF) is the number of accidents which result in absence of a day or more per one million working hours. The figure includes both DONG Energy employees and contractors’ employees working on sites which are either owned or operated by DONG Energy.

OPERATING WITH HIGH INTEGRITY

At DONG Energy we want to be open and trustworthy and uphold high ethical standards. We take pride in running a business where high integrity is the fundamental basis for everything we do. Because it is the right thing to do and because companies with integrity are simply more healthy companies.

Making the right decision is not always straightforward. As a company and as individuals, we are faced with financial, technical, commercial and human challenges every single day. Because our employees are only humans it can be difficult – even for someone with the best of intentions – to make the right decision. But we have to do the right thing.

Integrity in our operations

To operate with integrity is one of our five guiding principles. DONG Energy's Policy of Good Business Conduct gives guidance to how employees should act in situations that could lead to inappropriate or even illegal behaviour, such as fraud, bribery, corruption, use of insider information or anti-competitive behaviour. The policy was updated in 2014.

We work systematically to uphold high integrity in our business, supported by our Internal Audit department. It is an independent body controlling that our processes, controls and governance support is in compliance with our rules and that the decisions are made in the right way. In 2014 Internal Audit carried out audits of managers' and employees' knowledge of, and adherence to, the policy on good business behavior in three out of four business units.

A reputation challenge

Our reputation with our customers is one of the challenges we are faced with. When we ask our customers what they think about DONG Energy, some of the specific areas that they rank low are trustworthiness, ethical behaviour and meeting the customer's needs. However, those of our customers who have been in contact with us rate us significantly higher than the general perception.

To address the challenge, we have a constant focus on improving the customer experience, and we will increase the level of customer oriented communication. By 2020, we want to be rated at 75 out of 100 on how positively both Danish residential and business customers perceive us. In 2014 we were rated 67 out of 100

among our residential customers and 76 out of 100 among our business customers.

A responsible supply chain

Integrity is also about a company's supply chain. DONG Energy has more than 20,000 suppliers globally. Some of these are located in countries where compliance with international standards for human and labour rights, the environment or anti-corruption is less reliable. Whenever we enter into a new business relationship, our Code of Conduct for suppliers is part of our contract with that supplier. The Code of Conduct gives us the right to end the commercial relationship with a supplier in case of serious and repeated breaches. However, we much prefer to work with the supplier to improve practices and support that real improvement takes place.

In 2014, we launched an enhanced version of our Responsible Sourcing Programme. The programme strengthens and expands our risk based due diligence, which is conducted every time we enter a new contract with a value exceeding DKK 3 million. We assess smaller contracts in an annual analysis. We have also expanded the programme to cover new joint venture partnerships. The partner programme will be implemented in the first quarter of 2015.

We want our customers to perceive DONG Energy positively



FIVE-YEAR RECORD

FINANCIAL PERFORMANCE AND OUTLOOK

BUSINESS PERFORMANCE

DKK million	2014	2013	2012	2011	2010
Income statement					
Revenue:	67,048	73,105	67,179	56,717	54,523
Exploration & Production	14,011	12,344	11,871	10,469	8,264
Wind Power	9,728	11,960	7,737	4,215	2,880
Thermal Power	6,338	9,658	9,063	11,466	11,888
Customers & Markets	48,055	49,663	46,569	37,551	36,953
Other activities / eliminations	(11,084)	(10,520)	(8,061)	(6,984)	(5,462)
EBITDA:	16,389	15,004	8,639	13,743	14,077
Exploration & Production	8,591	7,324	6,550	5,684	5,052
Wind Power	6,057	4,253	2,479	1,772	1,670
Thermal Power	422	744	1,067	1,863	2,124
Customers & Markets	1,404	2,348	(1,455)	4,383	5,100
Other activities / eliminations	(85)	335	(2)	41	131
EBITDA adjusted for current hydrocarbon tax	12,863	13,899	6,490	12,667	13,509
EBIT	(1,177)	2,041	(3,324)	6,100	8,095
Adjusted operating profit (loss)	(5,721)	378	(6,457)	4,879	7,404
Profit (loss) for the year	(5,284)	(993)	(4,021)	2,882	4,499
Key ratios					
Funds from operation (FFO)	8,605	10,026	3,418	10,711	11,471
FFO/adjusted net debt, %	36.1	23.1	7.8	31.4	37.5
Return on capital employed (ROCE), %	(8.0)	0.5	(7.9)	6.3	10.2
Adjusted ROCE, %	4.1	6.8	(0.9)	7.4	10.8
Working conditions					
Employees (FTE), number	6,500	6,496	7,000	6,098	5,874
Lost time injury frequency (LTIF), per 1 million hours worked	2.4	3.2	3.6	4.1	4.6
Fatalities, number	0	0	1	3	3

IFRS

DKK million	2014	2013	2012	2011	2010
Income statement					
Revenue	71,829	72,199	65,860	58,313	54,505
EBITDA	20,333	14,199	7,166	15,568	14,030
EBIT	2,767	1,236	(4,797)	7,925	8,048
Gain on divestment of enterprises	1,253	2,045	2,675	225	905
Net financial income and expenses	(1,710)	(3,800)	(1,356)	(303)	(1,556)
Profit (loss) for the year	(2,310)	(1,591)	(5,126)	4,250	4,464
Balance sheet					
Assets	149,914	145,672	157,489	152,926	136,734
Additions to property, plant and equipment	15,350	19,437	16,549	18,702	14,546
Net working capital	(1,212)	2,599	(605)	33	2,324
Net working capital ex. trade payables relating to capital expenditure	1,203	4,150	2,544	2,995	3,361
Interest-bearing debt	36,713	46,460	52,745	40,287	38,098
Net interest-bearing debt	3,978	25,803	31,968	23,179	21,913
Adjusted net debt	23,813	43,382	43,850	34,074	30,557
Equity	61,533	51,543	50,016	57,740	51,308
Capital employed	65,511	77,345	81,984	80,919	73,222
Cash flows					
Cash flows from operating activities	14,958	9,729	7,891	12,396	14,312
Cash flows from investment activities	(14,796)	(6,483)	(19,202)	(18,726)	(14,699)
Gross investments	(15,359)	(21,234)	(17,660)	(17,907)	(15,627)
Net investments	(4,706)	(5,902)	(13,350)	(12,659)	(8,464)
Volumes					
Oil and gas production, million boe	41.8	31.7	28.5	26.4	24.4
Daily oil and gas production, thousand boe	115.0	87.0	78.0	72.0	67.0
Electricity generation, TWh	13.7	19.1	16.1	20.4	20.2
- thermal	8.7	13.8	11.5	16.0	16.2
- wind and hydro	5.0	5.3	4.6	4.4	4.0
Heat generation, PJ	31.4	40.2	43.0	42.6	53.2
Gas sales (excl. own consumption at power stations), TWh	119.6	134.6	127.9	113.7	116.7
Electricity sales (excl. own consumption at power stations), TWh	30.8	16.8	12.6	9.9	10.4
Gas distribution, TWh	8.2	8.8	9.1	9.9	11.4
Electricity distribution, TWh	8.4	8.6	8.7	8.8	9.1

FINANCIAL PERFORMANCE

HIGHLIGHTS

DKK million	2014	2013	Δ
Revenue	67,048	73,105	(6,057)
EBITDA	16,389	15,004	1,385
Profit (loss) for the year	(5,284)	(993)	(4,291)
Cash flow from operating activities	14,958	9,729	5,229
FFO/adjusted net debt	36.1%	23.1%	13.0%-p
Return on capital employed (ROCE)	(8.0%)	0.5%	(8.5%-p)
Adjusted ROCE	4.1%	6.8%	(2.7%-p)

DONG Energy's revenue decreased by 8% in 2014, while EBITDA and cash flows from operating activities increased by 9% and 54%, respectively. Net profit was a loss of DKK -5.3 billion and was affected by post-tax impairment losses of DKK 7.3 billion, primarily relating to the falling oil and gas prices. Funds from operations (FFO) to adjusted net debt was up at 36% in 2014 from 23% in 2013. ROCE fell to -8.0% from 0.5% in 2013. Adjusted for impairment losses, ROCE was 4.1% in 2014 against 6.8% in 2013.

INCOME STATEMENT

Revenue

DKK million.	2014	2013	Δ
Revenue	67,048	73,105	(6,057)

Revenue decreased by 8% to DKK 67.0 billion in 2014. The decline reflected lower oil, gas and electricity prices, lower electricity and heat generation and gas sales as well as lower income

Business performance

Management's review comments on the business performance results, unless otherwise stated. For an explanation of the differences between business performance and IFRS results, reference is made to note 2.5 to the consolidated financial statements.

from construction contracts, only partly offset by higher oil and gas production.

The total oil and gas production was 41.8 million boe against 31.7 million boe in 2013. The 32% increase was primarily due to higher production of gas and hydrocarbon condensate both from the Ormen Lange field as a result of the ownership interest increase from 10.3% to 14.0% as of 1 July 2013, and from the Alve and Marulk fields where production was curtailed in 2013.

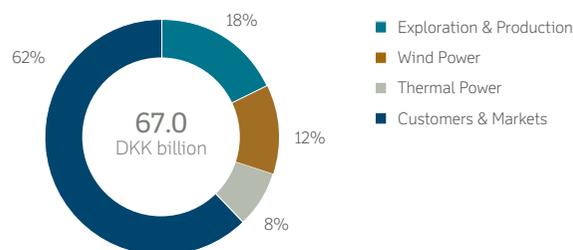
Electricity generation was 13.7 TWh in 2014 compared with 19.1 TWh in 2013. The decrease reflected lower thermal electricity generation at the Danish power stations due to the warm weather as well as the loss of electricity generation from the thermal, onshore and hydropower activities divested in 2013, partly offset by higher offshore electricity generation.

Gas sales (excluding sales to own power stations) totalled 119.6 TWh, which was 11% lower than in 2013. The decrease reflected a drop in demand due to the warm weather.

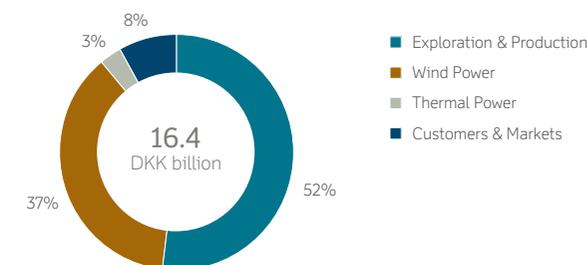
EBITDA

DKK million	2014	2013	Δ
Exploration & Production	8,591	7,324	1,267
Wind Power	6,057	4,253	1,804
Thermal Power	422	744	(322)
Customers & Markets	1,404	2,348	(944)
Other activities / eliminations	(85)	335	(420)
Consolidated EBITDA	16,389	15,004	1,385

REVENUE, 2014



EBITDA, 2014



EBITDA totalled DKK 16.4 billion in 2014 compared with DKK 15.0 billion in 2013. The business units contributed to the 9% increase as follows:

- In Exploration & Production, EBITDA was up DKK 1.3 billion at DKK 8.6 billion due to higher production, mainly from Ormen Lange, partly offset by lower oil and gas prices
- In Wind Power, EBITDA was up DKK 1.8 billion at DKK 6.1 billion due to a gain from the divestment of 50% of DONG Energy's ownership interest in the offshore wind farm London Array and the offshore wind project Westermost Rough, full electricity generation from the Anholt wind farm, which was inaugurated in Q3 2013 and lower expensed project development costs. This was partly offset by lower earnings from construction contracts and the divested activities
- In Thermal Power, EBITDA decreased by DKK 0.3 billion to DKK 0.4 billion, primarily due to warm weather, resulting in lower generation, lower green dark spread and divested activities
- In Customers & Markets, EBITDA was down DKK 0.9 billion at DKK 1.4 billion due to lower gas sales and falling oil and gas prices. The combination of 23% lower gas prices and only 9% lower oil prices on average for the year led to a higher loss on the long-term oil-indexed gas sourcing contracts which have not yet been renegotiated. As these renegotiations are completed, DONG Energy receives a lump-sum payment as compensation for historical losses and the future sourcing price is adjusted.

FINANCIAL PERFORMANCE

CONTINUED

Depreciation, impairment losses and EBIT

DKK million	2014	2013	Δ
Depreciation	(9,242)	(7,955)	(1,287)
Impairment losses, net	(8,324)	(5,008)	(3,316)
Depreciation and impairment losses	(17,566)	(12,963)	(4,603)
EBIT	(1,177)	2,041	(3,218)

Depreciation and impairment losses totalled DKK 17.6 billion, which was DKK 4.6 billion higher than in 2013.

Depreciation was DKK 1.3 billion higher than in 2013. The increase was attributable to Wind Power as a result of the commissioning of new assets and to E&P due to the higher production and lower reserve estimates for the Oselvar field.

Impairment losses amounted to DKK 8.3 billion in 2014. In E&P, impairment losses of DKK 8.1 billion were recognised primarily as a result of the lower oil and gas prices. Assets in the West of Shetland area were impaired by DKK 3.8 billion, the Danish field Hejre by DKK 2.5 billion, the Norwegian Ula, Tambar and Oselvar fields by DKK 1.3 billion and the fields in the Siri area by DKK 0.5 billion.

Impairment losses totalled DKK 5.0 billion in 2013 in respect of the Ula, Tambar and Oselvar fields (DKK 1.8 billion), the fields in the Siri area (DKK 0.9 billion), the Gyda field (DKK 0.5 billion), the Gassled ownership interest (DKK 0.4 billion), the gas-fired power station Enecogen (DKK 1.0 billion) as well as capitalised project development costs in Wind Power (DKK 0.3 billion).

EBIT decreased by DKK 3.2 billion, which was due to the fact that the higher EBITDA was more than offset by increased depreciation and impairment losses.

Gain on divestment of enterprises

DKK million	2014	2013	Δ
Gain on divestment of enterprises	1,258	2,045	(787)

The gain on divestment of enterprises totalled DKK 1.3 billion in 2014 and related primarily to the divestment of the Stenlille Gas Storage Facility. The year before, the gain related primarily to the Swedish hydropower company Kraftgården, Polish and Danish onshore wind businesses, Stadtwerke Lübeck and the gas-fired Severn power station.

Share of profit (loss) of associates and joint ventures

DKK million	2014	2013	Δ
Share of profit (loss) of associates and joint ventures	(484)	(57)	(427)

The profit (loss) of associates and joint ventures which are not part of the Group's principal activities, amounted to DKK -0.5 billion for 2014 and related primarily to an impairment loss of the value of the ownership interest in a German gas storage business.

Net financial income and expenses

DKK million	2014	2013	Δ
Interest paid, net	(1,145)	(1,661)	516
Interest element of provisions etc.	(572)	(501)	(71)
Early redemption of loans and associated interest rate swaps	0	(665)	665
Value adjustments of derivative financial instruments, net	(255)	(293)	38
Exchange rate adjustments, net	534	(210)	744
Divestment of assets held under finance leases	0	(201)	201
Value adjustments of securities, net	(297)	(189)	(108)
Other financial income and expenses, net	25	(80)	105
Net financial income and expenses	(1,710)	(3,800)	2,090

Net financial income and expenses amounted to a net expense of DKK 1.7 billion compared with DKK 3.8 billion in 2013. The decrease was due especially to lower net interest payments as a result of lower average interest-bearing net debt and a positive impact from exchange rate adjustments. In 2013, net financial income and expenses were negatively impacted by the early redemption of loans and interest rate swaps and a loss from the divestment of the Norwegian gas-fired power station Mongstad.

FINANCIAL PERFORMANCE AND OUTLOOK

Income tax

DKK million	2014		
	Profit before tax	Tax hereof	Tax percentage
Oil and gas activities in Norway (hydrocarbon income)	4,531	(3,889)	86%
Oil and gas exploration activities in the UK and Faroe Islands	(4,975)	0	0%
Gain/loss on divestments and other non-taxable income and non-deductible costs	2,467	(52)	2%
Effect of changes in tax rate	0	(79)	n.a.
Rest of DONG Energy	(4,136)	849	21%
Effective tax for the year	(2,113)	(3,171)	(150%)

DKK million	2013		
	Profit before tax	Tax hereof	Tax percentage
Oil and gas activities in Norway (hydrocarbon income)	2,622	(1,869)	71%
Oil and gas exploration activities in the UK and Faroe Islands	(757)	0	0%
Gain/loss on divestments and other non-taxable income and non-deductible costs	2,287	(121)	5%
Effect of changes in tax rate	0	(21)	n.a.
Rest of DONG Energy	(3,923)	790	20%
Effective tax for the year	229	(1,221)	534%

Tax on profit (loss) for the year amounted to DKK 3.2 billion, which was DKK 1.9 billion higher than in 2013.

The effective tax rate was -150% against 534% in 2013 and reflected opposing effects. The tax rate went up as a result of the earnings from oil and gas production in Norway, where a tax rate of 78% on hydrocarbon income together with non-deductible amortisation of licence rights led to an effective tax rate of 86%.

FINANCIAL PERFORMANCE

CONTINUED

In addition, the tax rate was affected by losses from oil and gas exploration as well as impairment losses in the UK, where tax assets are not recognised as there is uncertainty about the possibilities of offsetting these losses in the foreseeable future. Finally, the tax rate was also affected by non-taxable gains and non-deductible losses on divestments.

Total tax contribution

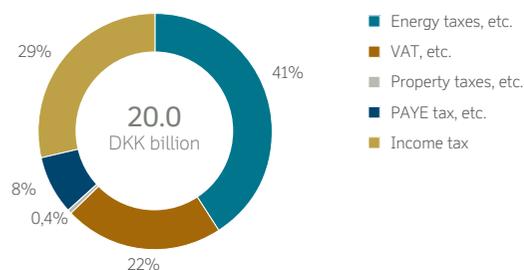
DONG Energy's contribution to society in the form of taxes and duties totalled DKK 20.0 billion in 2014 compared with DKK 20.3 billion in 2013. In 2014, DKK 15.1 billion (75%) of the tax contribution was paid in Denmark. The tax contribution is calculated according to the Total Tax Contribution (TTC) model.

Profit (loss) for the year

DKK million	2014	2013	Δ
Profit (loss) for the year	(5,284)	(993)	(4,291)

Net profit for the year was a loss of DKK -5.3 billion, down DKK 4.3 billion relative to 2013 despite the fact that EBITDA was higher than in 2013. The decrease was attributable to higher depreciation and impairment losses, a lower gain from the divestment of enterprises and higher earnings in Norway, resulting in higher tax, partly offset by lower net financial income and expenses.

TOTAL DIRECT AND INDIRECT TAXES, 2014 (TTC-model)



INTEREST-BEARING NET DEBT

DKK million	2014	2013	Δ
Net debt at 1 January	25,803	31,968	(6,165)
Cash flows from operating activities	(14,958)	(9,729)	(5,229)
Gross investments	15,359	21,234	(5,875)
Divestments	(10,653)	(15,332)	4,679
Capital injection, net	(13,007)	0	(13,007)
Additions, hybrid capital, net	0	(3,399)	3,399
Dividends and hybrid coupon paid	1,267	955	312
Exchange rate adjustments, etc.	167	106	61
Net debt at 31 December	3,978	25,803	(21,825)

Interest-bearing net debt totalled DKK 4.0 billion at the end of 2014 against DKK 25.8 billion at the end of 2013. The decrease of DKK 21.8 billion was primarily attributable to the net equity increase of DKK 13.0 billion, and to cash flows from operating activities significantly exceeding net investments.

Cash flows from operating activities

DKK million	2014	2013	Δ
EBITDA	16,389	15,004	1,385
Financial instruments and loans	682	1,324	(642)
Other adjustments	(236)	1,183	(1,419)
Interest expense, net	(1,065)	(2,872)	1,807
Income tax paid	(3,835)	(2,856)	(979)
Change in working capital	3,023	(2,054)	5,077
Cash flows from operating activities	14,958	9,729	5,229

Cash flows from operating activities totalled DKK 15.0 billion in 2014 compared with DKK 9.7 billion in 2013. The positive development was primarily due to a release of funds tied up in working capital, lower interest paid and a higher EBITDA. This was partly offset by a portion of the higher EBITDA being attributable to gains on divestments, where the cash flow effect is included as part of net investments and thus reversed through cash flows from operating activities under Other adjustments.

The change in working capital was due to lower receivables from contracts for the construction of offshore wind farms for

FINANCIAL PERFORMANCE AND OUTLOOK

co-investors and offshore transmission assets in connection with wind farms in the UK, as well as lower trade receivables due to lower electricity and heat generation and lower gas sales.

Investments

DKK million	2014	2013	Δ
Gross investments	(15,359)	(21,234)	5,875
Divestments	10,653	15,332	(4,679)
Net investments	(4,706)	(5,902)	1,196

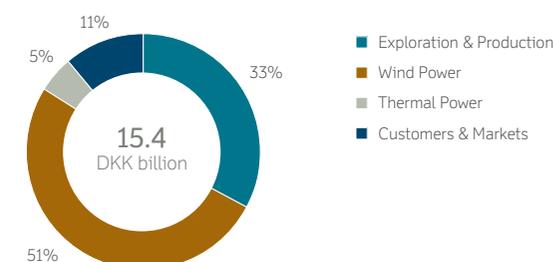
Net investments totalled DKK 4.7 billion in 2014 compared with DKK 5.9 billion in 2013.

The main gross investments in 2014 were as follows:

- Development of wind activities (DKK 7.8 billion), including the UK offshore wind farms West of Duddon Sands and Westermost Rough and the German offshore wind farms Borkum Riffgrund 1 and Gode Wind
- Development of oil and gas fields (DKK 5.0 billion), including the Danish Hejre and Syd Arne fields as well as the UK Laggan-Tormore field.

In 2014, divestments totalled DKK 10.7 billion and related mainly to the offshore wind farm London Array, where DONG Energy sold 50% of its 50% ownership interest to Canadian La Caisse de Dépôt Placement du Québec, the offshore wind farm project Westermost Rough, where DONG Energy sold 50% to Marubeni

GROSS INVESTMENT, 2014



FINANCIAL PERFORMANCE

CONTINUED

Corporation and UK Green Investment Bank, and the Stenlille Gas Storage Facility which was sold to Energinet.dk. In addition, minor proceeds were generated by a number of other divestments.

The most significant divestments the year before were Swedish hydropower, a UK and a Norwegian gas-fired power station, the transmission assets relating to London Array, the Polish and Danish onshore wind businesses and the office building in Gentofte.

Dividends

In 2014, total dividend paid to minority shareholders amounted to DKK 0.5 billion against DKK 0.3 billion in 2013.

Equity

DKK million	2014	2013	Δ
Equity at 1 January	51,543	50,016	1,527
Profit (loss) for the year	(5,284)	(993)	(4,291)
Other comprehensive income and business performance adjustments	3,288	(232)	3,520
Capital injection, net	13,007	0	13,007
Additions, hybrid capital	0	3,698	(3,698)
Hybrid coupon paid	(754)	(675)	(79)
Dividends paid	(528)	(319)	(209)
Transactions with non-controlling interests	38	128	(90)
Other adjustments	223	(80)	303
Equity at 31 December	61,533	51,543	9,990

Equity totalled DKK 61.5 billion at the end of 2014 against DKK 51.5 billion the year before. This represented an increase of DKK 10.0 billion, primarily as a result of the capital injection of DKK 13.0 billion (net) in February 2014.

KEY RATIOS

Credit metric

DKK million	2014	2013	Δ
EBITDA	16,389	15,004	1,385
Adjusted interest expense, net	(2,494)	(2,796)	302
Reversal of recognised lease payment	545	354	191
Current tax	(5,835)	(2,536)	(3,299)
Funds from operation (FFO)	8,605	10,026	(1,421)
Adjusted net debt	23,813	43,382	(19,569)
FFO/adjusted net debt	36.1%	23.1%	13.0%-p

Funds from operation (FFO) to adjusted net debt totalled 36% in 2014 against 23% in 2013. The improvement was due to significantly lower net debt, partly offset by a lower FFO.

Return on capital employed (ROCE)

DKK million	2014	2013	Δ
EBITDA	16,389	15,004	1,385
Depreciation, amortisation and impairment losses	(17,566)	(12,963)	(4,603)
Operating profit (loss) (EBIT)	(1,177)	2,041	(3,218)
Share of profit (loss) of associates and joint ventures	(484)	(57)	(427)
Hydrocarbon tax	(3,526)	(1,105)	(2,421)
Interest element of provisions	(534)	(501)	(33)
Adjusted operating profit (loss)	(5,721)	378	(6,099)
Capital employed	65,511	77,345	(11,834)
Return on capital employed (ROCE)	(8.0%)	0.5%	(8.5%-p)
Adjusted ROCE	4.1%	6.8%	(2.7%-p)

The return on capital employed amounted to -8.0% in 2014 against 0.5% in 2013. The return in 2014 was negatively impacted by impairment losses of DKK 8.8 billion (including impairment losses in associates). Adjusted for impairment losses, ROCE amounted to 4.1% in 2014 against 6.8% in 2013. In 2013, ROCE was positively affected by extraordinary hydrocarbon tax deductions and

FINANCIAL PERFORMANCE AND OUTLOOK

thus lower hydrocarbon tax, as a result of the increased ownership interest in the Ormen Lange gas field. This was due to the fact that DONG Energy had to pay the difference between the new and previous ownership interest of the total investments in the field to achieve a higher share of production. This payment was deductible in 2013.

FOLLOW-UP ON ANNOUNCED OUTLOOK

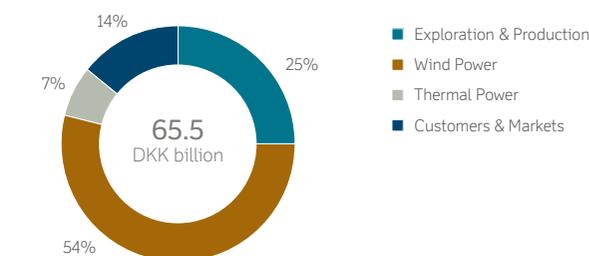
In connection with the annual report for 2013, the outlook announced was of an EBITDA for 2014 of DKK 15-17 billion, net investments in 2014-2015 of about DKK 30 billion and an FFO/adjusted net debt ratio of around 25%.

In connection with the presentation of the interim report for 9M 2014, the outlook was adjusted to an EBITDA in excess of DKK 16 billion due to better results than originally expected for 9M 2014. EBITDA for 2014 totalled DKK 16.4 billion and thus fulfilled both the most recent and the original expectations.

In the same interim report, the outlook for FFO/adjusted net debt was adjusted to exceed 28%. The ratio for 2014 amounted to 36% and thus fulfilled expectations.

The outlook for the net investments was unchanged through 2014. Net investments totalled DKK 4.7 billion in 2014.

CAPITAL EMPLOYED, 2014



EXPLORATION & PRODUCTION

Exploration & Production explores for and produces oil and gas and contributes to society by delivering stable and independent energy. At the end of 2014, DONG Energy had 66 licences; 12 in Denmark, 22 in the UK, 28 in Norway, 1 in Greenland and 3 on the Faroe Islands.

Revenue:
DKK 14.0 billion

18%

Employees (FTE):
749

12%

EBITDA:
DKK 8.6 billion

52%

Capital employed:
DKK 17.5 billion

25%

The percentages for the financial figures indicate the share of reportable segments that the business unit accounted for in 2014 (read more on page 61). The percentage for employees indicate the business unit's share of the Group.

Performance highlights		2014	2013
Volumes			
Oil and gas production	million boe	41.8	31.7
- oil (incl. condensate)	million boe	10.6	8.2
- gas	million boe	31.2	23.5
Financial performance			
Revenue	DKK million	14,011	12,344
EBITDA	DKK million	8,591	7,324
EBITDA adjusted for current hydrocarbon tax	DKK million	5,065	6,219
EBIT	DKK million	(3,439)	736
Adjusted operating profit (loss)	DKK million	(7,238)	(598)
Gross investments	DKK million	(5,032)	(9,610)
Capital employed	DKK million	17,538	20,663
ROCE	%	(37.9)	(3.1)
Adjusted ROCE	%	3.9	15.5
Working conditions			
Employees (FTE)	number	749	689
Lost time injury frequency (LTIF)	per 1 million hours worked	1.2	0.5
Environment			
EU ETS	million		
CO ₂ emissions	tonnes	0.1	0.1
Gas flaring	million Nm ³	7.6	6.1
Oil discharged to sea	tonnes	37	19
Reinjection of produced water on production platforms	%	65	79

Read more on page 119 for more information about our environmental results.

Volumes

Oil and gas production totalled 41.8 million boe, up 32% relative to 2013. The Norwegian fields accounted for 90% of production, while 10% came from Danish fields.

Gas production, which came primarily from the Ormen Lange field in Norway, increased by 33% to 31.2 million boe in 2014 as a result of the increase in the ownership interest in the Ormen Lange field from 10.3% to 14.0% as of 1 July 2013. In addition, production from the Norwegian fields Alve, Marulk and Trym was also up. Production from Alve and Marulk was limited in 2013 due to problems on the associated production vessel Norne.

Oil production amounted to 10.6 million boe, up 29% relative to 2013. The increase can be ascribed to the upped extraction of condensate from the Ormen Lange field as well as higher production from Syd Arne as a result of new production wells from the expansion of phase 3.

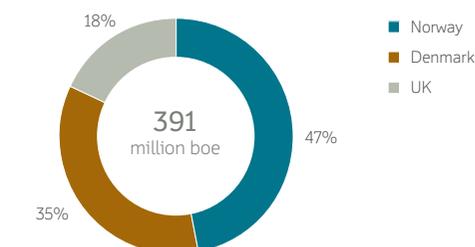
The higher production from Ormen Lange was partly due to the higher ownership interest and partly due to the fact that DONG Energy over a period of approximately 2½ years from 1 July 2013 will receive the historical volumes that the company is entitled to given the higher ownership interest from the start-up of production to 30 June 2013.

Financial performance

Revenue totalled DKK 14.0 billion, up DKK 1.7 billion relative to 2013 due to higher oil and gas production, partly offset by lower oil and gas prices.

EBITDA increased by DKK 1.3 billion to DKK 8.6 billion in 2014. The increase was mainly due to an increase in production, partly offset by lower oil and gas prices and higher costs related to the repair work of the Siri platform. In spite of the hedging of the oil and gas production at the end of 2013, EBITDA was impacted by the lower oil and gas prices,

2P RESERVES BY COUNTRY, 31 December 2014



2P reserves: The sum of proved and probable reserves

especially from the Norwegian activities, as the expected gas and oil production is hedged on a reduced exposure volume to take hydrocarbon taxation into account to achieve the desired cash flow effect after tax.

EBIT was heavily impacted by impairment losses primarily due to lower oil and gas prices and decreased by DKK 4.2 billion to DKK -3.4 billion in 2014. In addition, depreciation increased due to higher production and lower reserve estimates for the Oselvar field.

Impairment losses amounted to DKK 8.1 billion in 2014. Assets in the West of Shetland area were impaired by DKK 3.8 billion, the Danish field Hejre by DKK 2.5 billion, the Norwegian Ula, Tambar and Oselvar fields by DKK 1.3 billion and the fields in the Siri area by DKK 0.5 billion. Impairment losses totalled DKK 3.7 billion in 2013, including the Ula, Tambar and Oselvar fields (DKK 1.8 billion), the Siri fields (DKK 0.9 billion), the Gyda field (DKK 0.5 billion) and the Gassled ownership interest (DKK 0.4 billion).

WIND POWER

Wind Power develops, constructs and operates offshore wind farms in Northern Europe. The focus is on the UK, Germany and Denmark as the largest growth markets. DONG Energy strives to develop a robust and balanced project pipeline across countries and markets and to be self-sufficient in all parts of the project value chain. At the same time, the business unit focuses on reducing the cost of electricity by streamlining and standardising wind farms and processes.

Revenue:
DKK 9.7 billion

12%

EBITDA:
DKK 6.1 billion

37%

Employees (FTE):
2,080

32%

Capital employed:
DKK 38.7 billion

54%

The percentages for the financial figures indicate the share of reportable segments that the business unit accounted for in 2014 (read more on page 61). The percentage for employees indicate the business unit's share of the Group.

Performance highlights		2014	2013
Volumes			
Electricity generation, wind and hydropower	TWh	5.0	5.3
Owned offshore wind capacity	GW	1.4	1.3
Financial performance			
Revenue	DKK million	9,728	11,960
EBITDA	DKK million	6,057	4,253
EBIT	DKK million	3,483	1,894
Adjusted operating profit	DKK million	3,395	1,779
Gross investments	DKK million	(7,827)	(9,485)
Capital employed	DKK million	38,701	39,935
ROCE	%	8.6	4.6
Adjusted ROCE	%	8.6	5.4
Working conditions			
Employees (FTE)	number	2,080	1,909
Lost time injury frequency (LTIF)	per 1 million hours worked	2.1	3.9

Volumes

Electricity generation from wind and hydropower decreased by 6% to 5.0 TWh in 2014. This was due to the divestment of hydropower and onshore wind activities in 2013, while offshore wind generation increased, particularly from the British offshore wind farm West of Duddon Sands, which was officially inaugurated in October, and the Anholt wind farm in Denmark, which has been in commercial operation since July 2013.

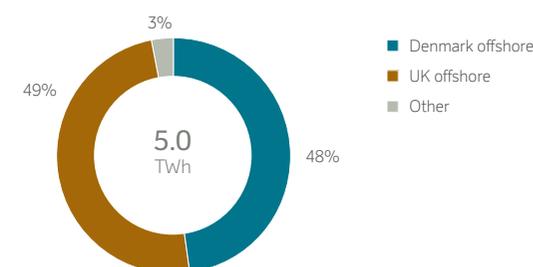
Electricity generation from wind and hydropower accounted for 36% of the Group's total electricity generation in 2014 compared with 28% in 2013.

Financial performance

Revenue decreased by DKK 2.2 billion to DKK 9.7 billion in 2014, primarily as a result of lower income from contracts for the construction of offshore wind farms for co-investors and offshore transmission assets in connection with offshore wind farms in the UK.

EBITDA was up DKK 1.8 billion at DKK 6.1 billion in 2014, primarily due to the gain on the divestment of 50% of DONG Energy's ownership interests in London Array and Westermost Rough, a full year of electricity generation from Anholt and a lower amount of expensed project development costs. This was partly offset by lower earnings from construction contracts due to lower activity than in 2013, where the Anholt project was completed, as well as a lower share of earnings from London Array as a result of the partial divestment.

ELECTRICITY GENERATION FROM WIND*, 2014



* One-line consolidated companies not included

EBIT increased by DKK 1.6 billion to DKK 3.5 billion in 2014. The lower increase in EBIT than in EBITDA was due to depreciation of new offshore wind farms, partly offset by the impairment of capitalised development costs of DKK 0.3 billion in 2013.

THERMAL POWER

Thermal Power generates electricity and heat at thermal power stations. Most of the thermal generation output comes from central coal, gas and biomass-fired CHP plants in Denmark. Biomass is an important resource in the energy system of the future, and DONG Energy continues to convert electricity and heat generation from coal to sustainable biomass. The business unit also develops innovative solutions for utilising waste and biomass for both energy and other resources.

Revenue:
DKK 6.3 billion

8%

EBITDA:
DKK 0.4 billion

3%

Employees (FTE):
856

13%

Capital employed:
DKK 4.8 billion

7%

The percentages for the financial figures indicate the share of reportable segments that the business unit accounted for in 2014 (read more on page 61). The percentage for employees indicate the business unit's share of the Group.

Performance highlights		2014	2013
Volumes			
Electricity generation, thermal	TWh	8.7	13.8
- Denmark	TWh	7.8	10.8
- abroad	TWh	0.9	3.0
Heat generation	PJ	31.4	40.2
Financial performance			
Revenue	DKK million	6,338	9,658
EBITDA	DKK million	422	744
EBIT	DKK million	(983)	(1,802)
Adjusted operating profit (loss)	DKK million	(1,020)	(1,861)
Gross investments	DKK million	(725)	(680)
Capital employed	DKK million	4,837	6,412
ROCE	%	(18.1)	(18.2)
Adjusted ROCE	%	(18.1)	(8.1)
Working conditions			
Employees (FTE)	number	856	967
Lost time injury frequency (LTIF)	per 1 million hours worked	3.8	4.1
Environment			
Biomass share of Danish CHP production	%	28	18
EU ETS	million		
CO ₂ emissions	tonnes	6.1	9.2
Nitrogen oxides (NO _x)	g/kWh	0.27	0.33
Sulphur oxides (SO ₂)	g/kWh	0.05	0.07

Read more on page 119 for more information about our environmental results.

Volumes

Electricity generation totalled 8.7 TWh and heat generation totalled 31.4 PJ. The decreases by 37% and 22% compared to 2013 were primarily due to the warm weather throughout the year which reduced demand. In 2014, temperatures were in fact the highest ever measured in Denmark. Electricity generation was also adversely affected by the divestment of the Severn power station in 2013.

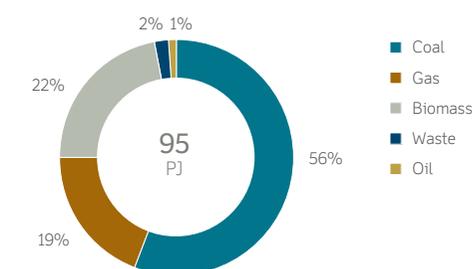
Financial performance

Revenue decreased by DKK 3.3 billion to DKK 6.3 billion in 2013 as a result of lower electricity and heat generation and lower electricity prices.

EBITDA was DKK 0.4 billion in 2014, down DKK 0.3 billion relative to 2013. The decrease was due to the lower revenue and lower green dark spread.

EBIT improved by DKK 0.8 billion and totalled DKK -1.0 billion for 2014. The increase on last year was primarily due to the DKK 1.0 billion impairment loss recognised on the Enecogen power station in 2013.

FIRED FUELS AT POWER STATIONS, PJ



As foreign power stations are included, the proportion of biomass is less than stated in connection with the strategic target for biomass at Danish power stations.

CUSTOMERS & MARKETS

Customers & Markets is responsible for the direct customer liaison, serving customers in Denmark, Sweden, Germany and the UK with electricity, gas and climate partnerships as well as related energy products. Customers & Markets also operates and maintains the Group's electricity, gas and oil infrastructure. The business unit is responsible for optimising the value of DONG Energy's overall energy portfolio and hedging the Group's market risks associated with the production, purchase and sale of energy.

Revenue:
DKK 48.1 billion

62%

EBITDA:
DKK 1.4 billion

8%

Employees (FTE):
1.543

24%

Capital employed:
DKK 9.9 billion

14%

The percentages for the financial figures indicate the share of reportable segments that the business unit accounted for in 2014 (read more on page 61). The percentage for employees indicate the business unit's share of the Group.

Performance highlights		2014	2013
Volumes			
Gas sales	TWh	124.9	139.3
- wholesale and gas hubs	TWh	92.1	95.4
- retail	TWh	32.7	43.9
Electricity sales	TWh	30.9	16.8
Gas distribution	TWh	8.2	8.8
Electricity distribution	TWh	8.4	8.6
Oil transport	million bbl	54	58
Financial performance			
Revenue	DKK million	48,055	49,663
EBITDA	DKK million	1,404	2,348
EBIT	DKK million	(133)	913
Adjusted operating profit (loss)	DKK million	(756)	758
Gross investments	DKK million	(1,739)	(1,447)
Capital employed	DKK million	9,902	14,551
ROCE	%	(6.2)	4.8
Adjusted ROCE	%	(0.8)	4.9
Working conditions			
Employees (FTE)	number	1,543	1,639
Lost time injury frequency (LTIF)	per 1 million hours worked	2.3	3.7
Environment			
Gas flaring	million Nm ³	1.0	1.0

Read more on page 119 for more information about our environmental results.

Volumes

Gas sales (including sales to own power stations) decreased by 10% to 124.9 TWh as a result of the warm weather.

Electricity sales (including sales to own power stations) totalled 30.9 TWh, up 84% on 2013. The increase was due to higher sales of green certificates and higher electricity sales in the UK.

The distribution of gas decreased by 7% and totalled 8.2 TWh in 2014 as a result of the warm weather, while the distribution of electricity was only marginally lower.

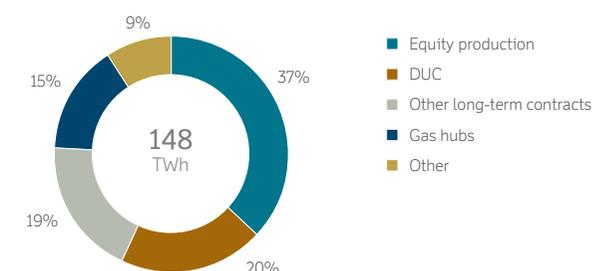
Financial performance

Revenue decreased by 3% to DKK 48.1 billion. Revenue was negatively affected by lower gas sales and an average fall by more than 20% in the gas and electricity prices, partly offset by a positive effect from hedging and by higher sales of green certificates.

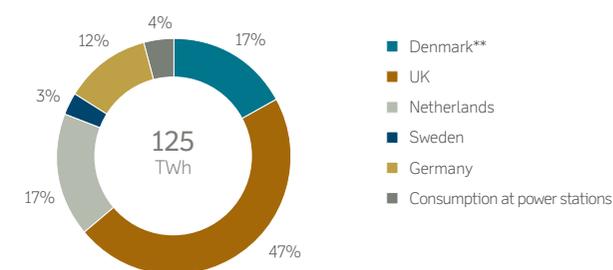
EBITDA decreased by DKK 0.9 billion to DKK 1.4 billion in 2014 as a result of lower gas sales and lower margins, partly offset by lower fixed costs. The combination of 23% lower gas prices and only 9% lower oil prices on average for the year led to a higher loss on the long-term oil-indexed gas sourcing contracts which have not yet been renegotiated. As these renegotiations are completed, DONG Energy receives a lump-sum payment as compensation for historical losses and the future sourcing price is adjusted.

EBIT decreased by DKK 1.0 billion to DKK -0.1 billion due to the lower EBITDA and impairment of goodwill in respect of sales activities in the UK and Germany due to the prospect of consistently difficult market conditions.

GAS SOURCING, 2014



GAS SALES*, 2014



* Total gas sales (gas hubs, wholesale customers, retail customers)

** Total gas sales in Denmark (public obligation and market terms)

MARKET PRICES

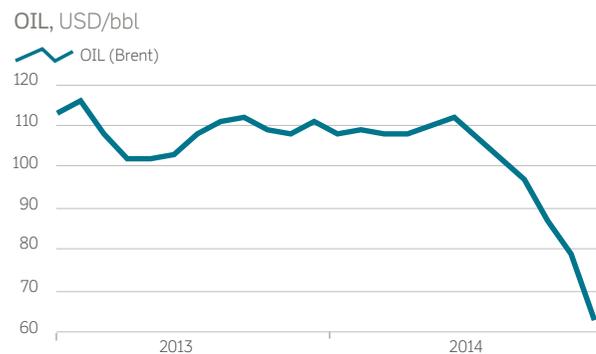
(average)		Forwards 30 Jan 15 (rest of year)	Actual 2014	Actual 2013
Oil, Brent	USD/bbl	53	99	109
Oil, Brent	DKK/bbl	349	553	610
Gas, TTF	EUR/MWh	20	21	27
Gas, NBP	EUR/MWh	20	21	27
Electricity, Nord Pool System	EUR/MWh	28	30	38
Electricity, Nord Pool DK ¹	EUR/MWh	31	31	39
Electricity, EEX	EUR/MWh	32	33	38
Electricity UK	EUR/MWh	56	50	59
Coal, API 2	USD/tonne	58	75	82
CO ₂ , EUA	EUR/tonne	7.1	6.0	4.5
Green dark spread, DK ¹	EUR/MWh	6.4	5.3	12.8
Green spark spread, NL	EUR/MWh	(4.1)	(2.6)	(3.8)
USD exchange rate	DKK/USD	6.6	5.6	5.6
GBP exchange rate	DKK/GBP	9.9	9.2	8.8

Sources: Platts, Argus, Nord Pool, LEBA, APX & ECX.

¹ Based on average prices in DK1 and DK2.

Oil prices

The oil price in 2014 was USD 99 per barrel (average), 9% lower than in 2013. The price was relatively stable in the first half of the



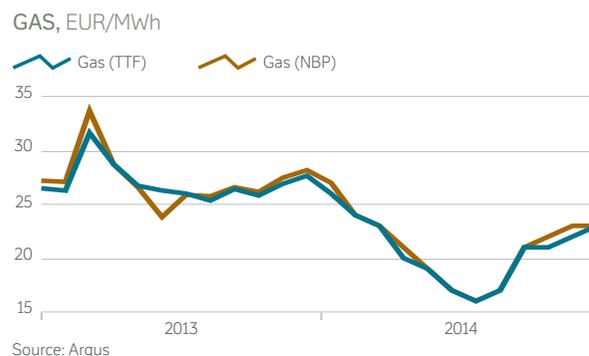
year, supported by restricted production in a number of OPEC countries and the unrest in Syria. The price fell significantly in the course of the second half of the year, driven primarily by a continued rapid increase in US oil production and increased production from Libya, while OPEC production was unchanged. Weaker economic growth in a number of major economies such as China and a strengthening of the US dollar, particularly in second half of the year, also contributed to the oil price decline.

Gas prices

The continental European gas hub price (TTF) was EUR 21/MWh in 2014 (average), 22% lower than in 2013; the lowest level of around EUR 16/MWh was seen in June. The lower level in 2014 was due, in particular, to the fact that the weather was significantly warmer than normal throughout the year, which reduced demand and resulted in larger gas inventories than normal. In contrast, 2013 was characterised by a long, cold winter, where low gas storage levels contributed to keeping prices up. The political situation in Ukraine had no direct impact on gas supplies through Ukraine to the rest of Europe, but contributed to the general uncertainty about supplies to Europe.

Electricity prices

In 2014, the electricity price in the two Danish price areas averaged EUR 31/MWh, which was 21% lower than in 2013. The fall was primarily attributable to the fact that the weather was significantly warmer than normal, which reduced the demand, and the availability



Source: Argus

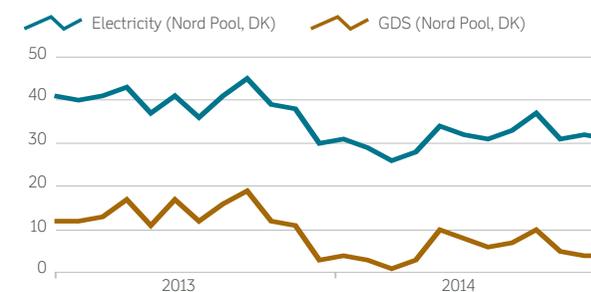
FINANCIAL PERFORMANCE AND OUTLOOK

of significantly more hydropower in the Nordic region than in 2013. Moreover, lower coal prices and increased electricity generation from renewable energy sources also contributed to lower electricity prices in all of Western Europe. In 2014, the price in Germany was EUR 33/MWh, representing a fall of 13% compared to 2013.

Spreads

In the Danish price areas, the green dark spread fell to EUR 5.3/MWh from EUR 12.8/MWh in 2013 as a result of the lower electricity prices and higher CO₂ prices, which, however, were partially offset by lower coal prices. The Dutch green spark spread was negative at EUR -2.6/MWh, marginally better than in 2013.

ELECTRICITY AND GREEN DARK SPREAD (GDS), EUR/MWh



Source: Nord Pool, Argus and ECX

HYDROLOGICAL BALANCE, Twh



Source: SKM Market Predictor

OUTLOOK

EBITDA for 2015

Business performance EBITDA is expected to total DKK 15.5-17.5 billion in 2015. The outlook is based on financial forecasts for the various business units and thus reflects expectations concerning production from existing and new assets, profits from construction contracts, the renegotiation of gas contracts, gains and lost EBITDA in connection with divestments, and the market price outlook.

A large portion of the price exposure for 2015 has been hedged using financial contracts to limit the impact of price fluctuations. As the impact of the price fluctuations on cash flows and profit after tax is reduced by the tax in the respective countries, the hedging of production volumes is after tax. The result is stable cash flows after tax. Hedging after tax means, however, that EBITDA is affected by price changes, even though most of the production has been hedged. The difference between the impact on cash flows after tax and EBITDA is particularly pronounced for the gas and oil activities in Norway, where the total tax rate is 78%.

The expectation reflects that EBITDA in 2015 will be negatively affected by the significant decline in oil and gas prices.

In Q1 and Q2 2015, EBITDA is expected to be lower than in the same quarters in 2014, as these were positively affected by gains on divestments in Wind Power.

Investments

Net investments for the 2015-2016 period are expected to total DKK 35-40 billion.

Capital structure

In 2015, funds from operations (FFO) to adjusted net debt is expected to be around 30% which is in line with the long-term target.

Outlook (5 February)	Guidance for 2015
EBITDA	DKK 15.5-17.5 billion
Net investments	DKK 35-40 billion (2015-2016)
FFO/adjusted net debt	~30%

Forward-looking statements

The annual report contains forward-looking statements, which include projections of short and long-term financial performance and targets. These statements are not guarantees of future performance and involve certain risks and uncertainties. Therefore, actual future results and trends may differ materially from what is forecast in this report due to variety of factors, including, but not limited to, changes in temperature, wind, and precipitation levels; the development in oil, gas, electricity, coal, CO₂, currency and interest rate markets; changes in legislation, regulation or standards; renegotiation of contracts; changes in the competitive environment in DONG Energy's markets; and security of supply. Reference is made to the Risk and risk management chapter and to note 6.



FINANCING AND LIQUIDITY

Capital base

At the end of 2014, DONG Energy's capital base totalled DKK 100 billion; it consists of equity, non-controlling interests, hybrid capital, bonds and bank loans. The overall objectives for the capital structure are a rating of Baa1/BBB+ and an FFO/adjusted net debt ratio of around 30%.

In 2014, the capital structure was strengthened through the injection of equity capital of DKK 13 billion from new investors, existing minority shareholders and employees. As a result of the capital increase and the divestment of assets, DONG Energy was able to prepay bank loans in the amount of DKK 6 billion.

The credit spread of DONG Energy's bonds was narrowed in 2014 – both in absolute terms and relative to similar bonds of other major European energy companies. At the end of 2014, the credit spread was among the lowest in the benchmark group.

Financing strategy

DONG Energy diversifies the raising of capital across several financing markets, lenders and maturities. To ensure flexible and efficient access to financing in the bond market, the Group has an EUR 7 billion bond programme (Euro Medium Term Note).

The Group's business units arrange financing on arm's length terms through an internal bank function in the parent company. The purpose is to ensure optimal terms and to maintain a simple and transparent capital structure. At the same time, uniform loan terms are made in relation to various financing institutions, and uniform loan documentation is ensured.

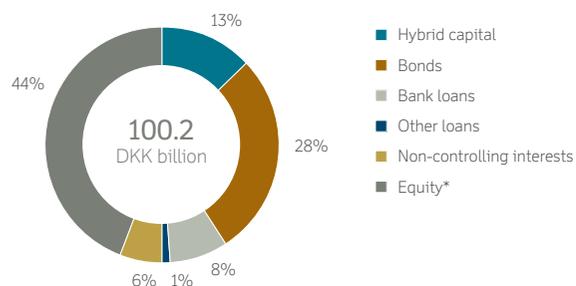
Cash management

DONG Energy has decided to maintain a solid liquidity reserve to ensure the robustness of its capital resources at all times and to limit the company's sensitivity to unrest in financial markets. The liquidity reserve consists of liquid assets, in the form of bank deposits and securities, as well as committed credit facilities from a group of strong Nordic and international banks. The cash resources are made available to the Group via the internal bank.

At the end of 2014, the freely available cash and cash equivalents and securities were at a relatively high level, DKK 28 billion, as a result of the above-mentioned injection of equity and the divestment of assets. Unutilised credit facilities amounted to DKK 17 billion.



CAPITAL BASE, at 31 December 2014



* Equity excluding hybrid capital and non-controlling interests

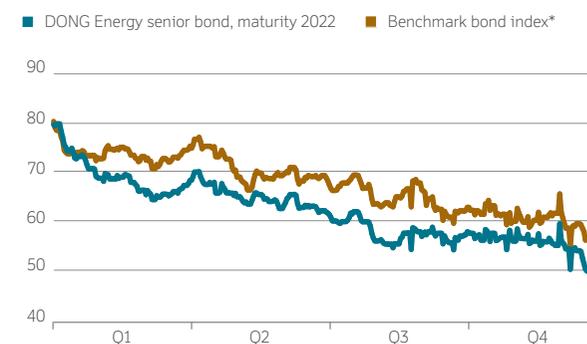
RATING

	Moody's	Standard & Poor's	Fitch
Rating	Baa1	BBB+	BBB+
Senior bonds	Baa1	BBB+	BBB+
Hybrid bonds	Baa3	BBB- / BB+	BBB-
Outlook	Stable	Stable	Stable
Latest update	May 2014	Jun 2014	Dec 2014

FINANCIAL CALENDAR 2015

Date	Activity
5 February	Annual report 2014
4 March	Annual General Meeting
28 April	Interim financial report Q1 2015
19 August	Interim financial report H1 2015
29 October	Interim financial report 9M 2015

SPREAD TO THE SWAP RATE (CREDIT MARGIN) MEASURED IN BASIS POINTS, 2014



* Composite index consisting of bonds in the same currency and with largely the identical maturity in large European energy companies.

RISK AND RISK MANAGEMENT

Risks are a natural part of DONG Energy's business activities and a precondition for being able to generate income and create value. Through risk management, risks are reduced to an acceptable level.

Risk management

DONG Energy develops, constructs and operates facilities for the production and sale of oil, gas, electricity and heat. Certain risks are inherent to this type of business, and a precondition for income generation. The purpose of the Group's risk management is to continuously identify, assess and manage financial and non-financial risks and reducing them to an acceptable level.

DONG Energy's income is to a large extent generated by single major assets, including not least the Ormen Lange gas field. However, the composition of the Group's energy portfolio contributes to robustness and to evening out the risks due to the different business drivers in the four business units. The energy portfolio risk is changed by investments in new assets as well as divestments. The impact of a given decision on the portfolio is therefore assessed in advance.

The Group works systematically with risks and follows a yearly plan according to which each business units and selected Group

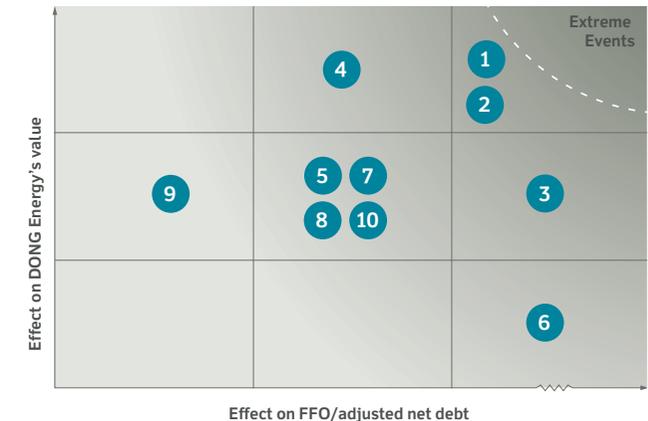
function identify and prioritise their business risks. An assessment is made of the potential financial impact of individual risks and of whether they are of a short-term, long-term or recurring nature. The risks are consolidated and then prioritised at Group level. The ultimate responsibility for the individual risks rests with a member of the Group Executive Management.

The ten most significant risks identified in connection with the autumn 2014 process are listed in the table below and are illustrated in the figure on the right based on their potential impact on DONG Energy's value and capital structure ratio in the next few years. The five most important risks are described on the following pages.

In addition, DONG Energy is exposed to risks entailing a very small probability of having a considerable impact on the Group's finances and/or reputation. These include, among other things, a 1,000-year storm, explosion or fire at or collision with offshore oil and gas installations, damage to pipes at the Nybro gas treatment plant, power station breakdowns and collapse of financial markets.

FINANCIAL PERFORMANCE AND OUTLOOK

TOP 10 RISKS - EFFECT ON DONG ENERGY'S VALUE AND CREDIT METRIC



DONG ENERGY'S 10 PRINCIPAL RISKS

2014 Rank	2013 Rank					
#1	(#1)	MARKET RISKS				
#2	(#2)	DEVELOPMENT AND CONSTRUCTION OF PRODUCTION ASSETS				
#3	(#5)	RENEGOTIATION OF OIL-INDEXED GAS CONTRACTS				
#4	(#2)	CONSUTRUCTION OF THE HEJRE PLATFORM				
#5	(#4)	RESERVES AND OPERATION OF GAS AND OIL FIELDS				
#6	(#9)	PARTNERSHIPS IN WIND POWER				
#7	(#10)	OFFSHORE WIND COST OF ELECTRICITY				
#8	(#4)	OPERATION OF WIND FARMS				
#9	(new)	OIL AND GAS RESERVES REPLACEMENT				
#10	(#6)	ECONOMIC SCHEMES IN WIND POWER				

- Short term risk
 - Long term risk
 - Recurring risk
 - Market risk
 - Operational risk
 - Regulatory risk
 - Risk affecting entire business
 - Level of possible management influence
- Low High

Read more about interest rate risk and liquidity risk in note 4, market risk and credit risk in note 6 and about personal safety on page 21.

RISK AND RISK MANAGEMENT

CONTINUED

Development in risks in 2014

In 2014, some risks were reduced while the potential financial impact of other risks developed unfavourably.

The events which entailed a risk reduction included the completion of the long-running repair of the Siri platform, the decision to reduce the scope of the exploration activities of the oil and gas business, an agreement on fixed tariffs (CfD) for the three UK offshore projects Burbo Bank Extension, Walney Extension and Hornsea and the passing of legislation which allows an hourly-based calculation of fuels and thus duties in connection with heat generation. Finally, the Group's financial foundations were strengthened by an injection of capital and significant divestments.

An unfavourable development was seen in the potential financial impact of risks no. 1, 2 and 5 from the list of the top-10 risks in the 2013 annual report. These are briefly described below.

Market risks (#1 in 2013 annual report): The development in energy prices in 2014 was unfavourable for DONG Energy. If remaining low, the declining gas and oil prices can have a particularly negative impact on long-term earnings. Measured in terms of profit after tax, the declining prices were of limited importance in 2014, when disregarding the derived impairment losses, but in terms of EBITDA they had a significant negative impact. This is due to the fact that the hedging of the oil and gas exposures is based on a tax-adjusted exposure to achieve the desired cash flow effect after tax. In addition, a negative impact was seen from the combination of gas prices falling more strongly than oil prices until September and not yet renegotiated oil-indexed gas contracts in 2014. This is due to the fact that the hedging is based on the expected price exposures at the time of completion of the renegotiations.

Development and construction of production assets (#2 in 2013): The Hejre and Laggan-Tormore developments were delayed due to challenges with the upper part of the platform and delays in the construction of the gas treatment plant in the Shetland Islands respectively. The construction of the foundations and the laying of cables to the offshore wind farms Borkum Riffgrund 1 and Westermost Rough progressed well, although the projects were challenged by delayed wind turbine deliveries in the second half of 2014.

Renegotiation of oil-indexed gas contracts (#5 in 2013): The renegotiation of one contract was finalised in 2014, which was less

than expected. The renegotiations have involved a lot of activity, but it has not been possible to agree on the historical and future purchase price. Some of the renegotiations have therefore ended in arbitration, which are not expected to be concluded until 2015 and 2016.

Top-5 risks for 2015

As was the case in 2013, two of the most important risks identified in connection with the risk process in autumn 2014 were market risks and development and construction of production assets.

The Hejre project has been singled out as a separate risk (#4 2014) due to the size of the project, problems in 2014 and the impact on earnings in the E&P business once production starts.

The renegotiation of oil-indexed gas contracts is considered the third-largest risk in 2015 due to the number of simultaneous renegotiations, and as the size of the expected lump-sum payments is increasing in step with the prolonged negotiations.

The last of the five risks described in more detail on the following pages is the uncertainty surrounding the oil and gas reserves and the gas and oil field operations.



RISK AND RISK MANAGEMENT

CONTINUED

1 MARKET RISKS

The management of DONG Energy's market risks is based on the Group's desire for stable and robust financial key ratios to ensure a solid foundation for the Group's growth strategy.

DONG Energy's most important market risks relate primarily to the volatile prices of oil, gas and electricity. In addition, uncertainty attaches to the size of the Group's energy exposure as a result of fluctuations in production volumes, uncertainty about future sales volumes and changes in the exposures in connection with the renegotiation of gas purchase contracts.

Energy price risks can be divided into direct price risks, where the exposure depends on a specific price, and spread risks, where the exposure depends on the difference between two or more prices. An example of direct price risks is the uncertainty about the price of the oil and gas produced by the Group's North Sea platforms, while spread risks relate, for example, to the production of electricity at a coal-fired power station, where earnings depend on the spread between the sales price of electricity and the purchase price of coal and carbon emission allowances (green dark spread). The direct price risks are normally considered to be greater than the spread risks, as the price of a particular commodity is typically more volatile than the difference between fully or partly co-variant energy prices.

Risk mitigation

To reduce the fluctuations in the Group's cash flows in the short and medium terms, hedging agreements are concluded within a risk management horizon of up to five years (currencies up to ten years). The energy price risks are hedged in accordance with the minimum hedging levels decided for each of the four business units. In the near future (the next two years), a high degree of hedging is wanted to secure results and cash flows, while the degree of hedging is lower in subsequent years. The approach is chosen partly because there is less certainty about long-term production volumes, and partly because the financial and physical markets for price hedging instruments are less liquid in the long term.

The hedging strategy thus ensures that energy price changes in the near future have only a limited impact on the Group's cash flows and financial results (after tax).

The Group's market risks in the long term (beyond the five-year horizon) are determined by the strategic choices made in respect of the composition of the Group's production assets and long-term physical contracts, and they cannot be controlled actively by the financial markets.

Energy and currency exposures are transferred from the individual business units to Customers & Markets and the Group's central finance department, where they are consolidated prior to hedging in the market, thus using the Group's natural internal hedges. For

FINANCIAL PERFORMANCE AND OUTLOOK

example, oil-indexed gas purchase contracts can contribute to reducing the long-term oil price exposure from the equity production of oil.

DONG Energy's consolidated exposures relative to oil-, gas- and electricity prices are shown in the figures below. For 2015-2019, oil, gas and electricity exposures after hedges total DKK 7.5 billion, DKK 11.3 billion and DKK 4.0 billion, respectively. The exposures of the individual business units are described in the following sections.

Exposure is calculated as the expected production (or net purchase/sale) times the forward price for the respective years. The oil and gas exposure is calculated on the basis of a reduced exposure volume to take into account the difference between the taxation of hydrocarbon income and hedging instruments. In addition, the exposure is determined on the basis of the expected exposure after renegotiation.

PRICE EXPOSURE, OIL, DKK billion



PRICE EXPOSURE, GAS, DKK billion



PRICE EXPOSURE, ELECTRICITY, DKK billion



RISK AND RISK MANAGEMENT

CONTINUED

Customers & Markets – Purchase and sale of energy

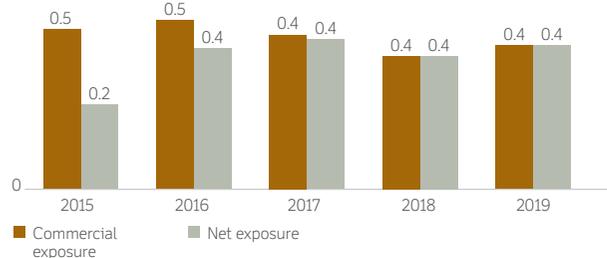
Customers & Markets' price exposure primarily originates from the purchase and sale of gas and electricity.

The price risk associated with the purchase and sale of gas results from differences in the indexing of sales and purchase prices. Both gas purchases and sales are expected to be increasingly indexed to pure gas prices, while the conventional indexing relative to oil is expected to fall. In 2014, oil-indexed gas sourcing accounted for 22% of total Customers & Markets gas sourcing. Risk management is based on the indexing which is expected to apply after completion of the current renegotiations of the oil-indexed gas purchase contracts. If the results of the renegotiations deviate from expectations, hedging transactions which have already been entered into may need adjusting.

The price risk associated with Customers & Markets' electricity purchases and sales is more easily calculated as it is constituted by the difference between the purchase and sale of fixed and variable power prices. The price risk relates primarily to timing differences between purchases and sales and is therefore considered to be limited.

For 2015-2019, the business unit's gas, oil and electricity exposures after hedges constitute DKK 2.1 billion, DKK 3.2 billion (short position) and DKK 0.2 billion (short position), respectively, DKK 5.5 billion in total.

PRICE EXPOSURE, THERMAL ELECTRICITY GENERATION, DKK billion



Exploration & Production – Equity production of gas and oil

Exploration & Production's price exposure originates from production of gas and oil.

The hedging of the gas and oil exposures is carried out after tax, including the special hydrocarbon tax, to achieve the desired stabilisation of cash flows after tax.

For 2015-2019, the gas and oil exposures amount to DKK 9.2 billion and DKK 10.7 billion, respectively, DKK 19.9 billion in total.

Thermal Power – Sale of thermal electricity generation

DONG Energy's power station portfolio consists of gas, coal and biomass-fired power stations in Denmark and a gas-fired power station in the Netherlands. The profitability of the individual power stations depends on the general supply and demand situation, the relative prices of the individual fuels, the price of carbon emissions as well as the varying production from renewable energy sources such as hydro, wind and solar power.

Risk management for the power stations is based on locking-in the contribution margin for future electricity generation by selling electricity while at the same time buying fuel and carbon emission allowances. Heat generation does not give rise to direct exposures as the associated costs are borne by the heating customers, but to indirect exposures as a large number of the Group's power stations generate both electricity and heating. The risk management horizon is three years

BREAKDOWN OF INCOME FROM OFFSHORE WIND ELECTRICITY GENERATION, %



FINANCIAL PERFORMANCE AND OUTLOOK

and thus shorter than for oil and gas due to lower liquidity in the market for electricity, coal and carbon price hedging instruments.

At the end of 2014, 47% of the expected thermal electricity generation in 2015 had been hedged. The total exposure after hedges associated with thermal electricity generation for the period 2015-2019 is DKK 1.9 billion.

Wind Power – Sale of electricity generation from wind turbines

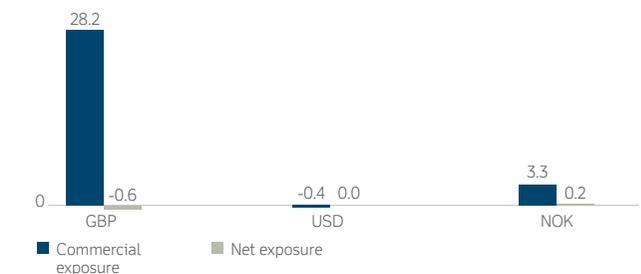
Earnings from the generation of electricity from offshore wind farms depends, in particular, on publicly regulated prices. The most important elements are fixed tariffs (Denmark, Germany and the UK) and guaranteed minimum prices for green certificates (the UK).

At the end of 2014, such fixed tariffs and guaranteed minimum prices accounted for 79% of the expected revenue from the wind power portfolio over the next five years.

The market price risk primarily concerns sales of electricity in the UK. It is regarded as a direct price risk and is managed with a time horizon of up to five years.

The exposure after hedges associated with electricity generation from renewable energy sources amounts to DKK 4.2 billion for the 2015-2019 period.

EXPOSURE, EXCHANGE RATES, DKK billion



RISK AND RISK MANAGEMENT

CONTINUED

Exchange rates

DONG Energy's international activities entail a financial risk in relation to exchange rate fluctuations. The most important currency risks relate to GBP, USD and NOK.

Currency exposures are calculated on the basis of relatively reliable expected cash flows, primarily derived from:

- Hedged energy exposures
- Green certificates and fixed tariff elements
- Investments and operating expenses paid in foreign currencies
- Loans raised in foreign currencies
- Unutilised tax deductions in foreign companies.

Currency exposures are calculated on an ongoing basis for the Group as a whole. The Group endeavours to minimise its exposures as much as possible.

The risk management horizon is up to ten years, and is based on maximum net exposure limits for each currency (except EUR), both aggregated and on an annual basis over the coming three years.

At the end of 2014, most of the total currency exposure for the next ten years had been hedged.

Market Trading

When the Group's desired hedging level has been determined, the Market Trading function in Customers & Markets is responsible for executing the necessary physical and financial energy transactions in the market. It is not always possible to hedge the transferred price risks in full. DONG Energy therefore has some remaining exposure resulting from these activities in the trading portfolio. The Market Trading function can also take positions in the market in order to make a profit on short-term fluctuations in energy prices. The trading activities takes place within mandates approved by the Board. Read more in note 2.5.

2 DEVELOPMENT AND CONSTRUCTION OF PRODUCTION ASSETS

DONG Energy's strategy covers the construction of large investment projects, especially in Wind Power and Exploration & Production. Value creation from new projects depends to a large extent on choosing the right technical and commercial solutions, on the design and construction phase progressing as planned, on avoiding investment budget overruns and on the timely start-up of production. In the

design and construction phases, the dependence on external suppliers is considerable.

Most of the new investments are made in offshore assets, which naturally increases risks in the construction phase. The nature of the seabed, weather conditions and dependence on installation vessels are some of the risks associated with the construction of offshore assets.

Risk mitigation

DONG Energy seeks to mitigate the risks by drawing on past experience, by entering into fixed contracts for a large proportion of its investment budgets before start-up and by including an appropriate contingency reserve.

3 RENEGOTIATION OF OIL-INDEXED GAS CONTRACTS

DONG Energy is party to a number of long-term gas purchase contracts. The contract price for most of these have historically been indexed to the oil price, which at the time of conclusion also reflected the selling price in relation to end-customers. However, the gas market has evolved in a way so that the oil price and the gas price no longer change in unison, and demand by end-customers is now primarily priced in relation to the market price on the liquid gas hubs. In recent years, the difference between the prices of purchase and sales contracts has led to losses.

Risk mitigation

DONG Energy is continuously renegotiating contracts to change the indexation to gas and reduce purchase prices. The outcome of the negotiations depends on the specific wording of the contracts. As the financial consequences of the outcome of the renegotiations are substantial, some of them have to be settled through arbitration. One contract was renegotiated in 2014.

4 CONSTRUCTION OF THE HEJRE PLATFORM.

Hejre is the first Exploration & Production development project involving a manned platform. It is also the Group's first high-pressure, high-temperature (HPHT) field.

FINANCIAL PERFORMANCE AND OUTLOOK

The field will have a significant impact on DONG Energy's EBITDA when production starts up, which is expected to be in 2017. In addition to the risks associated with the construction of the field, the reserve estimate can affect the value of the project considerably, as it is subject to some uncertainty.

Risk mitigation

DONG Energy has taken various steps to reduce the uncertainty pertaining to the reserve estimates, for example through the purchase of additional seismic data improving the understanding of the reservoir, thus enabling DONG Energy to optimise the location of wells and evaluate the potential of nearby areas.

To mitigate the risk, DONG Energy has also attached importance to the safety equipment on the platform having been tested before and to the developer having experience with HPHT.

5 RESERVES AND OPERATION OF GAS AND OIL FIELDS

The production of gas and oil is associated with a risk of production asset defects, of wells not delivering the expected volumes and of the costs associated with the operation of the field being higher than expected.

Most of DONG Energy's production of gas and oil comes from a small number of fields which deliver most of the production from a relatively limited number of wells. This entails a high degree of dependence on the individual fields and wells.

Risk mitigation

To reduce the uncertainty associated with operations and reserves, DONG Energy has adopted a strategy for the maintenance of all fields in its portfolio. This includes, for example, risk-based supervision and regular inspections of production equipment and facilities. To minimise problems associated with individual wells, production is monitored. Furthermore, regular analyses are carried out to establish how long the individual wells are expected to remain in production, and when it would be appropriate to invest in lifetime extensions. As regards the fields in which DONG Energy is a partner, the Group is actively engaged in considerations concerning risk management and maintenance of production equipment and facilities.

DONG Energy has decided to apply the 'Recommendations on Corporate Governance' prepared by the Danish Committee on Corporate Governance. The recommendations can be found at www.corporategovernance.dk.

Shareholders and capital structure

In February 2014, DONG Energy received a capital injection of DKK 13 billion from the investment bank Goldman Sachs and the Danish pension funds Arbejdsmarkedets Tillægspension (ATP) and PFA Pension Forsikringsaktieselskab as well as a number of the existing minority shareholders. At the same time, members of management and employees were invited to subscribe for shares in the company.

Active ownership

Developing and maintaining good relations with all stakeholders is part of DONG Energy's policies as such relations are considered essential to the company's development.

The company has adopted various policies on communications, HR, good business conduct, safety, tax and responsibility towards our customers and society in general.

As a general rule, the decision-making process at the company's

annual general meeting and on the Board of Directors follows the standard rules set out in the Danish Companies Act; however, in a number of specified areas Goldman Sachs enjoys extended minority shareholder protection.

Thus, amendments to the Articles of Association are subject to consent by Goldman Sachs as are certain decisions made by the Board of Directors. These include significant deviations from the business plan presented in connection with the new investors' investment in DONG Energy, including the start-up of activities in new business areas or in countries in which the Group is not present today. Included are also decisions concerning major acquisitions, divestments and investments that are not part of the business plan, large investments in Exploration & Production, significant issuances of new capital and hybrid capital, etc as well as changes to the registered members of the Executive Board.

Board of Directors

DONG Energy has a two-tier management structure, consisting of a Board of Directors and an Executive Board.

At the end of 2014, the Board of Directors had 11 members. Seven members are elected by the general meeting and four by

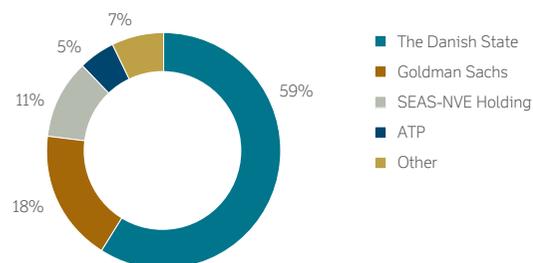
Recommendations on corporate governance

The company complies with 43 of the 47 recommendations set out in the 'Recommendations on Corporate Governance' and explains its non-compliance with the remaining four recommendations as follows:

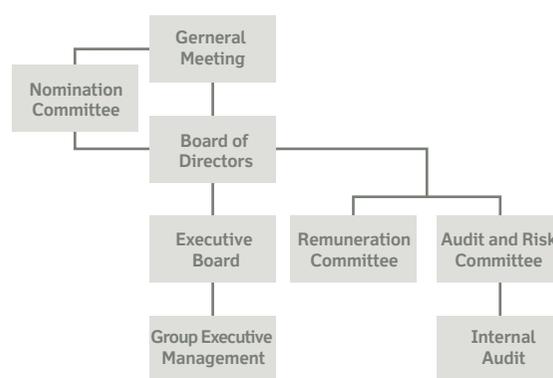
- Recommendation 1.3.1: The recommendation to set up contingency procedures in the event of takeover bids is not deemed to be relevant to DONG Energy as the company's shares are not listed on the stock exchange.
- Recommendation 3.1.4: DONG Energy does not comply with the recommendation to stipulate a retirement age for members of the Board of Directors in the articles of association. Age is one of several parameters included in the overall assessment of the members of the Board of Directors and new candidates.
- Recommendation 3.4.6: DONG Energy complies partially with the recommendation that a nomination committee be established. Most members of DONG Energy's nomination committee are appointed by the company's largest shareholders, and the committee is not involved in the appointment or assessment of the Executive Board. The committee is therefore composed differently and undertakes other tasks than the ones assumed in the recommendation.
- Recommendation 4.1.4: DONG Energy complies partially with the recommendation that any share-based incentive programmes be established as roll-over programmes and have a maturity of at least three years from the date of allocation. Based on discussions with the company's major shareholders, in 2014 DONG Energy established a share programme for the management which is based on a single subscription for shares and ongoing allocation in the period 2014-2017 of rights to free shares, which may be exercised in connection with an initial public offering or, at the latest, in 2019.

DONG Energy has decided to publish the statutory corporate governance report on the company's website (http://www.dongenergy.com/statutory_report_on_corporate_governance), see section 107b of the Danish Financial Statements Act. The statutory report shows the extent to which the company complies with each of the 47 recommendations

OWNERS AT 31 December 2014



MANAGEMENT BODIES AND COMMITTEES IN DONG ENERGY A/S



the employees. Moreover, in accordance with the company's Articles of Association, three observers have been appointed. The observers participate in the meetings of the Board of Directors and of the Board committees, but have no voting rights. Information about the members of the Board of Directors, including their present posts, other management positions, independence and special competencies, can be found on page 46-47.

The Board of Directors is responsible for the overall management of the company and is responsible for appointing a competent Executive Board. Furthermore, the Board sets the company's strategy and makes decisions concerning major investments and divestments, the capital base, key policies, control and audit matters, risk management and significant operational issues. The remit of the Board and its Chairman is set out in the Board's rules of procedure, which are reviewed and updated annually by the Board. DONG Energy attaches importance to the members of its Board having extensive knowledge and experience from management positions in major Danish and foreign companies covering a wide range of fields of activity, including fields directly related to the company's business areas. In 2014, the Board prepared a list of the competencies that should be represented on DONG Energy's Board. The list can be found at www.dongenergy.com/corporate_governance.

Every year, the Board carries out a structured self-evaluation, which is organised and managed by its Chairman. The evaluation focuses, among other things, on whether all the relevant competencies are represented on the Board, and on whether these competencies are being applied and developed in the Board's tasks. In addition, focus is on the working climate and the cooperation between the members of the Board and on the planning and performance of the duties of the Board.

The Board held eight meetings and one strategy seminar in 2014.

In 2014, the Board focused especially on the capital increase, safety, the progress of the Group's current investments, including in particular the Hejre project, as well as new capital investments, including the biomass conversion of Danish power stations, the Burbo Bank Extension offshore wind farm and the development of Glenlivet/Edradour.

Nomination Committee

A Nomination Committee is appointed after the annual general meeting each year, consisting of six members: the Chairman and Deputy Chairman of the Board of Directors and four members appointed by each of the four largest registered shareholders.

The Nomination Committee reviews the composition of the Board of Directors and recommends suitable candidates to the shareholders at the annual general meeting.

The committee held three meetings in 2014. The rules of procedure of the Nomination Committee can be found at dongenergy.com/corporate_governance.

Executive Board and Group Executive Management

CEO Henrik Poulsen and CFO Marianne Wiinholt are the registered members of the Executive Board of DONG Energy A/S. Information about the members of the Executive Board, including their previous employment and other executive functions, can be found on page 45.

The Board of Directors lays down detailed guidelines for the Executive Board, including the segregation of duties between the Board of Directors and the Executive Board and the latter's powers to enter into agreements on behalf of the company.

The Board of Directors carries out regular evaluations of the CEO's performance in connection with the follow-up on the company's development in relation to strategy and objectives. Once a year, the Chairman of the Board of Directors and the CEO evaluate the cooperation between the Board of Directors and the Executive Board, including their reporting and communications.

The Executive Board is responsible for the day-to-day management through the Group Executive Management, which, in addition to the members of the Executive Board, consists of the Executive Vice Presidents of the company's four business units.

Remuneration Committee

The Board of Directors has established a Remuneration Committee, consisting of its Chairman and two members of the Board of Directors. The members are elected for a term of one year at a time. The CEO and the Vice President of HR participate in the committee's meetings.

The committee assists the Board of Directors in the performance of its duties in connection with the preparation and imple-

mentation of the company's remuneration policy. The committee must among others, assess and prepare recommendations on the Group Executive Management's salary reviews, bonuses for the current and the coming year, the application of retention schemes for key personnel, the use of one-off payments and the use and introduction of new compensatory elements for members of the Group's Leadership Forum (top 350).

The committee held four meetings in 2014. The terms of reference of the Remuneration Committee can be found at dongenergy.com/corporate_governance.

Remuneration

The members of the Board of Directors receive a fixed remuneration, while the remuneration for the Group Executive Management comprises both fixed and incentive-based elements. The incentive-based remuneration consists of an annual variable cash payment (bonus), which is linked to the financial year, and a share-based incentive programme.

Bonus

The annual bonus scheme cannot exceed 30% of the fixed annual salary. The bonus targets for the Group Executive Management relate to the company's financial and commercial performance as well as the company's strategic focus on safety. Bonus targets support DONG Energy's long-term strategic objectives.

Performance is measured with reference to the return on capital employed (ROCE), the results of operations (FFO) and the reduction in the lost-time injury frequency (LTIF). In addition, individual strategic performance targets are defined, such as the implementation of specific development and construction projects.

The table shows the combination of these various types of bonus targets for the CEO and the CFO

BONUS TARGETS FOR CEO IN 2014

	2014
Return on capital employed (ROCE)	25%
Funds from operation – FFO	25%
Investment projects – On-time / On-budget	30%
Lost time injury frequency (LTIF)	20%

BONUS TARGETS FOR CFO IN 2014

	2014
Return on capital employed (ROCE)	25%
Funds from operation – FFO	25%
Finance deliverables to the Board	20%
Procurement savings	15%
Rating	15%

Share programme

As mentioned above, the Board of Directors is not comprised by any share-based incentive programmes in DONG Energy A/S. As employees in the Group, the employee representatives on the Board of Directors are, however, comprised by the general employee share programme described below.

The Executive Board is covered by a share programme for managers in DONG Energy, which was established in 2014 (see below).

Information on the remuneration paid to members of the Board of Directors and the Group Executive Management can be found on page 68-69. Information on the shareholdings in DONG Energy A/S of the registered members of the Executive Board as at 31 December 2014 can be found on page 70.

Share programme for management and employees

Through the share programme established in 2014, around 250 senior executives were invited to subscribe for shares in DONG Energy A/S for an amount equivalent to 60-100% of their fixed annual salary, depending on management level. The senior executives paid the same price as the new investors mentioned earlier. Other employees were invited to subscribe for shares for an amount of up to DKK 40,000 subject to a discount of 25% relative to the price paid by the new investors and the senior executives.

Either in the event of an IPO or in 2019 at the latest, managers and employees who have subscribed for shares will be entitled to a number of free shares, depending on the individual manager's or employee's share purchase and DONG Energy's financial performance benchmarked against ten comparable European energy companies during the period from November 2013 to the end of the share programme. The number of free shares cannot exceed 125% of the number of shares subscribed for by the individual manager

or employee in 2014. This maximum will apply if DONG Energy is rated first or second among the 11 companies included in the above benchmarking. If DONG Energy is number 11 in the benchmarking, no free shares are granted.

If the IPO is not completed, managers and employees may sell their shares, including free shares, back to the company at the fair market value determined by an independent third party. The granting of free shares is subject to the employees still being employed at the time of the IPO or up until 2019. If the contract of employment is terminated by DONG Energy or due to the employee retiring or taking early retirement, the employee will, however, retain the right to free shares. Managers will earn this right gradually during the 2014-2017 period.

Audit and Risk Committee

The Board of Directors has appointed an Audit and Risk Committee. It consists of three members appointed by the Board of Directors for one year at a time.

In March 2014, Benny D. Loft took over as chairman of the Audit and Risk Committee from Jakob Brogaard, who stepped down from the Board of Directors. From March to August 2014, Benny D. Loft was acting Chairman of the Board of Directors. This meant that during this period DONG Energy did not comply with the recommendation that the Chairman should not at the same time perform the duties of chairman of the Audit and Risk Committee.

The members meet the requirements concerning independence, experience and expertise, also within the field of accounting, set out in the Danish recommendations on corporate governance so that the committee as a whole possesses the necessary skills.

The Audit and Risk Committee assists the Board of Directors in overseeing the financial reporting process, financial and business-related risks, internal controls and compliance with statutory and other requirements from public authorities. Moreover, the committee decides the framework for the work of the company's external and internal auditors, evaluates the external auditors' independence and qualifications as well as monitoring the company's whistleblower scheme.

In 2014, the Board of Directors decided to expand the committee's areas of responsibility to also include the integrity of the company's corporate responsibility reporting; this is reflected in the committee's terms of reference.

In 2014, the Audit and Risk Committee devoted particular attention to the identification and management of IT risks, including critical infrastructure and to transparency, openness and integrity in relation to the company's tax payments in various countries (new tax policy).

Focus was also on compliance with the Board of Directors' investment mandates, assessment and management of guarantees in Wind Power partnership contracts and the statutory tendering of external auditing services.

The Audit and Risk Committee held five meetings in 2014. The committee's terms of reference can be found at dongenergy.com/corporate_governance.

Internal Audit

DONG Energy has an independent internal audit function (Internal Audit), which reports to the Audit and Risk Committee.

Internal Audit provides independent and objective auditing and consulting services that are designed to improve and streamline the company's processes and control environment, including IT. The primary focus is on financial and operational auditing and compliance auditing. In addition, since January 2014 Internal Audit has been responsible for receiving and handling whistleblower cases (see below).

To ensure that Internal Audit works independently of the Executive Board, the Audit and Risk Committee approves Internal Audit's functional description, audit plan and budget. The committee also prepares recommendations to the Board of Directors on the appointment and dismissal of the Chief Audit Executive.

Based on input from the Board of Directors, the Audit and Risk Committee, the Executive Board, the Group Executive Management and relevant senior executives, an annual audit plan is prepared. The plan is reviewed and approved by the Audit and Risk Committee. Internal Audit is responsible for planning, performing and reporting on the audit performed. The report contains observations and conclusions as well as suggestions for improvements to the internal controls within each of the audited areas. Furthermore, a report is prepared for the Board of Directors.

Internal Audit was established in April 2013; in June 2014 it was validated by the Institute of Internal Auditors (IIA). The validation is based on external quality control and confirms that Internal

CORPORATE GOVERNANCE

CONTINUED

Audit follows IIA's international standards for internal audit departments.

The validation ensures that the quality of the work performed by Internal Audit complies with the international requirements for a value-adding internal audit function.

Whistleblower procedure

DONG Energy has a whistleblower procedure, which provides employees and other persons associated with the company with an opportunity to report serious offences, including instances of bribery, fraud and other criminal conduct. The procedure is based on a system devised by an international company specialising in such schemes to ensure the highest levels of security and confidentiality. The system comprises a separate website, a 24-hour telephone hotline, online forms in all relevant languages as well as a case handling system.

The whistleblower procedure in its current form was established in January 2014. The changes to the existing arrangement were made with a view to strengthening the scheme and were announced in a comprehensive information campaign, which included posters, leaflets and articles on the Group's intranet.

Responsibility for the whistleblower procedure rests with the chairman of the Audit and Risk Committee, but the daily tasks are delegated to Internal Audit, where a small group of employees is responsible for receiving and handling reports. Internal Audit also receives similar reporting via the management system. An in-depth investigation is made of all relevant reports, and steps are consistently taken in response to inappropriate or illegal business conduct.

Internal Audit reports regularly and at least quarterly to the Audit and Risk Committee on the reports submitted either via the whistleblower scheme or via the management system as well as on any initiated and closed investigations resulting from this.

In 2014, six cases were reported which have been either partially or fully substantiated and which have all had consequences for the employment of the persons involved.

The cases related to credit card abuse, kick-backs from suppliers, breaches of confidentiality, conflicts of interest and questionable supplier agreements. Most of the cases concerned conduct in con-

travention of the company's policies and guidelines, whereas only a few cases concerned unlawful conduct as such.

None of the cases reported were critical to the business, and the cases have had no bearing on the Group's financial results. DONG Energy takes cases of this type very seriously and is focused on preventing similar cases from arising.

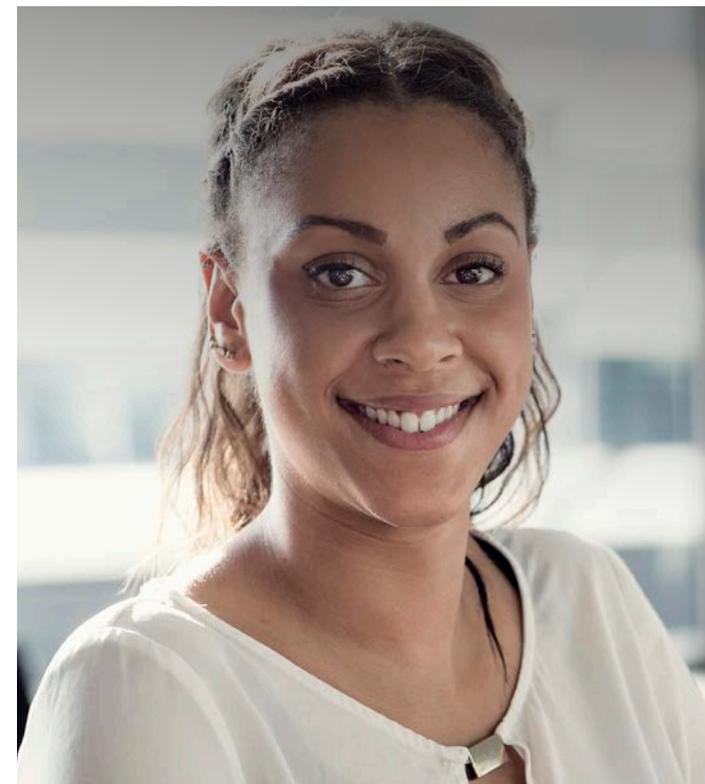
Diversity

DONG Energy wishes to promote a working culture based on mutual trust and respect and to be a workplace which is able to attract the right skills, irrespective of gender, age, ethnic background, religion, etc. This is based on a fundamental belief that diversity enhances value creation. Diversity is therefore one of the fundamental principles for the way in which DONG Energy goes about its business.

The share of female managers in the Group has been increasing in recent years; however, it still does not reflect the proportion of women in the Group. For this reason, the company has further strengthened its focus on women in management. As the most important step taken, the policy for women in management has been updated to include several focus areas within the marketing of DONG Energy as a workplace, recruitment, talent development and reporting. Initiatives to increase the number of women in management do not change the fact that skills will always be the deciding factor when recruiting and promoting employees in DONG Energy.

As regards the Board of Directors, the target is that at least two of the members elected by the annual general meeting should be women, corresponding to 25%. At the moment, one of the members of the Board of Directors elected by the general meeting is a woman. The target is expected to be reached in 2015.

The target is for an average of at least 30% of the members of the Boards of Directors of DONG Energy's Danish subsidiaries to be women in 2014. At the end of 2014, the average representation was 31%. A new target has been set for an average of at least 33% of the members of the Boards of Directors of DONG Energy's Danish subsidiaries to be women in 2017.



WOMEN IN MANAGEMENT

	31.12.13	31.12.14	2020 target
Managers, Top Management	14%	14%	>22%
Managers, Leadership Forum	17%	20%	>25%
Other managers	27%	24%	>32%

DONG Energy has set targets for female managers to be met in 2020 at the latest. The targets reflect a desire to be both ambitious and realistic, without forcing developments. In the course of 2014, Top Management had a 14% share of female managers, which is unchanged compared with 2013. At the same time, the share of female managers in Leadership Forum, the levels immediately below top management, increased to 20%. The share of other female leaders fell to 24%.

INTERNAL CONTROLS AND RISK MANAGEMENT IN RELATION TO FINANCIAL REPORTING

DONG Energy's internal controls are designed to ensure that material errors or irregularities in relation to the financial reporting are prevented or detected and corrected to ensure that the internal and external financial reporting gives a true and fair view

In 2014, the company worked to improve the process for identifying and assessing the risks associated with the financial reporting as well as the documentation of the relationship between the identified risks and the Group's key controls. In addition, the company has been involved in documenting DONG Energy's use of the COSO framework, including the identification of the most important key controls in accordance with the COSO principles.

In 2015, work on updating the company's policies and guidelines for internal controls will be performed, concurrently with the determination of responsibilities for key controls in cross-organisational processes.

Control environment

The Board of Directors and the Executive Board are ultimately responsible for the Group's risk management and internal controls in relation to its financial reporting, and approve DONG Energy's general policies. In this respect, important elements are ethics and integrity, as evidenced, among other things, in a policy on good business conduct.

The Audit and Risk Committee assists the Board of Directors in overseeing the financial reporting process and the most important risks involved in this. Furthermore, the Audit and Risk Committee oversees developments in the internal control and risk management systems as well as the business units' ongoing reporting on assessed risks and internal controls.

The Executive Board and the individual business units are responsible for the effectiveness of the internal control and risk management systems and for implementing controls aimed at mitigating the risks associated with the financial reporting.

This division of responsibilities results in an effective control environment in the Group.

Risk assessment

Once a year, a risk assessment is carried out focusing on the accounting items and areas which are associated with a special risk of material errors in the financial reporting. As risks vary between

the different business units, an assessment is performed for each of these, and an assessment is then carried out to establish which risks are material to the Group's internal and external financial reporting.

Accounting items based on estimates or complex processes are deemed to entail a greater risk of error.

The items and areas which are believed to be associated with the greatest risk of material errors having an impact on the financial statements are included in the internal control reporting to the management. The most high-risk accounting items and areas are listed below:

HIGH-RISK ACCOUNTING ITEMS AND AREAS

1. Construction contracts
2. Impairment of assets
3. Deferred tax
4. Useful lives of production assets
5. Financial instruments
6. Administrative IT-systems
7. Decommissioning obligations
8. Provisions and contingent liabilities
9. Fraud
10. Revenue

The high-risk accounting items which are based on the most critical accounting estimates and assessments are described in the notes to the financial statements for the Group.

As part of the risk assessment, the risk of fraud and the steps taken to mitigate this risk are considered. In this context, any possibilities for the day-to-day management to override the controls and manipulate the financial statements are also assessed. The risk assessment is reviewed by the Audit and Risk Committee.

Control activities

The controls in place are designed to prevent or detect and correct material errors in the financial statements, thereby reducing the risk

to an acceptable level. The controls are based on the risk assessment and include approvals, the segregation of functions, analyses, reconciliation, assessment and follow-up on targets and controls concerning IT applications and general IT controls. The controls are integrated into the Group's monthly financial reporting process.

The work to improve the documentation of the relationship between the identified risks associated with the financial reporting and the Group's key controls is supported by a new reporting tool.

Information and communications

DONG Energy's information and communications systems are designed to meet the reporting requirements applying to listed companies. An accounting manual, reporting instructions and guidelines on internal controls have been prepared in order to ensure that the financial reporting is carried out on a uniform basis and is of a high quality. These documents are available on the Group's intranet.

Monitoring

The business units' monthly financial reporting is analysed and monitored by their controllers and management. The business units' reporting and the overall consolidated financial statements are controlled at corporate level.

The business units report regularly on the performance and maturity of the Group's key controls. The persons responsible in the business units monitor the performance of the internal controls and each quarter submit a summary report on the internal controls to the Group. The reporting is supplemented by action plans for any identified weaknesses. Major initiatives, weaknesses and action plans are reported to the Audit and Risk Committee.

Documentation and structure

DONG Energy uses a common reporting tool to document and report on financial risks and the performance of key controls. The reporting from the business units forms the basis for the management's monitoring of the Group's internal controls and risk management.



The Group Executive Management included six members at the end of 2014. From the left: Thomas Dalsgaard (Thermal Power), Morten Hultberg Buchgreitz (Customers & Markets), Henrik Poulsen (Chief Executive Officer and President), Marianne Wiinholt (CFO), David Cook (Exploration & Production) and Samuel Leupold (Wind Power).

Henrik Poulsen

Registered with the Danish Business Authority as CEO
Chief Executive Officer (CEO) and President since August 2012
Education: MSc (Finance and Accounting), Aarhus School of Business 1994
Born 1967
Remuneration: DKK 10,950 thousand
Read more in note 2.6

Career and posts

1994-1995 Novo Nordisk A/S, Controller
1995-1996 Aarsø Nielsen & Partners, Senior Consultant
1996-1999 McKinsey & Co., Senior Engagement Manager
1999-2006 LEGO, VP, Business Development 1999-2000, SVP, Global Segment 8+ 2000-2002, SVP, Global Innovation and Marketing 2002-2003, Regional Managing Director, Europe and Asia 2004-2005, EVP, Markets and Products 2005-2006
2006-2008 Capstone/KKR, Operating Executive
2008-2012 TDC A/S, CEO and President
2012- DONG Energy A/S, CEO and President

Other management positions

Deputy Chairman:
Danfoss A/S

Member:
ISS A/S and one wholly-owned subsidiary, Chairman of the Audit Committee Danmark-Amerika Fondet

Member of the shareholders' Committee:
Danske Bank A/S

Adviser:
EQT Partners

Marianne Wiinholt

Registered with the Danish Business Authority as CFO
Chief Financial Officer (CFO) since October 2013
Education: MSc in Business Administration and Auditing, Copenhagen Business School 1990, State Authorised Public Accountant 1992
Born 1965
Remuneration: DKK 6,182 thousand
Read more in note 2.6

Career and posts

1987-1997 Arthur Andersen, Accountant
1997-2003 Borealis A/S, Head of Group Accounting, Controlling & Tax
2004-2006 DONG A/S, VP, Group Finance
2006- DONG Energy A/S, SVP, Group Finance 2006-2008, SVP, Group Finance and Head of Finance, Energy Markets 2008-2010, SVP, Head of Finance, Energy Markets 2010-2011, SVP, Head of Corporate Finance 2011-2013, SVP, CFO, Customers & Markets 2013, CFO 2013-

Other management positions

Member:
J. Lauritzen A/S, member of the Audit Committee

BOARD OF DIRECTORS

Name	Joined / Re-elected	Term of office expires	Present posts	Special competencies	Other management positions
 <p>Thomas Thune Andersen (Chairman since 2014) Born 1955 Not independent¹</p>	2014	2015		<ul style="list-style-type: none"> Knowledge and experience within all DONG Energy's principal business areas General management, safety management, risk management and stakeholder management 	<p>Chairman: Lloyds Register, DeepOcean Group. Deputy Chairman: VKR Holding A/S. Senior Independent Director: Petrofac Ltd.</p>
 <p>Jørn Peter Jensen (Deputy Chairman since 2014) Born 1964 Independent</p>	2010 / 2014	2015	<p>Carlsberg A/S and Carlsberg Breweries A/S, Deputy CEO and CFO</p>	<ul style="list-style-type: none"> General management, financial management, risk management, stakeholder management, human resources management and capital markets 	<p>Chairman, Deputy Chairman or Member: 16 wholly-owned subsidiaries of the Carlsberg Group in Denmark and abroad. Deputy Chairman or Member: Carlsberg Byen P/S and 6 wholly-owned subsidiaries. Chairman: Boliginteressentskabet Tuborg. Member: Danske Bank A/S. Member of the Committee on Corporate Governance.</p>
 <p>Hanne Sten Andersen (Employee representative) Born 1960 Not independent</p>	2007 / 2014	2018	<p>DONG Energy A/S, Lead HR Business Partner, Customers & Markets</p>	<ul style="list-style-type: none"> General management and human resources management 	
 <p>Poul Dreyer (Employee representative) Born 1964 Not independent</p>	2014	2018	<p>DONG Energy A/S, Technician, Customers & Markets</p>	<ul style="list-style-type: none"> Knowledge and experience within DONG Energy Customers & Markets 	
 <p>Pia Gjellerup Born 1959 Independent</p>	2012 / 2014	2015	<p>Center for Public Innovation, Center Director</p>	<ul style="list-style-type: none"> General management, financial management, stakeholder management and human resources management 	<p>Chairman: Vanførefonden. Member: Gefion Gymnasium, Fondet Dansk-Norsk Samarbejde, Fonden Rådmandsgade 34.</p>

¹ Thomas Thune Andersen is considered independent of shareholder interests. Due to his directorship in Petrofac Limited, and the fact that Petrofac in the past year has had significant business relations with DONG Energy, he is not considered independent pursuant to the Recommendations on Corporate Governance prepared by the Danish Committee on Corporate Governance.

BOARD OF DIRECTORS

CONTINUED

Name	Joined / Re-elected	Term of office expires	Present posts	Special competencies	Other management positions
 <p>Benny Gøbel (Employee representative) Born 1967 Not independent</p>	2011 / 2014	2018	DONG Energy A/S, Engineer, Thermal Power	<ul style="list-style-type: none"> ▪ Knowledge and experience within DONG Energy Thermal Power 	
 <p>Martin Hintze Born 1970 Independent</p>	2014	2015	Goldman Sachs International, Managing Director	<ul style="list-style-type: none"> ▪ General management, financial management, risk management, stakeholder management and capital markets 	<p>Member of Board of Directors and Advisory Committee: CEONA Holding Ltd.</p> <p>Member of Board of Management: Xella International Holding S.à r.l.</p> <p>Member of Advisory Board: Flint HoldCo S.à r.l.</p>
 <p>Benny D. Loft Born 1965 Independent</p>	2012 / 2014	2015	Novozymes A/S, Executive Vice President and CFO	<ul style="list-style-type: none"> ▪ General management, financial management, risk management, stakeholder management, human resources management and capital markets 	<p>Member: 6 wholly-owned companies in the Novozymes Group.</p> <p>Member and Chairman of the Finance and Audit Committee: New Xellia Group A/S.</p> <p>Member: Den Blå Planet.</p>
 <p>Poul Arne Nielsen Born 1944 Independent</p>	2006 / 2014	2015		<ul style="list-style-type: none"> ▪ Knowledge and experience within DONG Energy Customers & Markets ▪ General management, financial management, risk management and human resources management 	<p>Chairman: SEAS-NVE Holding A/S, SEAS-NVE A.m.b.a., Sjællandske Medier A/S, Dansk Energi.</p>
 <p>Jens Nybo Stilling Sørensen (Employee representative) Born 1968 Not independent</p>	2007 / 2014	2018	DONG Energy A/S, Port Specialist, Thermal Power	<ul style="list-style-type: none"> ▪ Knowledge and experience within DONG Energy Thermal Power ▪ General management, safety management and human resources management 	
 <p>Claus Wiinblad Born 1959 Independent</p>	2014	2015	ATP, Head of Danish Equities	<ul style="list-style-type: none"> ▪ Financial management and capital markets 	

INCOME STATEMENT

1 JANUARY – 31 DECEMBER

DKK million	Note	2014			2013		
		Business performance	Adjustments	IFRS	Business performance	Adjustments	IFRS
Revenue	2.1, 2.2	67,048	4,781	71,829	73,105	(906)	72,199
Cost of sales	2.3	(42,226)	(837)	(43,063)	(47,224)	101	(47,123)
Other external expenses	8.6	(7,147)		(7,147)	(6,955)		(6,955)
Employee costs	2.6	(3,336)		(3,336)	(3,491)		(3,491)
Share of profit (loss) from associates and joint ventures	3.3	(93)		(93)	(711)		(711)
Other operating income	2.4	2,466		2,466	705		705
Other operating expenses		(323)		(323)	(425)		(425)
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		16,389	3,944	20,333	15,004	(805)	14,199
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	2.1, 3.1	(17,566)		(17,566)	(12,963)		(12,963)
Operating profit (loss) (EBIT)		(1,177)	3,944	2,767	2,041	(805)	1,236
Gain (loss) on divestment of enterprises	3.6	1,258	(5)	1,253	2,045		2,045
Share of profit (loss) from associates and joint ventures	3.3	(484)		(484)	(57)		(57)
Financial income	4.4	5,261		5,261	3,273		3,273
Financial expenses	4.4	(6,971)		(6,971)	(7,073)		(7,073)
Profit (loss) before tax		(2,113)	3,939	1,826	229	(805)	(576)
Tax on profit (loss) for the year	7.1	(3,171)	(965)	(4,136)	(1,222)	207	(1,015)
Profit (loss) for the year		(5,284)	2,974	(2,310)	(993)	(598)	(1,591)
Profit (loss) for the year is attributable to:							
Shareholders of DONG Energy A/S				(2,976)			(2,327)
Coupon payments and bond discount after tax, hybrid capital				588			765
Non-controlling interests				78			(29)
Profit (loss) for the year				(2,310)			(1,591)

Business performance

For a description of business performance, please refer to page 50.

STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY – 31 DECEMBER

DKK million	Note	2014	2013
Profit (loss) for the year		(2,310)	(1,591)
Other comprehensive income ¹ :			
Hedging instruments:			
Value adjustments for the year		(303)	174
Value adjustments transferred to revenue		371	274
Value adjustments transferred to cost of sales			(7)
Value adjustments transferred to financial income and expenses, net		254	851
Tax on value adjustments of hedging instruments		(85)	(337)
Exchange rate adjustments:			
Exchange rate adjustments relating to net investments in foreign enterprises		1,663	(2,808)
Value adjustments of hedging thereof		(1,765)	2,180
Exchange rate- and value adjustments of hedging transferred to gain (loss) on divestment of enterprises		11	193
Tax on exchange rate adjustments		168	(94)
Change in tax rate			(60)
Other comprehensive income		314	366
Total comprehensive income		(1,996)	(1,225)
Total comprehensive income for the year is attributable to:			
Shareholders of DONG Energy A/S		(3,010)	(1,799)
Coupon payments and bond discount after tax, hybrid capital		588	755
Non-controlling interests		426	(181)
Total comprehensive income		(1,996)	(1,225)

¹ All items in other comprehensive income may be reclassified to the income statement.

ACCOUNTING POLICIES

Business performance

The purpose of DONG Energy's risk management is to ensure greater value creation and certainty about the Group's finances. This is done by hedging, in part or in full, the value of the Group's production as well as its purchases and sales of energy to avoid any impacts from unfavourable market price developments.

As hedging instruments are not always available which precisely match the underlying commercial exposure (production or trading), or which are sufficiently liquid, the Group engages in some hedging in alternative markets or subject to alternative time horizons. For example, electricity generation in Denmark is to some extent hedged by financial contracts for EEX and the Nord Pool areas as these prices normally develop uniformly over time.

The above has resulted in that only some of the Group's financial hedging transactions comply with the IFRS provisions concerning cash flow hedge accounting even though they have been entered into for that specific purpose. In case of non-compliance, the hedging transactions must be subjected to regular market value adjustments, which may give rise to considerable fluctuations in the income statement despite the fact that these transactions have reduced the economic risk.

Consequently, an alternative measure – business performance – is used to ensure greater transparency in the financial reporting. The business performance result is adjusted for temporary fluctuations in the market value of contracts (including hedging transactions) in respect of other periods and therefore reflects the financial effect of the Group's activities during the financial year.

For further information about economic hedging in accordance with business performance, see note 2.5.

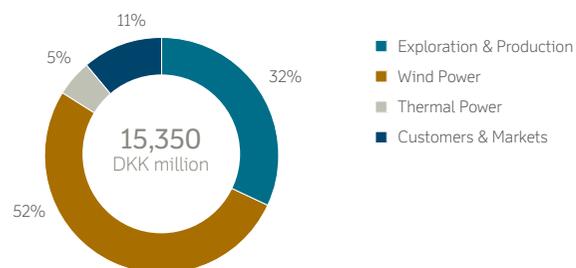
BALANCE SHEET

31 DECEMBER

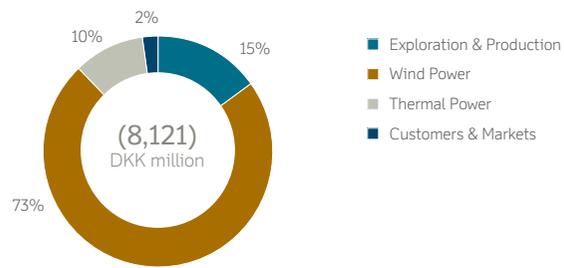
ASSETS

DKK million	Note	2014	2013
Intangible assets	3.1	1,369	2,167
Land and buildings	3.1	1,656	1,979
Production assets	3.1	65,517	67,758
Exploration assets	3.1	388	1,192
Fixtures and fittings, tools and equipment	3.1	291	296
Property, plant and equipment under construction	3.1	18,054	20,297
Property, plant and equipment		85,906	91,522
Investments in associates and joint ventures	3.3	1,315	2,013
Receivables from associates and joint ventures		1,018	933
Other securities and equity investments		242	261
Deferred tax	7.2	632	130
Other receivables	5.4	513	278
Other non-current assets		3,720	3,615
Non-current assets		90,995	97,304
Inventories	5.1	2,938	3,560
Derivative financial instruments	6.1, 8.3	11,193	9,147
Construction contracts	5.2	1,811	1,890
Trade receivables	5.3	8,346	8,875
Other receivables	5.4	3,357	4,929
Receivables from associates and joint ventures		100	506
Income tax		192	169
Securities	4.2	24,948	16,118
Cash	4.2	6,034	2,894
Current assets		58,919	48,088
Assets classified as held for sale		-	280
Assets		149,914	145,672

ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT, 2014



DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT, 2014



Additions and disposals, property, plant and equipment

In accordance with the adopted strategy, in 2014 DONG Energy made significant investments in property, plant and equipment.

The most important additions are the development of Hejre, Laggan-Tormore and Glenlivet-Edradour fields in E&P, as well as investments in offshore wind farms in the UK and Germany.

The most important disposals were made by Wind Power, which in 2014 divested shares in the London Array wind farm as well as the Westernmost Rough project in the UK and the Gode Wind 2 project in Germany.

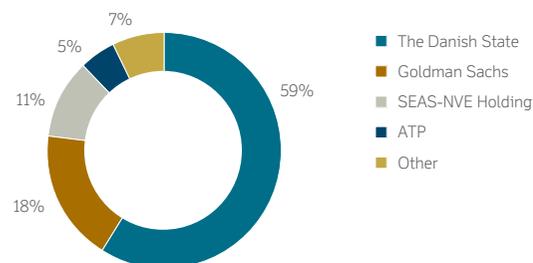
BALANCE SHEET

31 DECEMBER

EQUITY AND LIABILITIES

DKK million	Note	2014	2013
Share capital	8.1	4,177	2,937
Reserves		20,428	8,431
Retained earnings		17,131	20,231
Equity attributable to shareholders of DONG Energy A/S		41,736	31,599
Hybrid capital	8.2	13,236	13,236
Non-controlling interests	3.7	6,561	6,708
Equity		61,533	51,543
Deferred tax	7.2	4,281	5,496
Provisions	3.2	15,397	12,891
Bank loans and issued bonds	4.2	35,849	36,767
Other payables	5.5	4,599	3,958
Non-current liabilities		60,126	59,112
Provisions	3.2	537	719
Bank loans and issued bonds	4.2	208	9,389
Derivative financial instruments	6.1, 8.3	8,323	8,519
Construction contracts	5.2	1,667	415
Trade payables		9,031	7,329
Other payables	5.5	5,905	7,658
Income tax		2,584	986
Current liabilities		28,255	35,015
Liabilities		88,381	94,127
Liabilities relating to assets classified as held for sale		-	2
Equity and liabilities		149,914	145,672

OWNERS AT 31 December 2014



Ownership of DONG Energy

On 29 November 2013, an agreement was signed with Goldman Sachs, ATP and PFA concerning the injection of DKK 11 billion; in addition, four of DONG Energy's five existing minority shareholders decided to contribute an additional DKK 2 billion. The capital injection was implemented on 20 February 2014.

In 2014, DONG Energy's managers and employees were invited to subscribe for shares in the company. Managers and employees subscribed for shares at a total value of DKK 222 million.

STATEMENT OF CHANGES IN EQUITY

1 JANUARY – 31 DECEMBER

2014

DKK million	Share capital	Hedging reserve	Translation reserve	Share premium	Retained earnings	Equity attributable to shareholders of DONG Energy A/S	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2014	2,937	(722)	(95)	9,248	20,231	31,599	13,236	6,708	51,543
Comprehensive income for the year									
Profit (loss) for the year					(2,976)	(2,976)	588	78	(2,310)
Other comprehensive income:									
Hedging instruments		318				318		4	322
Exchange rate adjustments			(438)			(438)		347	(91)
Tax on other comprehensive income		(82)	168			86		(3)	83
Total comprehensive income	-	236	(270)	-	(2,976)	(3,010)	588	426	(1,996)
Transactions with owners:									
Coupon payments, hybrid capital							(754)		(754)
Tax on coupon and costs, hybrid capital							166		166
Dividends paid								(528)	(528)
Share-based payment					57	57			57
Shares issued	1,240			12,031	(264)	13,007			13,007
Disposals, non-controlling interests					83	83		(45)	38
Changes in equity in 2014	1,240	-	-	12,031	(124)	13,147	(588)	(573)	11,986
Equity at 31 December 2014	4,177	(486)	(365)	21,279	17,131	41,736	13,236	6,561	61,533

ACCOUNTING POLICIES

The hedging reserve comprises the accumulated net change in the fair value of hedging transactions that qualify for designation as hedges of future cash flows, and where the hedged transaction has yet to be realised, less the related tax.

The translation reserve comprises exchange differences arising on translation of the financial statements of foreign entities with a currency that is not the Group's functional currency, foreign exchange rate adjustments

relating to assets and liabilities that form a part of the Group's net investment in such entities, and foreign exchange rate adjustments relating to hedging transactions that hedge the Group's net investment in such entities, less the related tax. On realisation or partial realisation of the net investment, the foreign exchange rate adjustments are recognised in profit (loss) for the year under the item in which the gain or loss is recognised.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares in connection with capital increases. The reserve is part of DONG Energy's distributable reserves.

STATEMENT OF CHANGES IN EQUITY

1 JANUARY – 31 DECEMBER

2013

DKK million	Share capital	Hedging reserve	Translation reserve	Share premium	Retained earnings	Equity attributable to shareholders of DONG Energy A/S	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2013	2,937	(1,692)	347	9,248	22,581	33,421	9,538	7,057	50,016
Comprehensive income for the year									
Profit (loss) for the year					(2,327)	(2,327)	765	(29)	(1,591)
Other comprehensive income:									
Hedging instruments		1,299				1,299		(7)	1,292
Exchange rate adjustments		6	(294)			(288)		(147)	(435)
Tax on other comprehensive income		(339)	(94)			(433)		2	(431)
Change in tax rate		4	(54)			(50)	(10)		(60)
Total comprehensive income	-	970	(442)	-	(2,327)	(1,799)	755	(181)	(1,225)
Transactions with owners:									
Coupon payments, hybrid capital							(675)		(675)
Bond discount and costs, hybrid capital							(304)		(304)
Tax on coupon and costs, hybrid capital							224		224
Additions, hybrid capital							8,825		8,825
Disposals, hybrid capital							(5,127)		(5,127)
Dividends paid								(319)	(319)
Additions, non-controlling interests					(23)	(23)		151	128
Changes in equity in 2013	-	970	(442)	-	(2,350)	(1,822)	3,698	(349)	1,527
Equity at 31 December 2013	2,937	(722)	(95)	9,248	20,231	31,599	13,236	6,708	51,543

STATEMENT OF CASH FLOWS

1 JANUARY – 31 DECEMBER

DKK million	Note	2014	2013
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		20,333	14,199
Change in derivative financial instruments and loans, business performance adjustment	2.5	(3,944)	805
Change in derivative financial instruments and loans, other adjustments		682	1,324
Change in provisions		(445)	(241)
Other items		209	1,424
Change in net working capital	5.6	3,023	(2,054)
Interest income and similar items		4,569	3,304
Interest expense and similar items		(5,634)	(6,176)
Income tax paid	7.1	(3,835)	(2,856)
Cash flows from operating activities		14,958	9,729
Purchase of intangible assets and property, plant and equipment		(14,631)	(21,039)
Sale of intangible assets and property, plant and equipment		7,495	3,981
Acquisition of enterprises	3.4	(429)	
Divestment of enterprises	3.6	3,133	9,184
Acquisition of other equity investments			(8)
Disposal of other equity investments			1,991
Purchase of securities		(22,983)	(13,569)
Sale/maturation of securities		12,653	12,365
Change in other non-current assets		(179)	41
Financial transactions with associates and joint ventures		130	532
Dividends received and capital reduction	4.3	15	39
Cash flows from investing activities		(14,796)	(6,483)
Proceeds from capital increase		13,007	
Proceeds from raising of loans		520	4,722
Instalments on loans		(9,338)	(11,157)
Coupon payments on hybrid capital	4.3	(754)	(675)
Repurchase of hybrid capital			(695)
Proceeds from issuance of hybrid capital			4,094
Transactions with non-controlling interests	3.7	(621)	(474)
Change in other non-current liabilities		89	353
Cash flows from financing activities		2,903	(3,832)
Net change in cash and cash equivalents		3,065	(586)
Cash and cash equivalents at 1 January	4.2	1,431	1,952
Net change in cash and cash equivalents		3,065	(586)
Change in cash classified as held for sale		29	93
Exchange rate adjustments of cash and cash equivalents		245	(28)
Cash and cash equivalents at 31 December		4,770	1,431

ACCOUNTING POLICIES

Cash flows from operating activities are determined using the indirect method as operating profit (loss) before depreciation, amortisation and impairment losses adjusted for changes in provisions, prepayments and deferred income, value adjustments of financial instruments, etc., change in net working capital, interest received and interest paid, and income tax paid. Trade payables relating to purchases of intangible assets and property, plant and equipment are not recognised in change in net working capital.

Other items primarily comprise reversal of gain on divestment of assets, reversal of share of profit (loss) of and dividends in associates and joint ventures, reversal of drilling expenses charged to the income statement, changes in bad debt provisions and changes in prepayments and deferred income.

Cash flows from investing activities comprise payments in connection with the purchase and sale of intangible assets, property, plant and equipment and other non-current assets, and purchase and sale/maturation of securities that are not recognised as cash and cash equivalents as well as payments in connection with the divestment of enterprises and activities.

Cash flows from financing activities comprise changes in the size or composition of the share capital and hybrid capital, expenses associated with such changes, and dividend payments to owners and coupon payments on hybrid capital. Cash flows from financing activities also include raising of and instalments on loans, transactions with non-controlling interests, and changes in other non-current payables.

Cash flows in currencies other than the functional currency are translated at the average exchange rates for the month in question, unless these differ significantly from the rates at the transaction date.

1 BASIS OF REPORTING

In preparing the annual report, emphasis has been placed on ensuring that the content is relevant to the reader and the presentation clear

IN THIS SECTION

- 1.1 Consolidated financial statements
- 1.2 Foreign currency translation
- 1.3 Implementation of new standards and interpretations
- 1.4 New standards and interpretations
- 1.5 Definitions of performance highlights

In preparing the consolidated financial statements, a number of accounting estimates and judgements have been made.

Management regularly reassesses these estimates and judgements, partly on the basis of historical experience and a number of other factors in the given circumstances.

Critical accounting estimates made in connection with the financial reporting are set out in the following notes:

- 2.2 Revenue
- 3.1 Impairment test, intangible assets and property, plant and equipment
- 3.1 Useful lives of production assets
- 3.2 Decommissioning obligations
- 3.2 Onerous contracts
- 3.2 Litigations
- 3.3 Investments in associates and joint ventures
- 3.6 Divestment of enterprises
- 5.2 Construction contracts
- 7.2 Deferred tax

ACCOUNTING POLICIES

The financial statements for the period 1 January – 31 December 2014 comprise the consolidated financial statements of DONG Energy A/S and its subsidiaries (the Group) as well as separate financial statements for the parent company, DONG Energy A/S. Reference is made to page 128 for the parent company's accounting policies.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

The consolidated financial statements have also been prepared in accordance with Danish disclosure requirements for annual reports of listed and state-owned public limited companies.

The financial statements are presented in million Danish kroner (DKK), unless otherwise stated.

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, financial instruments in trading portfolio, financial instruments classified as available for sale and CO₂ emissions allowances in trading portfolio that are measured at fair value.

The accounting policies have been applied consistently to the financial year and the comparative figures.

The accounting policies applied to the consolidated financial statements as a whole are described below, while the remaining accounting policies are described in the notes to which they relate.

The descriptions of accounting policies in the statements and notes form part of the overall description of accounting policies:

▪ Statement of changes in equity	
▪ Statement of cash flows	
▪ Segment information	note 2.1
▪ Revenue	note 2.2
▪ Trading portfolio and hedging of EBITDA	note 2.5
▪ Share-based payment	note 2.7
▪ Intangible assets and property, plant and equipment	note 3.1
▪ Provisions and contingent assets and liabilities	note 3.2
▪ Investments in associates and joint ventures	note 3.3
▪ Divestment of enterprises	note 3.6
▪ Non-controlling interests	note 3.7
▪ Interest-bearing debt	note 4.1
▪ Financial resources	note 4.2
▪ Financial income and expenses	note 4.4
▪ Inventories	note 5.1

▪ Construction contracts	note 5.2
▪ Trade receivables	note 5.3
▪ Hedge accounting and economic hedging	note 6.1
▪ Credit risks	note 6.3
▪ Deferred tax	note 7.2
▪ Equity	note 8.1
▪ Hybrid capital	note 8.2
▪ Operating lease obligations	note 8.7

1.1 CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the parent company DONG Energy A/S and subsidiaries controlled by DONG Energy A/S.

Enterprises in which the Group holds or has the ability to exercise, directly or indirectly, between 20% and 50% of the voting rights, but does not exercise control, are accounted for as associates. However, this is based on a specific assessment of the possibility of exercising influence. Any such enterprises that satisfy the criteria for joint control are instead accounted for as investments in joint ventures.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements prepared in accordance with the Group's accounting policies. Intragroup income and expenses, shareholdings, balances and dividends as well as realised and unrealised gains and losses arising from intragroup transactions are eliminated on consolidation. Unrealised gains resulting from transactions with associates and joint ventures are eliminated to the extent of the Group's ownership interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains to the extent that there has been no impairment.

The Group's share in joint operations is recognised in the consolidated balance sheet through recognition of the Group's own assets and liabilities and income and expenses. The Group's share of joint income and expenses and assets and liabilities is then recognised. The proportionate share of realised and unrealised gains and losses arising from intragroup transactions between fully consolidated enterprises and joint operations is eliminated.

1.2 FOREIGN CURRENCY TRANSLATION

For each reporting enterprise in the Group, items are determined in the currency of the primary economic environment in which the individual reporting enterprise operates (functional currency). Transactions in currencies other than the functional currency of each enterprise are accounted for as transactions in foreign currencies and translated on initial recognition at the exchange rate at the transaction date. Exchange differences

arising between the exchange rate at the transaction date and at the date of payment are recognised in profit (loss) for the year as financial income or expenses.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rate at the balance sheet date and at the date at which the receivable or payable arose is recognised in profit (loss) for the year as financial income or expenses.

For foreign subsidiaries, joint operations and associates and joint ventures, the statements of comprehensive income are translated at monthly average exchange rates in so far as these do not deviate materially from the actual exchange rates at the transaction dates. Balance sheet items are translated at the exchange rates at the balance sheet date. All exchange differences are recognised in profit (loss) for the year, except for exchange differences arising on:

- translation of the opening equity of these enterprises at the exchange rates at the balance sheet date
- translation of the statements of comprehensive income of these enterprises from the exchange rates at the transaction date to the exchange rates at the balance sheet date
- translation of balances accounted for as part of the total net investment
- translation of the portion of loans and derivative financial instruments that has been entered into to hedge the net investment in these enterprises and that provides an effective hedge against corresponding foreign exchange gains (losses) on the net investment in the enterprise.

The above types of exchange differences are recognised in other comprehensive income. Such foreign exchange rate adjustments are allocated between the parent company's and the non-controlling interests' equity.

When a foreign entity is disposed of, in full or in part, and control is lost, or when balances that are considered part of the net investment are repaid, the share of the accumulated exchange rate adjustments, including any associated hedging, that is recognised directly in equity relating to that foreign entity is reclassified to profit (loss) for the year together with any gain or loss on disposal. The part of the translation reserve that relates to non-controlling interests is not transferred to profit (loss) for the year.

On partial disposal of foreign subsidiaries that does not result in a loss of control, a proportionate share of the translation reserve is transferred from the parent company shareholders' share of equity to the non-controlling interests' share of equity.

Repayment of balances that are considered part of the net investment does not constitute a partial disposal of the subsidiary.

1. BASIS OF REPORTING

CONTINUED

1.3 IMPLEMENTATION OF NEW STANDARDS AND INTERPRETATIONS

In 2014, DONG Energy implemented the following standards (IASs and IFRSs) and interpretations (IFRICs), effective for reporting periods beginning on or after 1 January 2014:

- Amendments to IFRS 10, IFRS 12 and IAS 27 relating to investment entities. The amendment exempts enterprises that meet the definition of an investment entity from the requirement for consolidation of subsidiaries.
- Amendment to IAS 32 concerning financial instruments. The amendment provides an additional guidance on the offsetting of financial assets and liabilities.
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement. The amendment means that replacing a hedging instrument counterparty (novation) with a so-called clearing counterparty is not to be regarded as expiration or cancellation of the instrument if such transfer is a consequence of laws or regulations or the introduction of laws or regulations.
- IFRIC 21 Levies. The interpretation provides guidance on when to recognise a liability for levies imposed by a government, and which are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
- Amendments to IAS 19 Employee Benefits. The amendments mean that contributions that are linked to service must be attributed to periods of service as a reduction of service cost if the amount of the contributions is independent of the number of years of service or pay level.
- Annual improvements 2010-2012, which concern amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.
- Annual improvements 2011-2013, which concern amendments to IFRS 1, IFRS 3, IFRS 8, IFRS 13 and IAS 40.

The implementation of the amended standards in the consolidated financial statements for 2014 has not had any impact on DONG Energy's consolidated financial statements for 2014.

1.4 NEW STANDARDS AND INTERPRETATIONS

IASB has issued a number of new or amended accounting standards and interpretations which have yet to be adopted by the EU and are consequently not relevant for 2014:

- IFRS 9 Financial instruments: Classification and measurement of financial assets and liabilities. The number of categories of financial assets is reduced to three: amortised cost, fair value or fair value through other comprehensive income. Fair value changes in financial liabilities arising from changes in own credit risk must be recognised in other comprehensive income. In addition, IFRS 9 includes simplified provisions concerning the possibility of using hedge accounting. In future, companies will only be required to perform efficiency tests and prepare a statement on the actual efficiency.
- IFRS 14 Regulatory Deferral Accounts. New standard on regulatory assets and regulatory liabilities in connection with the transition to IFRS.
- IFRS 15 Revenue: New standard on revenue recognition. In the new standard, the model for recognising revenue is changed from having been based on the transfer of the risks and rewards of ownership of a product or service to being based on the transfer of control of the goods or services transferred to the customer. The underlying principle is that recognition of revenue must reflect the transfer of goods or services from a company to a customer at the time of the sale.
- Annual improvements 2012-2014, which concern amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

The new or amended standards and interpretations are not mandatory in connection with the financial reporting for 2014. DONG Energy expects to implement the standards and interpretations from their mandatory effective dates.

A performed analysis of the revenue streams in DONG Energy has been made with a view to assessing whether the implementation of IFRS 15 will have a significant impact on the recognition of revenue in DONG Energy. The analysis shows that the implementation of IFRS 15 will not have a significant impact on the recognition of revenue in DONG Energy.

An analysis of the effect of implementing IFRS 9 in DONG Energy has been started. This analysis has not yet been completed. The implementation of IFRS 9 is expected to have an effect on DONG Energy's consolidated financial statements.

DONG Energy has initiated assessments of the impact of the other amended standards and interpretations and expects that these will not have a significant impact on the financial reporting.

1. BASIS OF REPORTING

CONTINUED

1.5 DEFINITIONS OF PERFORMANCE HIGHLIGHTS

EBITDA adjusted for current hydrocarbon tax	Hydrocarbon tax is a result of the Group's oil and gas extraction.	Adjusted operating profit (loss)	EBIT adjusted for current hydrocarbon tax plus profit from associates and joint ventures that are not part of the Group's principal activities, less interest element of provisions.
Gross investments	Cash flows from investing activities, excluding dividends received from associates, joint ventures and equity investments, purchase and sale of securities, loans to joint ventures and joint operations, and divestment of assets and enterprises.	Capital employed (CE)	Non-interest-bearing net assets corresponding to non-interest-bearing assets less non-interest-bearing liabilities.
Net investments	Gross investments less divestment of assets and enterprises. To/from this is added/deducted acquired/transferred debt in connection with acquisitions and divestment of enterprises, and deducted non-controlling interests' share of investments in fully consolidated investment projects, and deducted the selling price of non-controlling interests.	Average capital employed	$\frac{\text{CE beginning of year} + \text{CE year-end}}{2}$
Funds from operation (FFO)	Supplementary concept for cash flows from operating activities determined as EBITDA less interest expense (net) on interest-bearing net debt and hybrid capital (50%), interest element of decommissioning obligations and current tax. In addition, operating lease obligations have been recognised as if they were finance lease obligations, where operating lease payments have been reversed, and calculated interest expense of the present value of lease payments has been deducted.	Return on capital employed (ROCE)	$\frac{\text{Adjusted operating profit (loss)}}{\text{Average capital employed}}$
		Adjusted ROCE	$\frac{\text{Adjusted operating profit (loss)} + \text{impairment losses for the year} + \text{provisions for onerous contracts}}{\text{Average capital employed} + \text{impairment losses for the year after tax}}$
		Proposed dividend per share (DPS) of DKK 10	$\frac{\text{Total proposed dividend}}{\text{Number of shares year-end}}$
		Payout ratio	$\frac{\text{Total proposed dividend}}{\text{Profit (loss) for the year attributable to shareholders}}$
Adjusted interest-bearing net debt	Interest-bearing net debt plus 50% of the hybrid capital, cash, cash equivalents and securities not available for use with the exception of repo transactions, present value of lease obligations (operating lease obligations calculated as if they were finance lease obligations), and decommissioning obligations less deferred tax.	Average number of shares	$\frac{1}{\text{Number of days}} \times \sum_{i=1}^{\text{Number of days}} X_i$
FFO to adjusted interest-bearing net debt	$\frac{\text{FFO}}{\text{Adjusted interest-bearing net debt}}$	Net working capital	Inventories, trade receivables, receivables from associates and joint ventures and other operating current assets less trade payables and liabilities to associates and joint ventures and other operating current liabilities.
Free cash flow to the company (FCF)	Cash flows from operating activities less gross investments.	Net working capital, excluding trade payables relating to capital expenditure	Net working capital excluding trade payables relating to purchases of intangible assets and property, plant and equipment.

2 RETURN ON CAPITAL EMPLOYED

DONG Energy has a strategic target of increasing the return on capital employed (ROCE) to at least 10% in 2016 and at least 12% in 2020

IN THIS SECTION

- 2.1 Segment information
- 2.2 Revenue
- 2.3 Cost of sales
- 2.4 Other operating income
- 2.5 Trading portfolio and hedging of EBITDA
- 2.6 Employee costs
- 2.7 Share-based payment

-5,721m

Adjusted operating loss is DKK 5,721 million in 2014

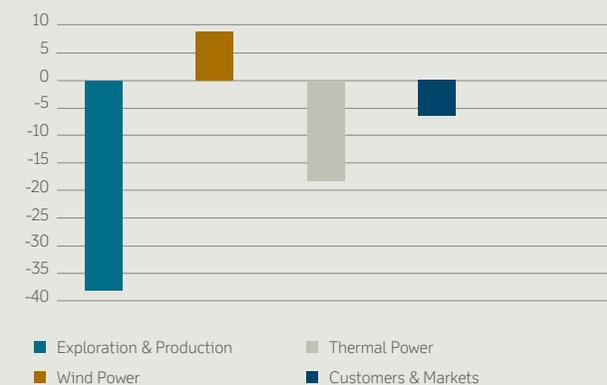
ADJUSTED OPERATING PROFIT (LOSS), business performance

DKK million	2014	2013
EBITDA	16,389	15,004
Depreciation, amortisation and impairment losses	(17,566)	(12,963)
Operating profit (loss) (EBIT)	(1,177)	2,041
Share of profit (loss) from associates and joint ventures	(484)	(57)
Hydrocarbon tax, current	(3,526)	(1,105)
Interest element of provisions	(534)	(501)
Adjusted operating profit (loss)	(5,721)	378

-8.0%

Return on capital employed (ROCE) is -8.0% in 2014

RETURN ON CAPITAL EMPLOYED (ROCE), business performance, %



2.1 SEGMENT INFORMATION

Management has defined the Group's business segments based on the reporting regularly presented to the Group Executive Management, and which forms the basis for management's strategic decisions.

The primary measure of performance used by management is EBITDA, while EBIT is used as the secondary measure of performance.

Reportable segments comprise the following products and services:

Exploration & Production

Oil and gas exploration and production in Denmark, Norway, the UK, the Faroe Islands and Greenland as well as an ownership interest in the

Gassled gas pipeline network connecting the Norwegian fields with the European continent and the UK.

Wind Power

Development, construction and operation of offshore wind farms in Denmark, the UK, Germany and the Netherlands.

Thermal Power

Generation and sale of electricity and heat from thermal power stations in Denmark and a gas-fired power station in the Netherlands, and owner-

ship of a demonstration plant for production of second-generation bioethanol in Denmark.

Customers & Markets

Sale of electricity, gas, climate partnerships and related energy products in Denmark, Sweden, Germany and the UK as well as operation of the Group's electricity, gas and oil infrastructure in Denmark. The segment is also responsible for optimising the value of DONG Energy's overall energy portfolio and executing the Group's hedging strategy.

ACTIVITIES 2014	Exploration & Production	Wind Power	Thermal Power	Customers & Markets	Reportable segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
DKK million									
External revenue	5,768	7,920	6,207	46,897	66,792	256	67,048	4,781	71,829
Intragroup revenue	8,243	1,808	131	1,158	11,340	(11,340) ¹			
Revenue	14,011	9,728	6,338	48,055	78,132	(11,084)	67,048	4,781	71,829
Cost of sales	(911)	(3,424)	(4,372)	(44,383)	(53,090)	10,864	(42,226)	(837)	(43,063)
Fixed costs ²	(4,516)	(2,149)	(1,680)	(2,279)	(10,624)	141	(10,483)		(10,483)
Other operating income and expenses	41	127	50	39	257	(6)	251		251
Gain (loss) on divestment of non-current assets	(34)	1,870	84	(28)	1,892		1,892		1,892
Investments in associates and joint ventures		(95)	2		(93)		(93)		(93)
EBITDA	8,591	6,057	422	1,404	16,474	(85)	16,389	3,944	20,333
Depreciation and amortisation	(3,922)	(2,574)	(1,405)	(1,321)	(9,222)	(20)	(9,242)		(9,242)
Impairment losses	(8,108)			(216)	(8,324)		(8,324)		(8,324)
Operating profit (loss) (EBIT)	(3,439)	3,483	(983)	(133)	(1,072)	(105)	(1,177)	3,944	2,767
Adjusted operating profit (loss)	(7,238)	3,395	(1,020)	(756)	(5,619)	(102)	(5,721)	3,944	(1,777)
Capital employed	17,539	38,701	4,837	9,902	70,979	(5,468)	65,511	-	65,511
Return on capital employed (ROCE)³	(37.9)%	8.6%	(18.1)%	(6.2)%	(7.4)%		(8.0)%		

¹ Of which elimination of intragroup revenue accounts for an outflow of DKK 13,250 million.

² Includes employee costs and other external expenses

³ Return on capital employed (ROCE) is calculated as adjusted operating profit (loss)/average capital employed

Oil and gas exploration expenses of DKK 1,206 million were recognised in Exploration & Production (2013: DKK 1,823 million). At 31 December 2014, assets and liabilities relating to oil and gas exploration amounted to DKK 486 million and DKK 316 million, respectively (2013: DKK 5,743

million and DKK 597 million, respectively). Operating and investing activities related to oil and gas exploration absorbed cash of DKK 928 million and DKK 404 million, respectively (2013: DKK 3,514 million and DKK 1,082 million absorbed, respectively).

2.1 SEGMENT INFORMATION

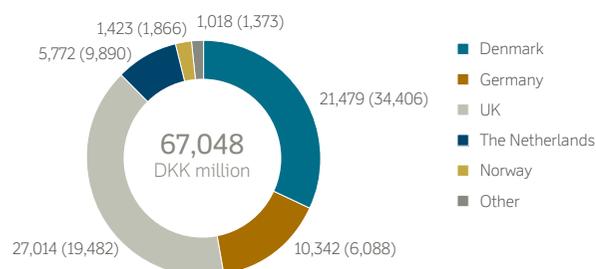
CONTINUED

ASSETS 2014	Exploration & Production	Wind Power	Thermal Power	Customers & Markets	Reportable segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
DKK million									
Net working capital	113	(403)	(76)	(669)	(1,035)	(177)	(1,212)		(1,212)
Net working capital excluding trade payables, non-current assets	1,226	794	30	(669)	1,381	(178)	1,203		1,203
Gross investments	(5,032)	(7,827)	(725)	(1,739)	(15,323)	(36)	(15,359)		(15,359)
Segment assets	47,532	76,416	13,569	57,797	195,314	(46,224) ¹	149,090		149,090
Deferred tax	1,732	501	710	226	3,169	(2,537)	632		632
Income tax receivable	80	539	30	1,217	1,866	(1,674)	192		192
Total assets	49,344	77,456	14,309	59,240	200,349	(50,435)	149,914	-	149,914

¹ Of which elimination of intragroup assets accounts for an outflow of DKK 151,674 million.

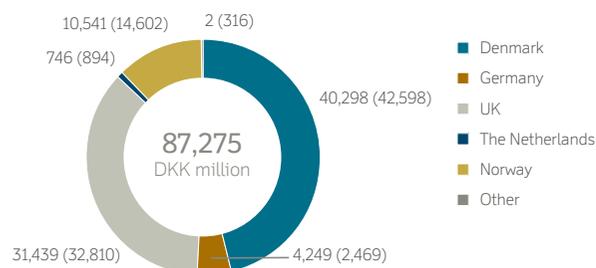
GEOGRAPHICAL INFORMATION

REVENUE, DKK million, 2014 (2013)²



² Revenue determined based on business performance.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, DKK million, 2014 (2013)



A significant part of the Group's sales takes place via power exchanges and gas hubs in Europe, the physical location of which does not reflect the Group's market risks. Segment revenue is broken down, as far as possible, by the customer's geographical location based on supply point. However, when delivery is made directly from production platforms in the North Sea, the final supply point is not known to DONG Energy. In such cases, the customers' geographical location is defined on the basis of invoicing address.

Non-current assets are broken down geographically based on the physical location of the assets and comprise intangible assets and property, plant and equipment.

No single customer accounts for more than 10% of consolidated revenue.

ACCOUNTING POLICIES

Segment assets and segment liabilities are measured in accordance with the accounting policies applied in the consolidated financial statements.

The Group presents an alternative performance measure, business performance, in connection with the statement of profit (loss) for the year. The accounting policies for business performance are explained on page 50, to which reference is made.

Segment income, segment expenses, segment assets and segment liabilities are those items that, in the internal management reporting, are directly attributable to the individual segment or can be indirectly allocated to the individual segment on a reliable basis. Other activities primarily comprise income and expenses, assets and liabilities, investing activities, taxes, etc. that are not directly employed by the individual segment in its operating activities. Intersegment transactions are priced on arm's length terms.

2.1 SEGMENT INFORMATION

CONTINUED

ACTIVITIES 2013

DKK million	Exploration & Production	Wind Power	Thermal Power	Customers & Markets	Reportable segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
External revenue	4,550	10,102	10,117	48,165	72,934	171	73,105	(906)	72,199
Intragroup revenue	7,794	1,858	(459)	1,498	10,691	(10,691) ¹			
Revenue	12,344	11,960	9,658	49,663	83,625	(10,520)	73,105	(906)	72,199
Cost of sales	(684)	(4,915)	(7,071)	(44,887)	(57,557)	10,333	(47,224)	101	(47,123)
Fixed costs ²	(4,433)	(1,900)	(1,918)	(2,435)	(10,686)	240	(10,446)		(10,446)
Other operating income and expenses	97	(313)	73	6	(137)	5	(132)		(132)
Gain (loss) on disposal of non-current assets		131	3	1	135	277	412		412
Investments in associates and joint ventures		(710)	(1)		(711)		(711)		(711)
EBITDA	7,324	4,253	744	2,348	14,669	335	15,004	(805)	14,199
Depreciation and amortisation	(2,925)	(2,020)	(1,546)	(1,429)	(7,920)	(35)	(7,955)		(7,955)
Impairment losses	(3,663)	(339)	(1,000)	(6)	(5,008)		(5,008)		(5,008)
Operating profit (loss) (EBIT)	736	1,894	(1,802)	913	1,741	300	2,041	(805)	1,236
Adjusted operating profit (loss)	(598)	1,779	(1,861)	758	78	300	378	(805)	(427)
Capital employed	20,663	39,935	6,412	14,551	81,561	(4,216)	77,345		77,345
Return on capital employed (ROCE)³	(3.1)%	4.6%	(18.2)%	4.8%			0.5%		

¹ Of which elimination of intragroup revenue accounts for an outflow of DKK 12,554 million

² Includes employee costs and other external expenses

³ Return on capital employed (ROCE) is calculated as adjusted operating profit (loss)/average capital employed

ASSETS 2013

DKK million	Exploration & Production	Wind Power	Thermal Power	Customers & Markets	Reportable segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
Net working capital	17	2,208	83	1,653	3,961	(1,362)	2,599		2,599
Net working capital excluding trade payables, non-current assets	1,016	2,727	116	1,653	5,512	(1,362)	4,150		4,150
Gross investments	(9,610)	(9,485)	(680)	(1,447)	(21,222)	(12)	(21,234)		(21,234)
Segment assets	38,628	66,880	15,367	50,256	171,131	(25,758) ⁴	145,373		145,373
Deferred tax	354	470	888	464	2,176	(2,046)	130		130
Income tax receivable	47	509	411	303	1,270	(1,101)	169		169
Total assets	39,029	67,859	16,666	51,023	174,577	(28,905)	145,672	-	145,672

⁴ Of which elimination of intragroup assets accounts for an outflow of DKK 110,989 million

2.2 REVENUE

DKK million	Business performance		IFRS	
	2014	2013	2014	2013
Sales of gas	26,261	33,635	27,849	33,041
Sales and distribution of oil	5,634	4,995	5,634	4,995
Sales of electricity	22,409	18,775	22,960	18,963
Sales of district heat	2,302	2,729	2,302	2,729
Distribution and storage of gas	967	1,150	967	1,150
Distribution of electricity	4,183	3,999	4,183	3,999
Construction contracts	2,897	5,612	2,897	5,612
Trading activities, net	365	(310)	365	(310)
Economic hedging, net	(673)	(220)	2,342	(416)
Hedge accounting, net			(373)	(304)
Other revenue	2,703	2,740	2,703	2,740
Revenue	67,048	73,105	71,829	72,199

Of the total revenue of DKK 71,829 million (2013: DKK 72,199 million), DKK 65,136 million (2013: DKK 65,802 million) represents revenue from sale of goods, while DKK 6.693 million (2013: DKK 6.397 million) represents revenue from sale of services.

ACCOUNTING POLICIES

Revenue from sales of gas, sales and distribution of oil, distribution and storage of gas, and sales and distribution of electricity and heat is recognised in profit (loss) for the year when delivery and transfer of risk to the buyer have taken place and to the extent that the income can be measured reliably and is expected to be received. Revenue is measured at the fair

value of the agreed consideration excluding VAT and other indirect taxes collected on behalf of third parties. All forms of discounts granted are recognised as revenue.

Revenue from the Group's offshore wind farms comprises sale of electricity at market prices and regulated prices (fixed tariffs and guaranteed minimum prices for green certificates), which is recognised at the production date.

Construction contracts are recognised as revenue as the work is performed to the effect that revenue corresponds to the selling price of the work performed during the year (percentage of completion method). When the outcome of a construction contract cannot be estimated reliably, revenue is recognised to the extent of costs incurred that it is probable will be recoverable.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In connection with the determination of revenue, the accrual of revenue relating to sales of electricity and gas to residential and business customers is subject to considerable uncertainty due to the fact that customers' realised consumption can only be verified through meter readings, which are not available at the date of presentation of the annual report. Revenue is recognised on the basis of statements that take account of relevant factors, such as for example realised temperatures of the month as well as the individual customer's historical consumption at the particular time of the year.

2.3 COST OF SALES

DKK million	Business performance		IFRS	
	2014	2013	2014	2013
Gas	17,560	26,260	18,284	26,084
Electricity	12,835	6,949	12,872	6,949
Coal	1,188	1,707	1,188	1,707
Biomass	1,231	1,270	1,231	1,270
Oil	88	209	88	209
Transportation costs etc	5,339	4,678	5,339	4,678
Economic hedging, net	234	311	310	387
Hedge accounting, net				(1)
Costs associated with construction contracts	2,650	4,189	2,650	4,189
Other cost of sales	1,101	1,651	1,101	1,651
Cost of sales	42,226	47,224	43,063	47,123

2.4 OTHER OPERATING INCOME

DKK million	2014	2013
Gain on divestment of assets	2,177	451
Adjustment of decommissioning obligations	15	64
Miscellaneous operating income	274	190
Other operating income	2,466	705

Gain on divestment of assets in 2014 consists primarily of the gain from the divestment of 50% of DONG Energy's ownership interest in the UK offshore wind farm London Array, and the gain from the divestment of 50% of the UK offshore wind farm project Westermost Rough.

Gain on divestment of assets in 2013 consists primarily of the gain from the sale of the office premises in Gentofte.

Adjustment of decommissioning obligations relates to production assets with a carrying amount of nil as a result of the assets having been fully depreciated.

2.5 TRADING PORTFOLIO AND HEDGING OF EBITDA

DONG Energy's activities in the financial markets mean that the Group is affected by changes in energy prices and related exchange rates. DONG Energy engages in hedging to reduce this risk to an acceptable level.

DONG Energy also has a trading portfolio for the purpose of generating gains from short-term fluctuations in energy prices. Trading activities are carried out within mandates approved by the Board of Directors.

DONG Energy's hedging of energy prices and the associated currency risk and trading portfolio can be broken down as follows:

ACCOUNTING POLICIES

Fair value adjustments of financial contracts offered to customers with a view to price hedging and financial instruments that have been entered into to hedge the Group's principal operating activities are recognised as revenue or cost of sales. Likewise, fair value adjustments of physical and financial contracts relating to energy that are concluded in the course of the Group's trading activities with a view to generating gains from short-term price fluctuations are recognised as revenue.

DKK million	Economic hedging ¹ and commercial contracts				2014		Economic hedging ¹ and commercial contracts				2013	
	Contractual principal amount ²	Fair value	Contractual principal amount ²	Fair value	Contractual principal amount ²	Fair value	Contractual principal amount ²	Fair value	Contractual principal amount ²	Fair value	Contractual principal amount ²	Fair value
Energy												
Oil swaps	463	(194)	104	75	567	(119)	4,150	(190)	301	112	4,451	(78)
Oil options					-	-	173	(2)	49	(1)	222	(3)
Gas swaps	24,777	3,661	1,115	165	25,892	3,826	26,719	353	819	160	27,538	513
Gas options	624	21	177	(3)	801	18						
Electricity swaps	6,948	1,269	232	76	7,180	1,345	5,211	704	2,537	247	7,748	951
Electricity options	580	(83)	24		604	(83)	1,627	(358)	70	5	1,697	(353)
CO ₂ emissions allowances			102	(42)	102	(42)			15	(1)	15	(1)
Coal	987	(255)	11		998	(255)	1,600	(214)	92	(52)	1,692	(266)
Currency												
Forward exchange contracts ³	20,406	(651)			20,406	(651)	5,775	(142)			5,775	(142)
Options					-	-	2,165	(121)			2,165	(121)
Total	54,785	3,768	1,765	271	56,550	4,039	47,420	30	3,883	470	51,303	500

¹ Economic hedging is accounted for in accordance with business performance as effective hedging, and the resulting market value adjustment is consequently deferred to the period in which the hedged transaction affects profit (loss).

² The contractual principal amount has been determined as the net position per derivative type.

³ In connection with the transition to business performance, cash flow hedging ceased in accordance with IFRS. The market value of hedging contracts recognised in equity was locked and transferred to the income statement during the period in which the hedged exposure occurs. Ceased cash flow hedging is expected to impact EBITDA by DKK 5 million in 2015 (EBITDA impact in 2014 totalled DKK 371 million).

2.5 TRADING PORTFOLIO AND HEDGING OF EBITDA CONTINUED

The business performance results have been adjusted for temporary fluctuations in the market value of contracts (including hedging transactions) relating to other periods and therefore represent the underlying financial performance of the Group in the reporting period.

The difference between IFRS and business performance is specified in the table. Market value adjustments in respect of a future period totalled DKK 5,662 million (2013: loss of DKK 162 million) and primarily relate to hedging of gas and electricity.

Deferred gains of DKK 1,718 million were recognised in 2014 (2013: losses of DKK 643 million) and primarily relate to gains on hedging of gas and electricity, partly offset by coal hedging. Such deferred gains were previously recognised in IFRS EBITDA.

Total difference deferred to a future period

Results deferred for recognition in the business performance results in a subsequent period are specified in the table on the right.

At 31 December 2014, a gain of DKK 3,299 million had been deferred (2013: DKK 884 million loss), which will affect business performance EBITDA in subsequent years. Of the total deferred gain, business performance EBITDA is expected to be affected by DKK 1,729 million in 2015 (2013: DKK 723 million loss in 2014).

SPECIFICATION OF THE DIFFERENCE BETWEEN EBITDA ACCORDING TO BUSINESS PERFORMANCE AND ACCORDING TO IFRS

DKK million	2014	2013
EBITDA – business performance	16,389	15,004
Market value adjustments for the year of financial and physical hedging contracts relating to a future period	5,662	(162)
Gains/losses deferred from previous years relating to contracts, where the hedged production or trade is recognised in business performance EBITDA for the period	(1,718)	(643)
Total adjustments	3,944	(805)
Amount recognised as revenue	4,781	(906)
Amount recognised as cost of sales	(837)	101
EBITDA – IFRS	20,333	14,199

EXPECTED DATE OF TRANSFER TO EBITDA

DKK million	2015	2016	after 2016	Deferred for subsequent recognition at 31 December 2014	2014	2015	after 2015	Deferred for subsequent recognition at 31 December 2013
Oil	(415)	182	39	(194)	(117)	(54)	(106)	(277)
Gas	2,027	1,093	548	3,668	93	125	135	353
Electricity	398	146	(63)	481	(99)	(55)	(333)	(487)
Coal	(187)	(66)	(2)	(255)	(164)	(47)	(3)	(214)
Currency	(94)	(138)	(169)	(401)	(436)	20	157	(259)
Total	1,729	1,217	353	3,299	(723)	(11)	(150)	(884)

2.6 EMPLOYEE COSTS

DKK million	2014	2013
Wages, salaries and remuneration	3,985	4,011
Share-based payment	57	
Pensions	351	343
Other social security costs	139	129
Other employee costs	49	58
Employee costs before transfers to assets	4,581	4,541
Transfers to assets	(1,245)	(1,050)
Employee costs	3,336	3,491

Pension plans and number of employees

DONG Energy's pension plans are primarily defined-contribution plans that do not commit DONG Energy beyond the amounts contributed. The defined-benefit plans relate to obligations to pay a defined benefit to a few power station employees that are no longer with the company and to public servants taken over from municipally owned regional companies. In 2014, these obligations amounted to DKK 12 million (2013: DKK 13 million).

In 2014, the average number of employees in DONG Energy was 6,416 (2013: 6,692 employees).

Remuneration of Group Executive Management

The remuneration of the Group Executive Management is based on a fixed salary, including personal benefits such as a company car, free telephone, etc., a variable salary, share-based payment and pension for the other members of the Group Executive Management.

Members of the Group Executive Management whose contracts of service are terminated by the company will be entitled to 24 months' pay, including pension, made up of salary during their notice period (12 months) and a termination payment (12 months).

In 2013, Carsten Krogsgaard Thomsen received salary during his notice period (18 months) and a termination payment (12 months). In addition, a termination payment was granted to Anders Eldrup equivalent to 21.5 months' remuneration.

EXECUTIVE BOARD

DKK '000	Henrik Poulsen		Marianne Wiinholt (joined in October 2013)		Carsten Krogsgaard Thomsen (departed in October 2013)		Anders Eldrup (departed in March 2012)		Executive Board Total		Other members of the Group Executive Management ²	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Fixed salary	8,695	8,614	4,728	1,152		4,004			13,423	13,770	15,100	14,803
Variable salary	1,569	2,131	1,013	253		714			2,582	3,098	6,215	2,685
Share-based payment	684		439						1,123	-	640	
Pension	2	2	2	1		1			4	4	2,194	1,997
Salary during notice period ¹						9,084			-	9,084		2,264
Termination payment						4,680		8,710	-	13,390		3,494
Total	10,950	10,747	6,182	1,406	-	18,483	-	8,710	17,132	39,346	24,149	25,243

¹ Comprises salaries, bonus and pension and is recognised at the departure date

² Other members of the Group Executive Management: David Cook (joined in December 2014), Samuel Leopold (joined in March 2013), Thomas Dalsgaard, Morten Hultberg Buchgreitz (joined in March 2013), Lars Clausen (departed in May 2013) and Søren Gath Hansen (departed in December 2014). The variable salary paid to other members of the Group Executive Management includes salary relating to changes to the Executive Board of Exploration & Production.

2.6 EMPLOYEE COSTS

CONTINUED

BOARD OF DIRECTORS

DKK '000	Board of Directors remuneration	Audit and Risk Committee	Remuneration Committee	2014	2013
Thomas Thune Andersen	208		21	229	
Jørn P. Jensen	269	12		281	225
Pia Gjellerup	175		35	210	200
Martin Hintze ¹					
Benny D. Loft	310	88		398	225
Poul Arne Nielsen	175			175	175
Claus Wiinblad	146	42		188	
Hanne Sten Andersen	175			175	175
Poul Dreyer	131			131	
Benny Gøbel ²	189			189	225
Jens Nybo Stilling Sørensen	175			175	175
Mogens Vinther (departed in March 2014)	44			44	175 ³
Jytte Koed Madsen (departed in March 2014)	44			44	175
Jacob Brogaard (departed in March 2014)	75	25	6	106	376
Fritz H. Schur (departed in March 2014)	125		13	138	550
Lars Nørby Johansen (departed in April 2013)				-	212
Jens Kampmann (departed in April 2012)				-	44
Lars Rebien Sørensen (departed in April 2012)				-	17
Total	2,241	167	75	2,483	2,949

¹ Martin Hintze has waived his right to receive directors' remuneration

² Benny Gøbel has received DKK 175 thousand as a member of the Board of Directors of DONG Energy A/S and DKK 14 thousand (2013: DKK 50 thousand) as a member of the Board of Directors of DONG Energy Thermal Power A/S

³ Mogens Vinther also received separate compensation of DKK 24 thousand.

No remuneration has been paid to the Board representatives (Chairman and Deputy Chairman) on the Nomination Committee.

No agreements on termination payments to Board members have been made, and no termination payments have been made to members of the Board of Directors. Remuneration of the Board of Directors comprises salaries only.

The Board of Directors' shareholdings in DONG Energy A/S

As part of the share programme, the employee representatives on the Board of Directors Hanne Sten Andersen, Benny Gøbel, Poul Dreyer and Jens Nybo Stilling Sørensen in 2014 each subscribed for 372 shares. Other Board members do not hold any shares in the company.

2.7 SHARE-BASED PAYMENT

New share programme in 2014

The Executive Board is covered by a share programme for managers in DONG Energy, which was established in 2014. Through the share programme, around 250 senior employees were invited to subscribe for shares in DONG Energy A/S for an amount equivalent to 60-100% of their annual salary, depending on their level of seniority. Other employees were invited to subscribe for shares in DONG Energy A/S for a nominal value of up to DKK 40,000 subject to a discount of 25% relative to the price paid by the new investors and the senior executives.

Either in the event of an IPO or in 2019 at the latest, managers and employees who have subscribed for shares will be entitled to a number

of free shares (restricted shares), depending on the individual manager's or employee's share purchase and DONG Energy's financial performance benchmarked against 10 comparable European energy companies during the period from November 2013 to the end of the share programme. The number of free shares cannot exceed 125% of the number of shares subscribed for by the individual manager or employee in 2014. This maximum will apply if DONG Energy's performance is rated first or second among the 11 companies included in the above benchmarking. If DONG Energy is rated number 11 in the benchmarking, no free shares will be granted.

If the IPO does not go through, managers and employees may sell

their shares, including free shares, back to the company at the fair market value determined by an independent third party. The granting of free shares is subject to the employees still being employed at the time of the IPO or up until 2019. If the contract of employment is terminated by DONG Energy or due to the employee retiring or taking early retirement, the employee will, however, retain the right to receive free shares. Managers will earn this right gradually during the 2014-2017 period.

Restricted shares

The maximum number of free shares allocated under the share programme if all associated conditions are met can be specified as follows:

	Executive Board	Other members of the Group Executive Management	Senior executives	Other employees	Total	% of total share capital
Maximum number of restricted shares ('000)						
Awarded during the year	119	80	1,356	1,370	2,925	0.7 %
Cancelled				(41)	(41)	0.0 %
Total outstanding restricted shares	119	80	1,356	1,329	2,884	0.7 %
Market value of outstanding restricted shares at the time of granting (DKKm)	8	5	87	85	185	

Valuation of restricted shares at the time of granting

The market value of restricted shares at the time of granting is calculated using a Monte Carlo simulation. The calculation of market value is based on the following assumptions:

	Time of granting 2014
Share price	DKK 107.25
Average volatility, peers	27.2%
Volatility, DONG Energy	27.2%
Estimated dividend per share	DKK 7.1
Risk-free interest rate	0.8% p.a.
Expected term	4.2 years

ACCOUNTING POLICIES

The share programme is initially classified as an equity-based programme on the assumption that an IPO is carried out for DONG Energy A/S. The fair value of the restricted shares and estimates of the number of restricted shares granted are measured at the time of granting and recognised in the income statement under employee costs over the vesting period, and in the balance sheet under equity over the vesting period.

The valuation of the restricted shares and estimates of the number of restricted shares that are expected to be granted are made using a Monte Carlo simulation based on expectations of the DONG Energy share's performance in relation to ten comparable European energy companies.

THE GROUP EXECUTIVE MANAGEMENT'S SHAREHOLDING OF DONG ENERGY A/S

No. of shares ('000)	31 December 2014
Henrik Poulsen	58
Marianne Wiinholt	37
Other members of Group Executive Management	64
All members of Group Executive Management	159

3 CAPITAL EMPLOYED

In 2014, DONG Energy continued the extensive investment and divestment programme with investments totalling DKK 15,359 million and divestments totalling DKK 10,653 million

IN THIS SECTION

- 3.1 Intangible assets and property, plant and equipment
- 3.2 Provisions and contingent assets and liabilities
- 3.3 Investments in associates and joint ventures
- 3.4 Acquisition of enterprises
- 3.5 Gross and net investments
- 3.6 Divestment of enterprises
- 3.7 Non-controlling interests

65.5bn

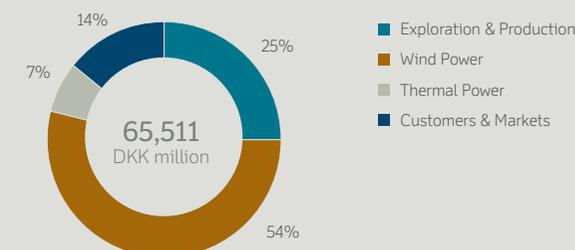
Capital employed amounted to DKK 65.5 billion at 31 December 2014

DKK million	2014	2013
Non-current assets	87,275	93,689
Investments in associates and joint ventures as well as other equity investments	1,597	2,323
Net working capital	(1,212)	2,599
Derivative financial instruments, net	2,870	628
Assets classified as held for sale, net		278
Decommissioning obligations	(10,368)	(8,821)
Other provisions including provisions for onerous contracts	(5,566)	(4,789)
Tax, net	(6,041)	(6,183)
Other receivables and other payables	(3,044)	(2,379)
Capital employed at 31 December	65,511	77,345

15.4bn

Gross investments totalled DKK 15.4 billion in 2014

CAPITAL EMPLOYED, DKK million



3.1 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

DKK million	Intangible assets	Land and buildings	Production assets	Exploration assets	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Property, plant and equipment
Cost at 1 January 2014	5,912	3,041	121,482	1,192	832	20,810	147,357
Exchange rate adjustments	(74)	65	(478)	47	1	604	239
Addition on acquisition of enterprises	-	-	1,059	-	-	-	1,059
Additions	171	38	1,027	404	46	13,835	15,350
Disposals on divestment of enterprises	(10)	(66)	(2,791)	-	(1)	-	(2,858)
Disposals	(502)	(376)	(5,349)	(1,183)	(49)	(1,164)	(8,121)
Adjustment of decommissioning obligations	-	-	1,008	29	-	415	1,452
Transferred	-	1	9,700	(101)	55	(9,655)	-
Cost at 31 December 2014	5,497	2,703	125,658	388	884	24,845	154,478
Depreciation and amortisation at 1 January 2014	(3,436)	(1,008)	(46,031)	-	(536)	-	(47,575)
Exchange rate adjustments	1	(42)	874	-	1	-	833
Depreciation and amortisation	(274)	(148)	(8,732)	-	(88)	-	(8,968)
Disposals on divestment of enterprises	10	43	1,819	-	1	-	1,863
Disposals	93	156	1,191	-	34	-	1,381
Transferred	-	-	5	-	(5)	-	-
Depreciation and amortisation at 31 December 2014	(3,606)	(999)	(50,874)	-	(593)	-	(52,466)
Impairment losses at 1 January 2014	(309)	(54)	(7,699)	-	-	(513)	(8,266)
Exchange rate adjustments	3	-	233	-	-	(32)	201
Impairment losses	(216)	-	(1,801)	-	-	(6,307)	(8,108)
Disposals	-	6	-	-	-	61	67
Impairment losses at 31 December 2014	(522)	(48)	(9,267)	-	-	(6,791)	(16,106)
Carrying amount at 31 December 2014	1,369	1,656	65,517	388	291	18,054	85,906

Intangible assets

Intangible assets comprise goodwill of DKK 281 million (2013: DKK 491 million), rights DKK 511 million (2013: DKK 688 million), CO₂ emissions allowances DKK 396 million (2013: DKK 747 million), completed development projects DKK 70 million (2013: DKK 137 million) and development projects in progress DKK 111 million (2013: DKK 104 million).

Impairment losses

Goodwill

Goodwill has been attributed to the following cash-generating units: Central power stations and A2SEA.

In 2014, goodwill was impaired by a total of DKK 216 million, which was attributable to the German and English sales activities in Customers & Markets.

The impairment losses were due to challenging market conditions. In the cash-generating units, the full impairment charge is allocated to goodwill. The recoverable amounts are determined as a value in use.

Oil and gas activities

In Exploration & Production, property, plant and equipment were impaired by DKK 8,108 million.

Property, plant and equipment under construction was impaired by DKK 6,307 million, of which DKK 2,500 million can be attributed to the Hejre field and DKK 3,807 million to the West of Shetland area. The impairment losses were primarily a result of lower oil and gas prices, but also partly attributable to capital expenditure overruns.

Production assets were impaired by DKK 1,801 million, of which DKK 1,279 million can be attributed to the Norwegian fields Ula, Tambar and

Oselvar, and DKK 522 million can be attributed to the Danish Siri area. The impairment losses were a result of lower oil and gas prices.

The recoverable amount of cash-generating units is determined as a value in use. The calculation of the values in use is based on discount rates before tax of between 8.5% and 16.3%. The specified range reflects differences in risk-free interest and tax rules in the countries in question.

In 2013, the fields in the Siri area were impaired by DKK 922 million, the Gyda field by DKK 476 million and the value of the Ula-Tambar-Oselvar area by DKK 1,832 million. In addition, the ownership interest in the Gassled transmission network was impaired by DKK 433 million.

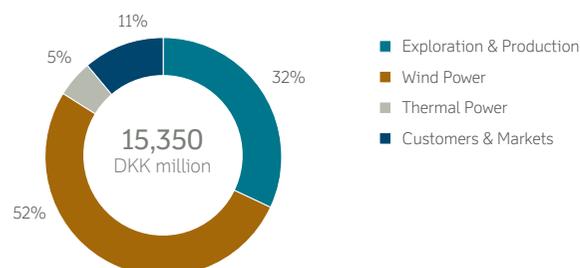
3.1 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

CONTINUED

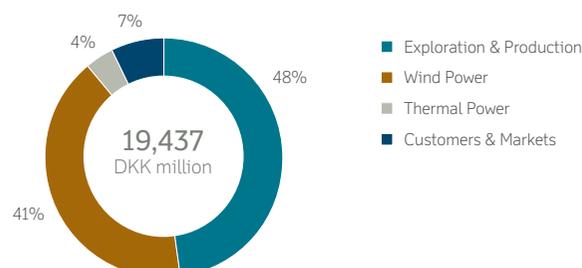
NOTES / CAPITAL EMPLOYED

DKK million	Intangible assets	Land and buildings	Production assets	Exploration assets	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Property, plant and equipment
Cost at 1 January 2013	5,978	5,020	116,007	1,401	759	18,355	141,542
Exchange rate adjustments	11	(8)	(4,183)	(72)	(4)	(253)	(4,520)
Additions	287	15	3,953	1,082	64	14,323	19,437
Disposals on divestment of enterprises	(182)	(73)	(6,057)		(1)		(6,131)
Disposals	(163)	(1,926)	(270)	(1,136)	(32)	(157)	(3,521)
Adjustment of decommissioning obligations	-		475	(31)		81	525
Transfers to assets classified as held for sale	(19)		8		(5)	22	25
Transferred	-	13	11,549	(52)	51	(11,561)	
Cost at 31 December 2013	5,912	3,041	121,482	1,192	832	20,810	147,357
Depreciation and amortisation at 1 January 2013	(3,204)	(1,163)	(40,990)		(493)		(42,646)
Exchange rate adjustments	(10)	2	1,342		1		1,345
Depreciation and amortisation	(290)	(163)	(7,436)		(66)		(7,665)
Disposals on divestment of enterprises	103	31	891		1		923
Disposals	-	285	162		15		462
Transfers to assets classified as held for sale	-				6		6
Depreciation and amortisation at 31 December 2013	(3,401)	(1,008)	(46,031)	-	(536)	-	(47,575)
Impairment losses at 1 January 2013	(349)	(51)	(4,751)			(174)	(4,976)
Exchange rate adjustments	5	1	237				238
Impairment losses	-	(11)	(4,658)			(339)	(5,008)
Disposals on divestment of enterprises	-		1,444				1,444
Disposals	-	7	35				42
Transfers to assets classified as held for sale	-						-
Impairment losses at 31 December 2013	(344)	(54)	(7,693)	-	-	(513)	(8,260)
Carrying amount at 31 December 2013	2,167	1,979	67,758	1,192	296	20,297	91,522

ADDITIONS, 2014



ADDITIONS, 2013



Other impairment losses

In 2013, the value of the gas-fired power station Enecogen was impaired by DKK 1,000 million, and property, plant and equipment under construction was impaired by DKK 339 million. The power station is part of the Thermal Power segment, and the property, plant and equipment under construction are included in the Wind Power segment.

Capital commitments

DONG Energy has entered into agreements on investments in property, plant and equipment (primarily offshore wind farms) for DKK 42,789 million (2013: DKK 43,241 million) at 31 December 2014.

Collateral

Loans are secured on vessels with a carrying amount of DKK 675 million (2013: DKK 2,274 million, including loans secured on power stations). The outstanding balance is DKK 244 million (2013: DKK 1,744 million).

3.1 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT CONTINUED

ACCOUNTING POLICIES

Intangible assets

Rights are measured at cost less accumulated amortisation and impairment losses. Gas purchase rights are amortised using the unit-of-production method. Other rights are amortised on a straight-line basis over their estimated future useful lives, which are 5-20 years.

Allocated and purchased CO₂ emissions allowances, including CO₂ credits that are accounted for as rights are measured on recognition at cost. If a grant is received in connection with an allocation, the cost constitutes the actual consideration paid for the allowances, ie nil if the allowances are allocated free of charge. CO₂ emissions allowances are not amortised.

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. In the case of property, plant and equipment, cost is, as a rule, depreciated on a straight-line basis over the estimated future useful lives, which are:

Buildings	20-50 years
Production assets, oil and gas ¹	20-40 years
Wind turbines	20-24 years
Production assets, electricity (thermal) and district heat	20-25 years
Gas transportation system (marine pipelines) and gas storage facilities	20-40 years
Oil transportation system (marine pipeline)	15 years
Distribution networks, gas	20-40 years
Distribution networks, electricity	20-40 years
Fixtures and fittings, tools and equipment	3-10 years

¹ Depreciation is charged using the unit-of-production method based on the ratio of current production to estimated reserves by individual field

Cost comprises purchase price and any costs directly attributable to the acquisition until the date the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and labour. Borrowing costs relating to both specific and general borrowing directly attributable to assets under construction

with a lengthy construction period are recognised in cost during the construction period. Cost is increased by the present value of the estimated obligations for decommissioning and restoration to the extent that they are recognised as a provision.

Subsequent costs, for example in connection with replacement of parts of an item of property, plant and equipment, are recognised in the carrying amount of the asset in question when it is probable that future economic benefits will flow to the Group from the expenses incurred. Replaced parts are derecognised from the balance sheet, and their carrying amount is recognised in profit (loss) for the year. All other repair and maintenance expenses are recognised in profit (loss) for the year as incurred.

Exploration assets comprise exploration drilling expenses that relate to successful wells. Costs are recognised using the successful-efforts method. Under the successful-efforts method, exploration expenses for drilling specific exploration wells are recognised in the balance sheet if the well is successful. Recognition in the balance sheet is maintained pending determination of commercial viability. Recognised exploration expenses for commercial discoveries are transferred to property, plant and equipment under construction on commencement of the construction of a field. All exploration expenses determined as unsuccessful are recognised in profit (loss) for the year as other external expenses. Application of the successful-efforts method means that the value of the Group's exploration assets is lower than if the full-cost method had been applied. Exploration assets are not depreciated, as depreciation of such assets does not commence until the assets are available for use, on which date they are transferred to production assets.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Impairment test

Production assets are tested for impairment if there is any indication of impairment. For production assets with a limited lifetime such as oil and gas fields as well as wind turbines, cash flows are calculated based on forecasts for the entire lifetime of the asset. For other production assets, cash flows are calculated based on forecasts for the first five to fifteen years with the addition of terminal value. The determination of the recoverable amount for production assets is based on a number of assumptions where estimates are made that are material to the determination. Such assumptions include future market conditions, market prices of oil, gas, electricity, biofuel,

coal, CO₂, estimated oil and gas reserves, weighted average cost of capital (WACC), exchange rates, etc. The market prices applied are based on available forward prices in a period of up to five years and management's best estimate of a long-term price in the remaining period.

The assessment of oil and gas reserves is based on estimates of both proved and probable reserves (Proved plus Probable/2P). Proved reserves are the estimated volumes of oil and gas that, under existing economic conditions, are recoverable using known technology from reservoirs in which oil or gas has been proved. Probable reserves are those additional reserves that are less likely to be recovered than proved reserves. DONG Energy conducts an annual internal evaluation and review of the Group's reserves. An independent valuer has reviewed DONG Energy's reserves classification system and guidelines and has verified that the internal guidelines are in agreement with the SPE-PRMS guidelines.

Exploration assets are tested for impairment when sufficient data has been obtained to assess each asset's technical and commercial potential and when exploration assets are reclassified to assets under construction. Impairment testing is also carried out if there is any indication of impairment. Significant estimates made in determining the recoverable amount of exploration assets include the timing and the timing of costs in connection with the exploration wells, the results of existing exploration wells and the expectations concerning future exploration wells in the individual fields, including the probability that the exploration wells will result in commercial discoveries.

Useful lives of production assets

The expected useful lives of production assets are determined based on historical experience and expectations concerning the future use of these assets. The expected future applications may subsequently prove not to be realisable, which may require useful lives to be reassessed. Oil and gas production assets are depreciated using the unit-of-production method, which means that the useful lives of these production assets are determined based on expectations concerning annual production and estimated reserves for each field. Changed expectations concerning future annual production and/or estimated reserves for each field may therefore result in a need to reassess the useful lives of the production assets of the individual fields.

3.2 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

DKK million	2014				2013			
	De-commissioning obligations	Onerous contracts	Other liabilities	Total	De-commissioning obligations	Onerous contracts	Other liabilities	Total
Provisions at 1 January	8,821	2,811	1,978	13,610	8,415	2,911	1,649	12,975
Exchange rate adjustments	(127)		47	(80)	(366)		(28)	(394)
Disposals	(256)	(300)	(527)	(1,083)	(32)	(296)	(665)	(993)
Provisions reversed during the year	(18)	(716)	(265)	(999)			(248)	(248)
Provisions made during the year	769	1,171	1,249	3,189	377	72	1,256	1,705
Change in estimates of other factors	684			684	135			135
Addition on acquisition of enterprises	141			141				
Disposals on divestment of enterprises/transferred from assets held for sale	(62)			(62)	(71)			(71)
Interest element of provisions	416	118		534	363	124	14	501
Provisions at 31 December	10,368	3,084	2,482	15,934	8,821	2,811	1,978	13,610

Decommissioning obligations mainly comprise expected future expenses relating to demolition and decommissioning of oil and gas fields, power stations and wind farms.

Onerous contracts comprise: contract for LNG terminal capacity in the Netherlands, DKK 1,122 million (2013: DKK 475 million), contracts

for leasing of gas storage capacity in Germany, DKK 1,478 million (2013: DKK 2,264 million) and contract regarding Stenlille Gas Storage Facility, DKK 484 million (2013: DKK 0 million).

Other provisions primarily include provisions for guarantee obligations, divestments, CO₂ obligations, expected repayments to electricity

consumers, etc, relating to litigation and contractual disputes, etc. Provisions for CO₂ obligations relate to the Group's own emissions. In 2014, DKK 407 million (2013: DKK 136 million) was spent, and further provisions of DKK 235 million were made (2013: DKK 347 million).

DKK million	2014				2013			
	De-commissioning obligations	Onerous contracts	Other liabilities	Total	De-commissioning obligations	Onerous contracts	Other liabilities	Total
0-1 year	16	192	329	537	38	199	482	719
1-5 years	2,162	1,209	1,722	5,093	1,917	795	1,281	3,993
5-10 years	2,422	983	213	3,618	2,459	367	151	2,977
10-20 years	4,497	700	188	5,385	2,259	719	23	3,001
20-30 years	929		29	958	1,466	731	41	2,238
30-40 years	342		1	343	682			682
Provisions at 31 December	10,368	3,084	2,482	15,934	8,821	2,811	1,978	13,610

3.2 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES CONTINUED

Contingent assets and liabilities

Contingent assets

DONG Energy has deferred tax assets of DKK 20.2 billion (2013: DKK 12.9 billion) that have not been recognised. Reference is made to note 7.2.

DONG Energy has advanced claims against insurance companies regarding the construction of production assets and initiated arbitration proceedings against suppliers regarding long-term, oil-indexed gas sourcing contracts. The claims have not been recognised, as the existence of these assets is subject to several uncertain future events that are outside DONG Energy's control.

Contingent liabilities

Liability to pay compensation

According to legislation, DONG Energy's gas companies, DONG Oil Pipe A/S, DONG E&P A/S and DONG E&P Grønland A/S are liable to pay compensation for damage caused by their oil and gas activities, even where there is no proof of negligence (strict liability). The usual insurance has been taken out to cover any such claims.

Guarantees

DONG Energy A/S has furnished the Danish Ministry for Economic Affairs and the Interior with guarantees for fulfilment of obligations and liability in damages towards the Danish State or third parties incurred by DONG E&P A/S in connection with the company's participation in exploration and production licences, irrespective of whether the obligations and liability rest on DONG E&P A/S alone or jointly and severally with others. The guarantees are not capped, but cannot exceed a sum corresponding to twice DONG E&P's share of each obligation or liability.

As a condition for approval of its participation in gas and oil exploration and production on the Norwegian, UK, Greenland and Faroese continental shelves, DONG Energy A/S has provided a guarantee under which it assumes primary liability as normally required by the local authorities. The guarantees cover obligations and liability incurred or assumed by the DONG E&P Group in connection with its exploration and production activities. The guarantees are not capped, and the DONG E&P Group is jointly and severally liable with the other partners for obligations and liabilities.

Indemnities

The Danish companies in the Group are jointly and severally liable for the Group's jointly taxed income, etc. The total amount of corporation tax payable is stated in the Annual Report of DONG Energy A/S, which

is the administration company for the joint taxation. The Group's Danish companies are also jointly and severally liable for Danish withholding taxes in the form of tax on dividends, on royalty payments and on interest. Any subsequent adjustments to income taxes and withholding taxes may result in the company's liability being higher.

Litigations

DONG Energy is a party to actions relating to the competition authorities' claim that Elsam A/S and Elsam Kraft A/S charged excessive prices in the Danish wholesale electricity market in some periods. Following a merger in 2008, Elsam Kraft A/S is part of DONG Energy Thermal Power A/S.

The Competition Appeals Tribunal has concluded that Elsam A/S and Elsam Kraft A/S abused their dominant position in the wholesale electricity market in Western Denmark to some extent in the periods 1 July 2003 to 31 December 2004 and 1 January 2005 to 30 June 2006 by charging excessive prices. DONG Energy disputes the rulings and has appealed them to the Copenhagen Maritime and Commercial Court.

A group of electricity consumers has filed a claim with the Copenhagen Maritime and Commercial Court for compensation of up to DKK 4.4 billion with addition of interest in connection with the above actions relating to excessive prices in Western Denmark. DONG Energy has made a provision of DKK 298 million (with addition of interest), which has been determined on the basis of the Danish Competition Council's calculation of the consumers' losses.

ACCOUNTING POLICIES

Provisions are recognised when, as a result of an event occurring before or at the balance sheet date, the Group has a legal or constructive obligation, the settlement of which is expected to result in an outflow from the Group of resources embodying economic benefits. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Decommissioning obligations are measured at the present value of the future liability in respect of decommissioning and restoration as expected at the balance sheet date. The value of the provision is recognised in property, plant and equipment and depreciated together with the associated asset. The increase in time of the present value of the provision is recognised in profit (loss) for the year as financial expenses.



CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates of the Group's provisions are updated quarterly on the basis of management's expectations.

Decommissioning obligations

Estimates of decommissioning obligations are based on management's expectations concerning timing and scope, future cost level, and adopted laws and regulations on decommissioning.

The timing of decommissioning obligations depends on the useful lives of the assets. In the case of oil and gas fields, the expected useful lives depend on the current estimates of oil and gas reserves. The determination of these reserve estimates is subject to uncertainty, see the section on impairment testing in note 3.1 on property, plant and equipment. There is a statutory requirement for the power stations to be removed no later than 12 years after decommissioning.

In measuring provisions, the costs required to settle the liability are discounted. In determining decommissioning obligations at 31 December 2014, a discount rate of 4.5% is applied, the same discount rate that the Group applied at 31 December 2013. The applied discount rate of 4.5% is still expected to be applied over a prolonged period. The rate has been estimated on the basis of expectations concerning the future, long-term interest rate level, based on the historical interest rate level.

The extent to which decommissioning and restoration will be required is estimated based on current legislation and standards in this area. Expectations concerning the future cost level are based on variables such as expectations concerning the general price trend or the oil price trend, demand conditions and the development in existing technologies.

Onerous contracts

In the course of the Group's operations, a number of commercial contracts have been entered into with fixed terms of contract that may result in the contracts becoming onerous depending on market developments etc, and the obligations incurred by the Group as a result of these contracts may also be subject to uncertainty. The judgements concerning these complex contracts and their future effects are subject to significant uncertainties.

Litigation

When exercising a judgement about a potential liability in connection with litigation, the nature of the litigation, claim or statement is assessed. Other factors taken into account are the development of the case, the judgements and recommendations of legal or other advisers, experience from similar cases, and management's decision on how the Group will react to the litigation, claim or statement.

3.3 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Individually material associates			
Name	Ownership interest	Registered office	Activity
Etzel Kavernenbetriebs-gesellschaft mbH & Co. KG	33%	Hamburg, Germany	Gas storage facility

Individually material joint ventures			
Name	Ownership interest	Registered office	Activity
Lincs Renewable Energy Holdings Ltd.	50%	London, UK	Offshore wind farm
Barrow Offshore Wind Ltd.	100% ¹	Berkshire, UK	Offshore wind farm

¹50% in 2013. Refer to note 3.4 Acquisition of enterprises.

The table below provides financial information for the Group's individually material associates and joint ventures. The amounts stated are the overall accounting figures for the individual associates and joint ventures, determined applying the DONG Energy Group's accounting policies.

The most important associates and joint ventures in DONG Energy are Etzel Kavernenbetriebsgesellschaft mbH & Co. KG and Lincs Renewable Energy Holdings Ltd., which owns 50% of the offshore wind farm Lincs Wind Farm Ltd. The Group's share of the loss in associates and joint ventures of DKK 577 million (2013: DKK 768 million loss) has been recognised in the income statement as investments in associates and joint ventures that are deemed to be part of the Group's principal activity as a loss of DKK 93 million (2013: DKK 711 million loss) and as a loss of DKK 484 million (2013: DKK 57 million loss) for those deemed not to be part of the Group's principal activity.

In 2013, Barrow Offshore Wind Ltd. was included as a joint venture due to a 50% ownership interest. In 2014, DONG Energy acquired the remaining 50%, and the investment was therefore consolidated in full at the end of 2014.

Capital commitments

At the end of 2014, the Group had not assumed capital commitments in connection with investments in associates and joint ventures. The capital commitments of DKK 780 million in 2013 included investments in wind farm projects in joint ventures.

2014	DKK million	Revenue	Depreciation, amortisation and impairment losses	Tax on profit (loss) for the year	Profit (loss) for the year	Non-current assets	Current assets	Equity	Current liabilities	DONG Energy's share	
										Profit (loss) for the year	Equity
Associates											
	Etzel Kavernenbetriebsgesellschaft mbH & Co. KG	463	(1,448)	13	(1,357)	919	94	791	222	(453)	263
	Other associates									(31)	10
Joint ventures											
	Lincs Renewable Energy Holdings Ltd.	-	-	(27)	(68)	585	1,569	2,122	32	(34)	1,061
	Other joint ventures									(59)	(19)
	Total									(577)	1,315

3.3 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES CONTINUED

										DONG Energy's share	
2013		Depreciation, amortisation and impairment losses	Tax on profit (loss) for the year	Profit (loss) for the year	Non-current assets	Current assets	Equity	Non-current liabilities	Current liabilities	Profit (loss) for the year	Equity
DKK million	Revenue										
Associates											
Etzel Kavernenbetriebsgesellschaft mbH & Co. KG	466	(116)	27	(64)	2,210	102	2,153	1	158	(21)	718
Other associates										(420)	4
Joint ventures											
Lincs Renewable Energy Holdings Ltd.			28	(56)	778	1,377	2,115		40	(28)	1,058
Barrow Offshore Wind Ltd.	189	(53)	3	55	702	110	464	293	55	27	232
Other joint ventures										(326)	1
Total										(768)	2,013

ACCOUNTING POLICIES

Investments in associates and joint ventures are measured in the consolidated financial statements using the equity method.

Profit (loss) of associates and joint ventures that are deemed to be part of the Group's principal activity is presented before EBITDA, while profit (loss) of associates and joint ventures that are deemed not to be part of the Group's principal activity is presented after EBIT.

Associates and joint ventures with a negative equity value are measured at nil. If the Group has a legal or constructive obligation to cover the deficit of the associate or joint venture, the obligation is recognised as a liability. Receivables from associates and joint ventures are measured at amortised cost, and write-downs are made for bad debts.

The proportionate share of associates' and joint ventures' profit after tax and non-controlling interests and after elimination of the proportionate share of intragroup profits (losses) is recognised in profit (loss) for the year.

On acquisition of investments in associates and joint ventures, the purchase method is applied. Gains or losses on disposal of investments in associates and joint ventures are determined as the difference between the selling price and the carrying amount of net assets, including goodwill, at the date of disposal and transaction costs. Gains and losses are recognised in profit (loss) for the year as gain or loss on divestment of enterprises.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Investments in associates and joint ventures are tested for impairment if there is any indication of impairment. Such indications may include changes in regulatory, financial and technological factors and general market conditions.

On initial recognition of joint ventures and joint operations, an assessment is made of whether an investment is a joint venture or a joint operation. In both cases, joint management must be exercised. To decide whether a collaboration can be classified as a joint operation, the corporate form is assessed, and whether only DONG Energy is entitled to the net profit or income and expenses resulting from the operation. In addition, the fact that the parties buy all output, for example the power generated, will lead to the set-up being considered to be a joint operation. This is the case for several of the Group's wind farms as well as the Group's licences to extract oil and gas.

3.4 ACQUISITION OF ENTERPRISES

Acquisition of enterprises in 2014

DONG Energy has obtained control of Barrow Offshore Wind Ltd., which owns and operates an offshore wind farm in the UK. The ownership interest was previously classified as a joint venture and was recognised according to the equity method.

At the time of acquisition, the cost of acquired assets and liabilities, including transferred cash and cash equivalents of DKK 45 million, was

DKK 474 million. After fair value adjustment of net assets, goodwill has been determined at DKK 0.

The chance to acquire additional shares in the wind farm arose as a result of the partner's strategy of releasing capital from offshore wind. Through obtaining control, DONG Energy is better able to optimise its wind portfolio.

The acquisition has contributed with DKK 9 million and DKK 1 million to the Group's revenue and profit (loss) for 2014, respectively.

If DONG Energy had control of Barrow Offshore Wind Ltd. throughout 2014, the Group would have posted revenue for 2014 of DKK 72,025 million and a loss of DKK 2,306 million.

	Existing ownership interest	Ownership interest acquired	DONG Energy ownership interest, total	Acquisition date	Main activity
Barrow Offshore Wind Ltd.	50%	50%	100%	19 December 2014	Electricity generation

Acquisition of enterprises in 2013

There were no business combinations in 2013.

ACCOUNTING POLICIES

Enterprises acquired or formed are recognised in the consolidated financial statements from the date of acquisition or formation. The acquisition date is the date on which DONG Energy effectively obtains control of the acquiree. On acquisition of new enterprises whereby the parent company obtains control of the acquiree, the purchase method is applied, where by the acquiree's identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date.

The consideration transferred in exchange for an acquiree is measured at the fair value of the agreed consideration in the form of assets acquired, liabilities assumed and equity instruments issued. If parts of the consideration are

contingent on future events, these are recognised in the consideration at the acquisition-date fair value. Costs incurred in connection with business combinations are recognised directly in profit (loss) for the year as incurred.

The excess of the cost of the consideration transferred in exchange for the acquiree, the amount of any non-controlling interests in the acquiree and the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed (goodwill) is recognised as goodwill.

If there is any uncertainty, at the acquisition date, concerning the measurement of identifiable assets acquired and liabilities and contingent liabilities assumed, initial recognition is based on provisional fair values. Subsequent

adjustments, including goodwill, are made retrospectively within twelve months of the acquisition date, and comparative figures are restated. Changes in estimates of contingent consideration are generally recognised directly in profit (loss) for the year.

Non-controlling interests are measured on initial recognition either at fair value or at their proportionate interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The measurement of non-controlling interests is elected on a transaction-by-transaction basis.

Comparative figures are not restated to reflect acquisitions or disposals. However, discontinued operations are presented separately.

3.5 GROSS AND NET INVESTMENTS

DKK million	2014	2013
Cash flows from investing activities	(14,796)	(6,483)
Dividends received and capital reduction, reversed	(15)	(39)
Purchase and sale of securities, reversed	10,330	1,204
Loans to associates and joint ventures, reversed	(250)	(760)
Sale of non-current assets, reversed	(10,628)	(15,156)
Gross investments	(15,359)	(21,234)
Transactions with non-controlling interests in connection with divestments	(1)	65
Interest-bearing balances on acquisition and divestment of enterprises	26	111
Sale of non-current assets	10,628	15,156
Total cash flows from divestments	10,653	15,332
Net investments	(4,706)	(5,902)

The table shows the connection between cash flows from investing activities and the adjustments made to gross investments and net investments, respectively.

In 2014, investments totalled DKK 15,359 million. Investments in Exploration & Production consisted primarily of the development of oil and gas fields in Denmark and the UK and associated infrastructure. In Wind Power, the most significant investments were the development of wind power activities. In 2013, investments totalled DKK 21,234 million.

In 2014, cash flows from the divestment of assets and enterprises totalled DKK 10,653 million (2013: DKK 15,332 million).

3.6 DIVESTMENT OF ENTERPRISES

In 2014, gain on divestment of enterprises consist primarily of the proceeds from the divestment of DONG Storage A/S (Stenlille Gas Storage Facility) (Customers & Markets).

In 2013, gain on divestment of enterprises consist primarily of Kraftgården AB (Wind Power), Polish and Danish onshore wind activities (Wind Power), Severn Power Limited (Thermal Power) and Stadtwerke Lübeck (Customers and Markets).

Assets and liabilities related to divested enterprises are shown in the table on the right.

DKK million	2014	2013
Non-current assets	1,002	7,319
Current assets	479	250
Assets classified as held for sale		556
Non-current liabilities	(163)	(430)
Current liabilities	(465)	(3,490)
Liabilities relating to assets classified as held for sale		(115)
Gain on divestment of enterprises in the income statement	1,253	2,045
Selling price on divestment of enterprises	2,106	6,135
Of which selling price receivable	340	(125)
Of which recognised as other provisions	481	57
Cash transferred	206	3,117
Cash selling price on divestment of enterprises	3,133	9,184

ACCOUNTING POLICIES

Enterprises divested are recognised in the consolidated income statement up to the date of divestment. The date of divestment is the date on which DONG Energy A/S or its subsidiaries effectively relinquish control of the enterprise divested.

Comparative figures are not restated to reflect divestments.

Gains or losses on divestment of subsidiaries and associates are determined as the difference between the selling price and the carrying amount of net assets, including goodwill, at the date of divestment and costs necessary to make the sale.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

As a part of the partnership model in Wind Power, the Group has sold ownership interests in wind farms by selling 50% of DONG Energy's ownership interests in the London Array 1 and Westermost Rough wind farms.

In the opinion of management, the divested assets do not constitute an enterprise. The reason for this is, among other things, that no processes in the form of the operation and maintenance of the wind farm are transferred, but only an undivided interest in the wind farm. The proceeds from the divestment of the ownership interests in the wind farms have therefore been recognised as other operating income in the income statement.

Prior to the divestment, the London Array 1 and Westermost Rough wind farms were recognised as joint operations. This method of recognition has been maintained following the partial divestments due to the fact that the

set-up is unchanged; the agreements concluded by the parties still support the parties' joint control and the parties are still obliged to buy all the electricity generated by the wind farm at a price which covers the production costs and administrative expenses borne by the wind farm.

In both cases, DONG Energy has entered into long-term agreements with a view to purchasing and selling the electricity generated by the parties' share of the wind farms. These agreements are deemed not to be leases as DONG Energy is obliged to purchase the electricity generated at a price that is determined on the basis of the market price of electricity. Furthermore, it has been assessed that the agreements are not covered by the provisions of IAS 39, with the exception of the built-in derivative financial instruments related to the pricing.

3.7 NON-CONTROLLING INTERESTS

The DONG Energy Group's subsidiaries with significant non-controlling interests include the following:

	Non-controlling interest	Registered office
A2SEA A/S	49%	Fredericia, DK
Gunfleet Sands Holding Ltd.	49.9%	London, UK
Walney Offshore Windfarms Ltd.	49.9%	London, UK

The figures stated are the subsidiaries'/the Group's aggregated accounting figures.

ACCOUNTING POLICIES

Transactions with non-controlling interests are accounted for as transactions with the shareholder base. Gains and losses on the disposal of equity investments to non-controlling interests are recognised in equity to the extent that the divestment does not result in a loss of control. Net assets acquired are not revalued on acquisition of non-controlling interests. Any difference between the carrying amount and the acquisition or selling price is recognised in equity.

DKK million	2014	2013
Transactions with non-controlling interests		
Dividends paid to non-controlling interests	(528)	(319)
Disposal of equity investments to non-controlling interests	(87)	(303)
Other capital transactions with non-controlling interests	(6)	148
Transactions in total, see statement of cash flows	(621)	(474)
Disposal of equity investments to non-controlling interests		
Selling price	34	(35)
Of which change in receivables relating to acquisition and disposal of non-controlling interests	(90)	(222)
Of which change in payables relating to acquisition and disposal of non-controlling interests	(31)	(46)
Cash selling price, total	(87)	(303)

DKK million	A2SEA A/S group		Gunfleet Sands Holding Ltd. group		Walney Offshore Windfarms Ltd.	
	2014	2013	2014	2013	2014	2013
Statement of comprehensive income						
Revenue	1,685	1,489	429	392	1,142	985
Profit (loss) for the year	149	176	(49)	36	6	99
Total comprehensive income	155	165	(49)	36	6	99
Profit (loss) for the year attributable to non-controlling interests	75	86	(20)	(115)	21	(131)
Balance sheet						
Non-current assets	2,668	2,543	3,128	3,132	8,359	8,322
Current assets	228	346	166	156	276	262
Non-current liabilities	320	293	269	225	688	477
Current liabilities	248	216	74	36	153	182
Carrying amount of non-controlling interests	1,171	1,194	1,472	1,510	3,896	3,914
Statement of cash flows						
Cash flows from operating activities	258	224	210	219	658	602
Cash flows from investing activities	(284)	(437)			(12)	(114)
Cash flows from financing activities	(227)	262	(221)	(280)	(659)	(616)

4 INTEREST-BEARING DEBT

The composition of interest-bearing debt ensures a balance between future earnings and debt maturity

IN THIS SECTION

- 4.1 Interest-bearing debt
- 4.2 Financial resources
- 4.3 Funds from operation (FFO), dividends and hybrid capital coupon
- 4.4 Financial income and expenses

36.1%

FFO to adjusted interest-bearing net debt amounted to 36.1%

23.8bn

The Group's adjusted interest-bearing net debt totalled DKK 23.8 billion at 31 December 2014

45.8bn

The Group's cash reserve totalled DKK 45.8 billion at 31 December 2014

KEY FIGURES REGARDING LOAN PORTFOLIO at 31 December:

DKK million	2014	2013
Duration	7.7	5.9
Average time to maturity (years)	10.5	10.2
Average interest rate	4.2%	3.7%
Share of fixed-interest loans	88%	71%

DKK million	2014	2013
Interest-bearing net debt, 1 January	25,803	31,968
Cash flows from operating activities	(14,958)	(9,729)
Gross investments	15,359	21,234
Cash flows from divestments	(10,653)	(15,332)
Capital increase	(13,007)	
Issuance and repurchase of hybrid capital		(3,399)
Dividends and hybrid capital coupon	1,267	955
Exchange rate adjustments	167	106
Interest-bearing net debt 31 December	3,978	25,803

4.1 INTEREST-BEARING DEBT

Financing policy

DONG Energy manages its financing activities, debt portfolio and financial resources via various policies that are designed to ensure optimum borrowing terms and at the same time minimise DONG Energy's net financial expenses and liquidity and refinancing risks. It is part of the Group's overall policy to concentrate its borrowing activities in the parent company, as far as possible, and to help to protect the Group against liquidity and refinancing risks by diversifying borrowing activities among various funding sources and maturities and securing robust financial resources in the form of cash and cash equivalents, securities and non-cancellable credit facilities.

Loan arrangements

At 31 December 2014, DONG Energy had loan obligations totalling DKK 6.9 billion (2013: 12.0 billion), primarily to the European Investment Bank and the Nordic Investment Bank. The loans are recognised in the balance sheet under bank loans. The loans offered by these multilateral financial institutions include loans to co-fund infrastructure and energy projects on favourable terms and with maturities exceeding those normally available in the commercial banking market. In connection with these loans the Group may be meet with demands for:

- collateral in the event of the Danish State holding less than 50% of the share capital or voting rights in DONG Energy A/S (change of control), or
- repayment in the event of Moody's or Standard & Poor's downgrading DONG Energy A/S's rating to Baa3 or BBB- or less, respectively.

Furthermore, at 31 December 2014, the Group had loans of DKK 0.7 billion (2013: DKK 0.7 billion) with KfW-IPEX Bank and non-cancellable credit facilities of DKK 17.3 billion (2013: 17.4 billion) with a number of Scandinavian and international banks. In connection with these credit facilities and loans, the Group may be met with demands concerning collateral in the event of other players than a group consisting of the Danish State and Danish electricity distribution companies acquiring more than 50% of the share capital or voting rights in DONG Energy A/S, or in the event of the Danish State ceasing to hold at least 20% of the share capital.

The Group's financing agreements are not subject to any other unusual terms or conditions. Further details of the Group's risk management are provided in the section on risk and risk management on pages 35-39 of the Management's review.

DKK million	2014	2013
Interest-bearing debt comprises:		
Bank loans	7,643	14,826
Issued bonds	28,414	31,330
Bank loans and issued bonds	36,057	46,156
Other interest-bearing debt	656	304
Total interest-bearing debt	36,713	46,460
Interest-bearing assets comprise:		
Securities	24,948	16,118
Cash	6,028	2,894
Receivables from associates and joint ventures	1,116	1,341
Other receivables	643	304
Total interest-bearing assets	32,735	20,657
Total interest-bearing net debt	3,978	25,803
Adjusted interest-bearing net debt is calculated by adjusting the interest-bearing net debt for the following items:		
50% of hybrid capital	6,618	6,618
Cash and securities not available for distribution, excluding repo loans	2,519	1,678
Present value of operating lease payments	4,495	3,933
Decommissioning obligations	10,368	8,821
Deferred tax on decommissioning obligations	(4,165)	(3,471)
Adjusted interest-bearing net debt	23,813	43,382
Funds from operation (FFO) ¹	8,605	10,026
Funds from operation (FFO) / adjusted interest-bearing net debt	36.1%	23.1%

¹ See note 4.3 for further specifications.

Fair value of bank loans and issued bonds

At 31 December 2014, the fair value of issued bonds and bank loans was DKK 33,9 billion (2013: DKK 34.0 billion) and 7.9 billion (2013: DKK 15.0 billion), respectively.

The fair value of issued bonds (Level 1 – quoted prices) has been determined as the market value at 31 December.

The fair value of bank loans (Level 2 – observable inputs) has been determined as the present value of expected future instalments and interest payments using the Group's current interest rate on loans as discount rate.

Hybrid capital

At 31 December 2014, DONG Energy had issued hybrid capital with a principal amount totalling DKK 13,398 million (2013: DKK 13,428 million) due in 3005 (DKK 4,466 million) and 3013 (8,932 million). For further details on the hybrid capital, reference is made to note 8.2.

4.1 INTEREST-BEARING DEBT

CONTINUED

Hedging of future interest payments

DONG Energy's interest rate risks relate to:

- Interest-bearing liabilities
- Interest-bearing assets
- Financial price hedges

As part of its risk management, DONG Energy has hedged part of its future interest payments. The hedging is in the form of raising of fixed-interest debt and entering into interest rate swaps. The interest rate risk is managed actively through a duration of net debt target.

At the end of 2014, 88% (2013: 71%) of DONG Energy's debt was fixed-rate.

The loan portfolio had an average time to maturity of 10.5 years (2013: 10.2 years).

Interest-bearing assets predominantly consist of short-term bonds with limited risk.

The table on the right shows interest rate swaps hedging interest payments on the loan portfolio, ensuring that interest payments are fixed.

DKK million	Notional amount	Fair value	Recognition in comprehensive income	Expected date of transfer to profit (loss) for the year		
				2015	2016	After 2016
Interest rate swaps at 31 December 2014	5,761	(552)	(574)	(131)	(131)	(312)
				2014	2015	After 2015
Interest rate swaps at 31 December 2013	5,975	(431)	(495)	(125)	(93)	(277)

ACCOUNTING POLICIES

Issued bonds, bank loans and other payables are at inception recognised at fair value (typically proceeds received) net of transaction costs incurred. In subsequent periods, the liabilities are measured at amortised cost so that the difference between the cost (proceeds) and the nominal value is recognised in profit (loss) for the year as interest paid over the term of the loan, using the effective interest rate method.

Financial liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability to at least one year after the balance sheet date.

4.2 FINANCIAL RESOURCES

Cash management

The implementation of DONG Energy's strategy requires financing in the form of loans in addition to the free cash flows generated by operations and by the divestment of assets.

DONG Energy's liquidity and financing risks are managed centrally in accordance with principles and delegated authorities laid down by the Board of Directors. One of the most important financial management tasks in DONG Energy is to secure sufficient and flexible financial resources in relation to the day-to-day operations, the Group's investment programme and the debt maturity profile. For this purpose, internal management targets have been set for the required level of financial resources.

Cash and cash equivalents and securities

Cash not available for use primarily comprises cash and cash equivalents tied up for use in jointly controlled wind farm projects and operated oil and gas licences, cash and cash equivalents pledged as collateral for trading in financial instruments, cash and cash equivalents to cover insurance-related provisions, and cash and cash equivalents received from the users of the North Sea oil pipeline for use for pipeline maintenance.

Securities are a key element in the Group's financial resources, for which reason investments are primarily made in liquid AAA-rated Danish mortgage bonds that qualify for repos in Danmarks Nationalbank.

Securities not available for use comprise securities that form part of genuine sale and repurchase transactions (repo transactions), securities used to cover insurance provisions, and securities used as collateral in respect of trading in financial instruments.

Because securities are a key element of the Group's financial resources, the Group invests primarily in bonds that have a high credit rating, an insignificant price risk and are highly liquid.

At 31 December 2014, DONG Energy had received collateral from trading in financial instruments of DKK 321 million (2013: DKK 192 million).

SECURITIES – EXPIRY DATES

DKK million	2015-16	2017-19	2020-	2014	2014-15	2016-18	2019-	2013
Fixed-rate	7,774	10,677	2,927	21,378	8,505	2,962		11,467
Floating-rate	1,263	1,974	333	3,570	2,127	2,524		4,651
Total carrying amount	9,037	12,651	3,260	24,948	10,632	5,486	-	16,118

DKK million	2014	2013
DONG Energy's financial resources can be broken down as follows:		
Cash, available	4,782	1,909
Securities, available	23,680	15,425
Undrawn non-cancellable credit facilities	17,343	17,378
Total	45,805	34,712

DKK million	2014	2013
Cash, available	4,782	1,909
Bank overdrafts that are part of the ongoing cash management	(12)	(478)
Cash and cash equivalents at 31 December, see statement of cash flows	4,770	1,431
Cash can be specified as follows:		
Cash, available	4,782	1,909
Cash, not available for use, interest-bearing	1,252	985
Cash at 31 December	6,034	2,894
Securities can be specified as follows:		
Securities, available	23,681	15,425
Securities, not available for use, other	1,267	693
Securities at 31 December	24,948	16,118

Hedging of fair values of securities

As part of its risk management, the Group has hedged part of the interest rate risk on its securities portfolio. DONG Energy has entered into

interest rate swaps with a notional amount of DKK 795 million (2013: DKK 2,796 million). Market value amounts to DKK -10 million (2013: DKK 6 million).

4.2 FINANCIAL RESOURCES

CONTINUED

MATURITY ANALYSIS OF LOANS AND BORROWINGS

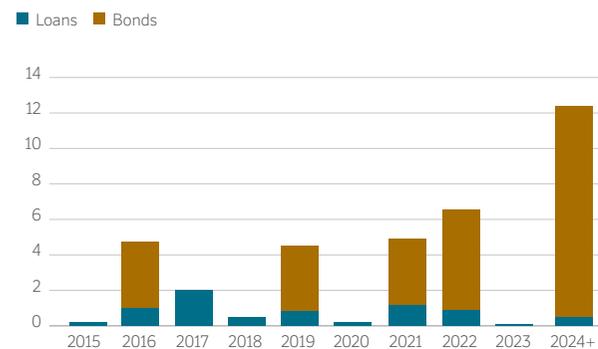
DKK million	2015	2016	2017-2018	After 2018	2014	2014	2015	2016-2017	After 2017	2013
Bank loans and issued bonds										
- Nominal amount	208	4,779	2,491	28,813	36,291	9,389 ¹	458	6,686	29,616	46,149
- Interest payments	1,414	1,404	2,500	12,479	17,797	1,617	1,413	2,773	14,337	20,140
Trade payables	8,929	51	51		9,031	7,329				7,329
Other payables	5,913	303	488	3,820	10,524	7,691	312	302	2,990	11,295
Derivative financial instruments	5,231	2,027	1,242	748	9,248	5,968	1,815	1,119	302	9,204
Liabilities relating to assets classified as held for sale					-	2				2
Total payment obligations	21,695	8,564	6,772	45,860	82,891	31,996	3,998	10,880	47,245	94,119

¹ This includes expected early repayment of bank loans of DKK 4.5 billion.

The maturity analysis above does not include hybrid capital. At 31 December 2014, DONG Energy had issued hybrid capital with a principal amount totalling DKK 13,398 million due in 3005 (DKK 4,466 million) and 3013 (DKK 8,932 million).

The maturity analysis is based on undiscounted cash flows, including estimated interest payments. Interest payments are based on market conditions and interest-rate hedging entered into at 31 December.

MATURITY PROFILE, DKK billion



The above figure indicates the maturity profile of DONG Energy's loans and issued bonds. At 31 December 2014, outstanding loans and issued bonds totalled DKK 36.3 billion (2013: DKK 46.1 billion).

OUTSTANDING BONDS AT 31 DECEMBER 2014

Currency	Outstanding amount (million)	Coupon (%)	Maturing	Quoted in
Senior bonds				
EUR	500	4.000	16 Dec 2016	London
EUR	500	6.500	7 May 2019	London
EUR	500	4.875	16 Dec 2021	London
EUR	750	2.625	19 Sep 2022	London
GBP	750	4.875	12 Jan 2032	London
GBP	500	5.750	9 Apr 2040	London
Hybrid bonds				
EUR	600	5.500	Year 3005	Luxembourg
EUR	700	6.250	Year 3013	Luxembourg
EUR	500	4.875	Year 3013	Luxembourg

ACCOUNTING POLICIES

Securities comprise bonds that are monitored, measured and reported at fair value on an ongoing basis in conformity with the Group's investment policy. Changes in fair value are recognised in profit (loss) for the year as financial income and expenses.

For listed securities, fair value equals the market price, and for unlisted securities, fair value is estimated based on generally accepted valuation methods and market data.

Sold securities where a repurchase agreement (repo transactions) has been made at the time of sale are recognised in the balance sheet at the settlement date as if the securities were still held. The amount received is recognised as a liability, and the difference between the selling price and the purchase price is recognised in profit (loss) for the year over the term as interest. The return on the securities is recognised in profit (loss) for the year.

4.3 FUNDS FROM OPERATION (FFO), DIVIDENDS AND HYBRID CAPITAL COUPON

FUNDS FROM OPERATION (FFO)

DKK million	2014	2013
EBITDA – business performance	16,389	15,004
Interest expense, net	(1,145)	(1,661)
Reversal of interest expense transferred to assets	(339)	(282)
Interest element of decommissioning obligations	(416)	(363)
50% of hybrid capital coupon payments	(377)	(337)
Calculated interest expenses on operating lease obligations	(217)	(153)
Adjusted interest expense, net	(2,494)	(2,796)
Reversal of recognised operating lease payment in profit (loss) for the year	545	354
Total current tax	(5,835)	(2,536)
Funds from operation (FFO)	8,605	10,026

Funds from operation (FFO)

In 2014, FFO to adjusted net debt was introduced as a new capital structure target. The long-term target is for FFO to be around 30% of adjusted interest-bearing net debt.

FFO is calculated on the basis of EBITDA calculated in accordance with business performance and is adjusted for interest expenses and the interest element of decommissioning obligations as well as for 50% of the hybrid capital coupon payments as well as calculated interest expenses on the Group's operating lease obligations.

DIVIDENDS AND HYBRID CAPITAL COUPON

DKK million	2014	2013
Dividends paid to non-controlling interests	(528)	(319)
Dividends received and capital reductions	15	39
Coupon payments to hybrid capital holders	(754)	(675)
Dividends and hybrid capital coupon	(1,267)	(955)

4.4 FINANCIAL INCOME AND EXPENSES

DKK million	2014	2013
Interest income from cash etc.	173	267
Interest received from securities at fair value	499	297
Capital gains on securities at fair value	21	19
Foreign exchange gains	3,390	2,091
Value adjustments of derivative financial instruments	1,151	554
Other financial income	27	45
Financial income	5,261	3,273
Interest expense relating to loans and borrowings	(2,156)	(2,507)
Interest expense transferred to assets	339	282
Interest element of provisions	(534)	(501)
Capital losses on securities at fair value	(302)	(214)
Foreign exchange losses	(2,957)	(1,709)
Value adjustments of derivative financial instruments	(1,321)	(1,916)
Other financial expenses	(40)	(508)
Financial expenses	(6,971)	(7,073)
Financial income and expenses are presented in the internal management reporting as follows		
Interest expense, net	(1,145)	(1,661)
Interest element of provisions etc	(572)	(501)
Early redemption of loans and associated interest rate swaps ¹		(665)
Value adjustments of derivative financial instruments, net ¹	(255)	(293)
Exchange rate adjustments, net ¹	534	(210)
Divestment of assets held under finance leases		(201)
Value adjustments of securities, net	(297)	(189)
Other financial income and expenses, net	25	(80)
Net financial income and expenses	(1,710)	(3,800)

¹ Derivative financial instruments entered into to hedge currency risks are presented in the internal management reporting together with exchange rate adjustments in the line 'exchange rate adjustments, net'. Capital losses on early repayment of interest rate swaps are also presented separately, in the line 'capital losses on early repayment of loans and interest rate swaps'.

Exchange rate adjustments of currency derivatives are recognised in revenue and cost of sales with a loss of DKK 922 million (2013: DKK 656 million loss).

Borrowing costs transferred to assets under construction are calculated at the weighted average effective interest rate for general borrowing, which was 4.1% (2013: 4.0%).

In 2013, DONG Energy sold the gas-fired Mongstad power station in Norway to Statoil. The loss on the sale is recognised in financial expenses, as the lease had been recognised for accounting purposes as an asset held under a finance lease.

ACCOUNTING POLICIES

Fair value adjustments of interest rate and currency derivatives that have not been entered into to hedge revenue, cost of sales or non-current assets are presented as financial income or expenses.

5 WORKING CAPITAL

The Group continuously strives to reduce funds tied up in working capital

IN THIS SECTION

- 5.1 Inventories
- 5.2 Construction contracts
- 5.3 Trade receivables
- 5.4 Other receivables
- 5.5 Other payables
- 5.6 Change in net working capital

1,203m

The Group's funds tied up in working capital totalled DKK 1,203 million

WORKING CAPITAL

DKK million	2014	2013
Inventories	2,938	3,560
Construction contracts, net	144	1,475
Trade receivables	8,346	8,875
Other receivables	1,736	3,306
Receivables from associates and joint ventures	2	98
Trade payables, excluding capital investments	(6,616)	(5,796)
Other payables	(5,347)	(7,368)
Working capital at 31 December	1,203	4,150

2,947m

The Group reduced working capital by DKK 2,947 million in 2014

WORKING CAPITAL, DKK million



5.1 INVENTORIES

DKK million	2014	2013
Biomass	74	78
Gas	727	1,801
Coal	309	459
Oil	173	211
Green certificates	1,390	817
CO ₂ emissions allowances	179	96
Other inventories	86	98
Inventories at 31 December	2,938	3,560

ACCOUNTING POLICIES

In the case of gas, cost is determined as a weighted average of the previous month's buying prices, including transportation costs.

Allocated and purchased CO₂ emissions allowances that form part of the Group's trading activities to generate gains from short-term price fluctuations are measured at fair value.

Other inventories are measured at cost using the first-in, first-out (FIFO) principle or net realisable value. Inventories are written down to net realisable value whenever the cost exceeds the net realisable value.

5.2 CONSTRUCTION CONTRACTS

DKK million	2014	2013
Selling price of construction contracts	4,861	9,125
Progress billings	(4,717)	(7,650)
Construction contracts at 31 December	144	1,475
Construction contracts (assets)	1,811	1,890
Construction contracts (liabilities)	(1,667)	(415)
Construction contracts at 31 December	144	1,475

When it is probable that total contract costs on a construction contract will exceed total contract revenue, the expected loss on the contract is recognised as an expense and a provision.

Where the selling price of work performed on construction contracts exceeds progress billings and expected losses, the contracts are recognised as receivables. Where progress billings and expected losses exceed the selling price of construction contracts, the contracts are recognised as liabilities. Prepayments from customers are recognised as liabilities.

Construction contracts in progress relate to the construction of 50% of the offshore wind farms Borkum Riffgrund 1 and Gode Wind 2, which are owned by co-investors (expected to be handed over in 2015 and 2016, respectively) and the construction of three offshore transmission assets in the UK (expected to be handed over in 2015 and 2017). In 2013, the figure included 50% of the construction of Anholt offshore wind farm, which was handed over in 2014.

ACCOUNTING POLICIES

Construction contracts are recognised in revenue and primarily comprise the construction of assets for third parties involving a high degree of customisation in terms of design.

When the outcome of a construction contract can be estimated reliably, the contract is measured at the selling price of the work performed less progress billings, based on the completion degree of the contract at the balance sheet date and total expected income from the contract.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The determination of the expected selling price of construction contracts includes estimates of the stage of completion, the value of incentive agreements, liabilities assumed, etc., based on the individual contract. The determination of profit on payments received on account and the recognition of receivables are therefore subject to uncertainty. The determination is based on management's estimates of the most likely outcomes of future events.

5.3 TRADE RECEIVABLES

The Group's trade receivables primarily concern residential customers in Customers & Markets, where the general terms of payment vary according to customer type and product type down to payment terms of 10 days.

Write-downs for the year totalled DKK 17 million (2013: DKK 48 million). Losses for the year totalled DKK 63 million (2013: DKK 53 million). Trade receivables can be specified as follows:

DKK million	2014	2013
Trade receivables, not overdue	7,544	8,401
Trade receivables, 1-30 days overdue	676	286
Trade receivables, more than 30 days overdue	229	353
Trade receivables, write-down	(103)	(165)
Trade receivables at 31 December	8,346	8,875

ACCOUNTING POLICIES

A write-down is made for expected losses where there is an indication that a receivable or a portfolio of receivables is impaired. The write-down is calculated as the difference between the carrying amount and the net present value of expected future cash flows associated with the receivable. The discount rate used is the effective interest rate for the individual receivable or the individual portfolio.

5.4 OTHER RECEIVABLES

DKK million	2014	2013
Receivables from the divestment of equity investments to non-controlling interests	408	229
Receivables from the divestment of assets and equity investments	665	367
VAT and other indirect taxes receivable	369	623
Central clearing counterparties	546	1,656
Prepayments	892	1,009
Other receivables	990	1,323
Other receivables	3,870	5,207
Of which working capital	1,736	3,306
Of which other capital employed	1,491	1,597
Of which interest-bearing net debt	643	304

Other receivables

Trade receivables from the divestment of assets and equity investments concern primarily the divestment of 50% of the UK offshore wind farm project Westermost Rough and 50% of DONG Energy's ownership interest in the UK offshore wind farm London Array 1 (Wind Power) as well as the reduction in ownership interest from 80% to 20% of the Glenlivet licence (Exploration & Production).

The Group's central clearing counterparties comprise receivables from banks in connection with exchange trades.

Prepayments consist primarily of prepaid drilling equipment and spare parts for ongoing expansions and prepayments to partners.

The short-term portion of other receivables amounts to DKK 3,357 million) (2013: DKK 4,929 million).

5.5 OTHER PAYABLES

DKK million	2014	2013
Payables to associates and joint ventures	264	
Prepaid VAT on exports	1,357	1,359
CO ₂ rights	179	362
VAT and other indirect taxes payable	1,397	2,182
Pay-related items payable	825	888
Accrued interest	766	855
Virtual gas storage	167	593
Deferred income	3,909	3,252
Other payables	1,640	2,125
Other payables	10,504	11,616
Of which working capital	5,347	7,368
Of which other capital employed	4,501	3,944
Of which interest-bearing net debt	656	304

Other payables

Deferred income consists primarily of payments regarding connections to the electricity grid (Customers & Markets) and prepayments from heat customers (Thermal Power).

The short-term portion of other payables amounts to DKK 5,905 million (2013: DKK 7,658 million).

5.6 CHANGE IN NET WORKING CAPITAL

DKK million	2014	2013
Change in inventories	705	199
Change in construction contracts	1,435	(685)
Change in trade receivables	450	(1,305)
Change in other receivables	1,650	(195)
Change in trade payables	800	(532)
Change in other payables	(2,017)	464
Change in net working capital	3,023	(2,054)

Change in net working capital

The change in net working capital is due partly to lower receivables from contracts for the construction of offshore wind farms with co-investors and offshore transmission assets in connection with wind farms in the UK, and partly to lower trade receivables due to lower electricity and heat generation and lower gas sales.

6 RISK MANAGEMENT

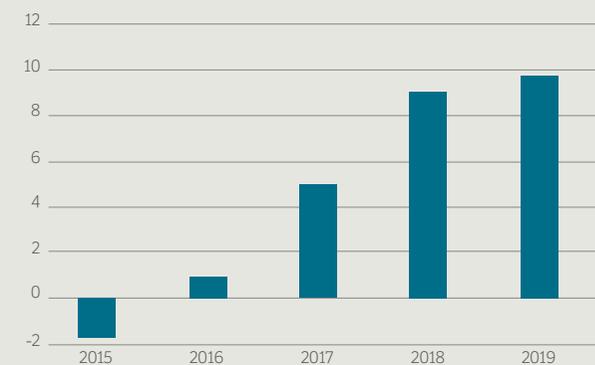
DONG Energy's activities create exposures which, based on the risk management policy, are actively managed to reduce the impact of these exposures

IN THIS SECTION

- 6.1 Hedge accounting and economic hedging
- 6.2 Market risks
- 6.3 Credit risks

To reduce the fluctuations in the Group's cash flows in the short and medium term, hedging agreements are concluded within the risk management horizon (up to five years).

GROUP EXPOSURE AFTER HEDGING, DKK billion



The figure shows the Group's annual exposure from oil, gas and electricity after hedging

6.1 HEDGE ACCOUNTING AND ECONOMIC HEDGING

As an energy company, DONG Energy is very much impacted by what happens in the outside world. Material financial risks include:

- Changes in market prices, including energy prices and exchange rates
- Changes in interest rates
- The risk of losses on counterparties

The Group's most important market risks relate to the markets for oil, gas and electricity. Management of these market risks is based on the Group's desire for stable financial key figures. The positions are primarily entered into to reduce DONG Energy's risk.

The method of recognition and classification of hedging transactions depends on the purpose of the hedging:

- Economic hedging comprises hedging of energy-related risks, including related currency risks. These hedging contracts are treated as hedge accounting in accordance with business performance, whereby the value adjustment is postponed and only recognised during the period in which the hedged transaction takes place. Under IFRS, the value adjustment of this type of hedging is recognised directly in the income statement.
- Hedging of the fair value of securities or currency comprises hedging of recognised assets or liabilities.
- Hedging of cash flows concerning interest rates comprises hedging of future interest payments.
- Hedging of net investments comprises hedging of the currency risk associated with investments in assets located in foreign countries. DONG Energy's hedging of the exposure to GBP is divided into two elements. In the first five years, hedging is classified as economic hedging in connection with electricity generation in the UK, while hedging beyond this period is performed as hedging of net investments.

The aim of the trading portfolio for energy, currency and interest is to utilise short-term price fluctuations.

OVERVIEW OF THE GROUP'S POSITIONS

		31 December 2014				31 December 2013			
		Energy		Currency/interest		Energy		Currency/interest	
DKK million	Note	Contractual principal amount	Fair value	Contractual principal amount	Fair value	Contractual principal amount	Fair value	Contractual principal amount	Fair value
Economic hedging	2.5	34,379	4,419	20,406	(651)	39,480	293	7,940	(263)
Hedging of fair value, securities	4.3			795	(10)			2,796	6
Hedging of fair value, currency	6.1			15,914	611			15,115	(127)
Hedging of cash flows, interest	4.1			5,761	(552)			5,975	(431)
Hedging of net investments	6.1			23,464	(1,181)			44,011	733
Trading portfolio	2.5, 6.1	1,765	271	4,789	(37)	3,883	470	6,283	(53)
Total		36,144	4,690	71,129	(1,820)	43,363	763	82,120	(135)

ACCOUNTING POLICIES

DONG Energy applies the provisions on hedge accounting to derivative financial instruments and loans for hedging currency and interest rate risks. From 2011 hedging of commodities and related foreign exchange exposures is not accounted for as cash flow hedge accounting. Market value adjustments of these, which were previously recognised in comprehensive income and a special reserve in equity, are recognised in profit (loss) for the year as

the underlying transactions are realised or if the hedges are judged to no longer be effective.

Value adjustments of financial contracts that are not used as economic hedges of the Group's principal activities or are part of the Group's trading portfolio are recognised as financial income and expenses.

6.1 HEDGE ACCOUNTING AND ECONOMIC HEDGING CONTINUED

Financial income and expenses

In financial income and expenses, currency derivatives are recognised which are not related to hedging of energy and net investments. In the table, this portion of currency is presented as trading portfolio. Interest rate derivatives which are not used for cash flow hedging are presented as trading portfolio, where interest rate derivatives used for cash flow hedging are recognised in other comprehensive income and with expected transfer to financial income and expenses.

The scope of DONG Energy's hedging and trading activities that affect financial income and expenses can be seen in the table to the right.

Cash flow hedging

In connection with the transition to business performance in 2011, the effective part of cash flow hedging of currency was locked in equity. The locked values are transferred to the income statement in step with the realisation of the underlying exposure. The remaining portion of cash flow hedging of currency is expected to be transferred to financial income and expenses in 2015 in the amount of a DKK 36 million loss. (2013: transferred in 2014: DKK 38 million loss and transferred in 2015: DKK 40 million loss). The fair value of the remaining currency hedging is DKK 0 million. (2013: DKK 0 million).

In 2014, DKK 0 million were expensed (2013: DKK 478 million) concerning interest rate swaps relating to loans. In 2013, a larger portion of the hedged loan portfolio was repaid, which resulted in the recognition of the market value of the related interest rate swaps. For a further specification of interest rate hedging, reference is made to note 4.1.

TRADING PORTFOLIO, CURRENCY AND INTEREST RATE

DKK million	2014		2013	
	Contractual principal amount	Fair value	Contractual principal amount	Fair value
Currency at 31 December				
Forward exchange contracts and currency swaps	2,043	(87)	1,331	(134)
Interest at 31 December				
Interest rate swaps	2,746	50	4,952	81
Total derivative financial instruments	4,789	(37)	6,283	(53)

Ineffectiveness of currency hedging amounted to a charge of DKK 4 million (2013: DKK 85 million charge).

ACCOUNTING POLICIES

Changes to the fair value of hedging instruments that qualify for recognition as a hedge of future cash flows and that provide an effective hedge against changes in the value of the hedged item are recognised in other comprehensive income within a separate hedging reserve. On realisation of the hedged cash flow, the resulting gain or loss is transferred from equity and recognised in the same item as the hedged item. However, on hedging of

proceeds from future loans, the resulting gain or loss is transferred from equity over the term of the loan.

If the hedged cash flows are no longer expected to be realised, the accumulated value change is transferred immediately to profit (loss) for the year.

HEDGING OF FAIR VALUE, CURRENCY

DKK million	EUR	USD	GBP	NOK	Other	2014	EUR	USD	GBP	NOK	Other	2013
Assets	16,871	779	6,833	431	321	25,235	12,036	2,180	4,646	976	395	20,233
Liabilities	(31,292)	(1,516)	(16,267)	(526)	(105)	(49,706)	(34,592)	(2,911)	(15,298)	(612)	(53)	(53,466)
Hedged using hedging instruments	4,020		11,894			15,914	5,036		10,079			15,115
Net position	(10,401)	(737)	2,460	(95)	216	(8,557)	(17,520)	(731)	(573)	364	342	(18,118)
Fair value of hedging instruments	(11)		622			611	17		(144)			(127)

In the above table, the currency risk from financial assets and liabilities is presented. A portion of this currency risk is hedged, primarily through the use of forward exchange contracts and currency swaps. Hedges are recognised as fair value hedges when the hedged item is a recognised financial asset or a financial liability.

ACCOUNTING POLICIES

Changes in the fair value of derivative financial instruments that are designated as and qualify for recognition as hedges of the fair value of a recognised asset or liability are recognised in profit (loss) for the year together

with changes in the value of the hedged asset or liability to the extent of the hedged risk.

6.1 HEDGE ACCOUNTING AND ECONOMIC HEDGING CONTINUED

Hedging of net investments in foreign subsidiaries

DONG Energy's foreign activities entail a currency risk. This risk is hedged through raising of loans in foreign currencies as well as forward exchange contracts and currency swaps. The table to the right presents DONG Energy's investments in foreign currency as well as associated hedges.

In connection with its net investments, the Group has hedged future investments with a contract value of DKK 0 million (2013: DKK 5,263 million) and a market value of DKK 0 million (2013: DKK 0 million).

Ineffectiveness relating to hedging of net investments in foreign subsidiaries was DKK 24 million (2013: DKK 8 million).

ACCOUNTING POLICIES

Changes in the fair value of derivative financial instruments and loans that are used to hedge net investments in foreign subsidiaries or associates and that provide effective hedges against changes in foreign exchange rates in these enterprises are recognised in the consolidated financial statements directly in equity within a separate translation reserve.

31 December 2014

DKK million	Investment including equity-like loans	Of which minority interests	Hedged amount in currency	Net position	Accumulated exchange rate adjustment of net investments, including equity-like loans	Accumulated exchange rate adjustment of hedging of net investments, including equity-like loans	Accumulated net exchange rate adjustment recognised in equity
Currency							
GBP	32,858	(5,369)	(20,624)	6,865	1,903	(2,283)	(380)
NOK	5,505		(2,840)	2,665	(704)	672	(32)
SEK	281			281	(43)	(14)	(57)
EUR	4,505			4,505	(2)		(2)
Other	9			9			
Total	43,158	(5,369)	(23,464)	14,325	1,154	(1,625)	(471)

31 December 2013

DKK million	Investment including equity-like loans	Of which minority interests	Hedged amount in currency	Net position	Accumulated exchange rate adjustment of net investments, including equity-like loans	Accumulated exchange rate adjustment of hedging of net investments, including equity-like loans	Accumulated net exchange rate adjustment recognised in equity
Currency							
GBP	37,843	(5,425)	(32,289)	129	12	(331)	(319)
NOK	9,959		(6,104)	3,855	(163)	486	323
SEK	473	(52)	(355)	66	10	(54)	(44)
EUR	2,758			2,758	6		6
Other	8			8			
Total	51,041	(5,477)	(38,748)	6,816	(135)	101	(34)

6.2 MARKET RISKS

Market risk is the risk that changes in market prices such as commodity prices, exchange rates and interest rates will affect DONG Energy's profit and/or equity.

The market risk associated with commodities primarily relates to portfolio management and trading activities. DONG Energy is exposed to two types of energy risk: fluctuations in market prices and fluctuations in volumes due to the fluctuating needs of the underlying business.

Via its day-to-day activities, DONG Energy is exposed to fluctua-

tions in the prices of gas, oil, electricity, coal and CO₂ and, to a lesser extent, other commodities.

DONG Energy trades actively in these commodities in the relevant markets to hedge and optimise its supply requirements and secure the Group's supply chain. In this connection, DONG Energy uses derivatives to hedge its positions.

As a result of its activities, DONG Energy is primarily exposed to USD, GBP and NOK. The Group hedges currency risk to mitigate the effect of exchange rate movements.

Sensitivity analysis

The sensitivity analysis in the table shows the effect of market value changes assuming a relative price change at 31 December 2014. Effect on profit (loss) before tax comprises financial instruments that remained open at the balance sheet date and have an effect on profit (loss) in the financial year in question. Effect on profit (loss) before tax is divided into trading portfolio and economic hedging. Effect on profit of financial instruments allocated to economic hedging is offset, over time, by the opposite effect of the hedged exposure. The illustrated sensitivity is therefore only temporary, unlike the effect on profit of financial instruments allocated as trading portfolio, which is not offset by an underlying exposure. Effect on equity before tax comprises financial instruments that remained open at the balance sheet date and are value-adjusted directly in equity. Besides derivative financial instruments on commodities and currency, financial instruments in this context include receivables and payables in foreign currencies.

The illustrated sensitivities only comprise DONG Energy's financial instruments and therefore omit the effect from contracts concluded under which physical delivery of the underlying assets is made, as these are not recognised as financial instruments in accordance with IAS 39. If the underlying exposure had been included in the sensitivity analysis, the effect of a price change would have been reduced.

Net investments and associated hedging of net investments in foreign subsidiaries are not included in the table, as the effect of the sum of the investment and the hedging is considered to be neutral to price changes. A 10% increase in the currencies hedged in connection with net investments would reduce equity by DKK 2,346 million (2013: DKK 3,875 million decrease) arising from the hedging instruments. All other conditions being equal, a decrease in the exchange rate would have had a corresponding opposite effect. For further details on currency positions hedged by hedging of net investments, reference is made to note 6.1, hedging of net investments in foreign subsidiaries.

Further details of the Group's risk management are provided on pages 35-39 of the Management's review.

Effect on profit (loss) before tax is broken down by sensitivity of the portion that is recognised in:

- Trading portfolio, these contracts will affect profit.
- Economic hedging, including commercial contracts. The market value changes of contracts allocated as economic hedging will be offset, wholly or in part, by a change in the hedged risk.

SENSITIVITY ANALYSIS OF FLUCTUATIONS IN COMMODITIES AND CURRENCIES

Risk	Price change	31 December 2014		Effect on equity before tax	31 December 2013		Effect on equity before tax
		Effect on profit (loss) before tax			Effect on profit (loss) before tax		
		Trading portfolio	Economic hedging ¹		Trading portfolio	Economic hedging ¹	
Oil	10%	(11)	(56)	222	(16)	(219)	
	-10%	11	56		15	216	
Gas	10%	(62)	(1,470)		(58)	(3,244)	
	-10%	58	1,484		58	3,244	
Electricity	10%	42	(464)		(227)	(423)	
	-10%	(41)	456		229	403	
Coal	10%	1	(34)		(2)	(5)	
	-10%	(1)	34		2	5	
USD	10%	(7)	(182)		(3)	1	
	-10%	7	182		3	32	
GBP	10%	(9)	(1,588)		97	(612)	(526)
	-10%	9	1,588		(97)	612	526
NOK	10%	4	(10)		9	36	
	-10%	(4)	10		(9)	(36)	
EUR	10%	164	(600)		114	(2,042)	
	-10%	(164)	600		(114)	2,059	
Interest	100 basis points	(426)			(199)		258

¹ Economic hedging comprises derivatives entered into to hedge future financial risks. The market value changes of these contracts will be offset, wholly or in part, by a change in the hedged risk. Also included are commercial contracts recognised at fair value.

6.3 CREDIT RISKS

DONG Energy's counterparty risks are largely concentrated on large international energy companies and banks. Such trading is regulated under standard agreements, such as EFET and ISDA agreements, which feature, for instance, credit rating and netting provisions. DONG Energy seeks to limit credit risks by systematically rating its counterparties within the fields of energy trading and financial activities, by extending a credit limit or demanding that collateral be furnished. The counterparties and credit limits granted are monitored on an ongoing basis.

The monitoring of counterparties and granting of credit limits are based on the framework established by the Board of Directors and the Executive Board. For the most important counterparties, an internal credit rating is required. Information from external credit rating agencies, publicly available information and own analyses are included in the determination of an internal rating and the granting of credit limits.

DONG Energy has not suffered any losses from any single major counterparty in 2014, and despite a steadily increasing proportion of

non-performing debt in private households and only a marginal fall in bankruptcies

for business customers, the ratio of overdue balances to revenue for the residential customer remained at an unchanged level compared with 2013.

The credit quality of the Group's financial assets is primarily assessed for the items derivative financial instruments, cash and bond portfolios and receivables, and is based on the individual counterparty's ratings with Standard & Poor's and Moody's. Positions have been calculated before offsetting any collateral, and the figures therefore do not reflect the Group's actual credit risk.

The AAA/Aaa category covers DONG Energy's position in Danish AAA-rated government and mortgage bonds and the category other predominantly consists of trade receivables from customers such as end-users and PSO customers.

THE CREDIT QUALITY OF THE GROUP'S COUNTERPARTIES CAN BE SUMMARISED AS FOLLOWS:

DKK million	2014	2013
Clearing centres	1,967	2,336
AAA/Aaa	18,962	13,969
AA/Aa	6,294	2,345
A/A	8,476	7,697
BBB/Baa	4,463	3,029
Other	15,161	15,474
Total credit risk	55,323	44,850

The increased credit exposure can mainly be explained by the increase in the Group's portfolio of securities and cash and cash equivalents.

OFFSETTING OF FINANCIAL ASSETS

DKK million	Derivative financial instruments	Trade receivables	2014	Derivative financial instruments	Trade receivables	2013
Financial assets, gross	21,606	17,697	39,303	3,835	19,484	23,319
Financial liabilities, offset	(15,635)	(15,100)	(30,735)	(2,307)	(17,275)	(19,582)
Financial assets in the balance sheet	5,971	2,597	8,568	1,528	2,209	3,737
Amounts not offset in the balance sheet						
Liabilities with right of set-off	(1,052)		(1,052)	(352)		(352)
Collateral received in the form of bonds	(321)		(321)	(192)		(192)
Net	4,598	2,597	7,195	984	2,209	3,193

OFFSETTING OF FINANCIAL LIABILITIES

DKK million	Derivative financial instruments	Trade payables	2014	Derivative financial instruments	Trade payables	2013
Financial liabilities, gross	21,418	18,462	39,880	3,397	19,940	23,337
Financial assets, offset	(15,635)	(15,100)	(30,735)	(2,307)	(17,275)	(19,582)
Financial liabilities in the balance sheet	5,783	3,362	9,145	1,090	2,665	3,755
Amounts not offset in the balance sheet						
Assets with right of set-off	(1,052)		(1,052)	(352)		(352)
Collateral provided in the form of bonds	(823)		(823)	(283)		(283)
Net	3,908	3,362	7,270	455	2,665	3,120

Offsetting of financial assets and liabilities

The offsetting agreements with the individual counterparties are often limited to offsetting within specific products. In addition, the settlement of liabilities and the realisation of assets often do not take place simultaneously. Consequently, only some of the Group's offsetting agreements meet the IFRS offsetting rules.

The table to the left shows financial assets and liabilities that are subject to offsetting agreements, and related collaterals: The increase in the amount offset in derivative financial instruments is primarily attributable to the increase in the market value of oil-related trades.

ACCOUNTING POLICIES

Positive and negative values are only offset if the enterprise is entitled to and intends to settle several financial instruments net.

7 TAX

DONG Energy is subject to a number of complex tax regimes which affect the recognised tax in the Annual Report. Among other things, DONG Energy is subject to Danish, English and Norwegian hydrocarbon taxation and international joint taxation in Denmark

IN THIS SECTION

- 7.1 Tax on profit (loss) for the year
- 7.2 Deferred tax

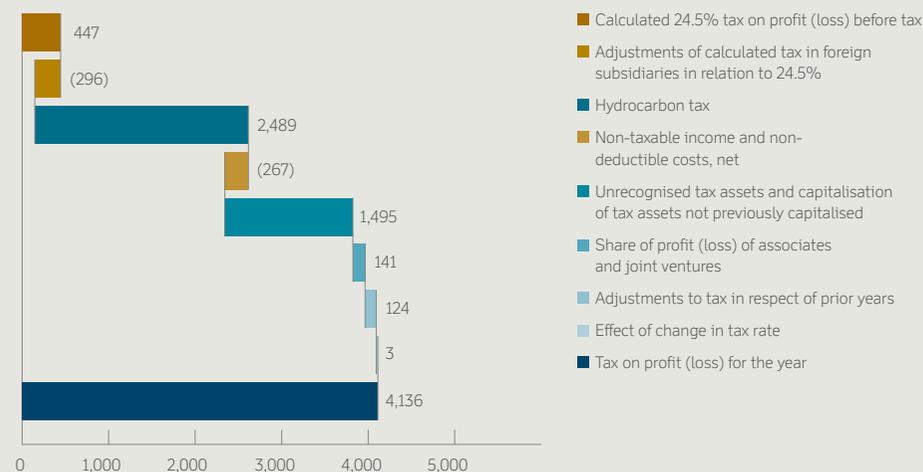
4,136m

Tax on profit (loss) for the year according to IFRS in 2014

3,835m

In 2014, the DONG Energy Group paid DKK 3,835 million in income tax and hydrocarbon tax in Denmark and Norway

EXPLANATION OF TAX FOR THE YEAR, DKK million



7.1 TAX ON PROFIT (LOSS) FOR THE YEAR

DONG Energy A/S is taxed jointly with its Danish and foreign subsidiaries (international joint taxation). DONG Energy's subsidiaries are included in the joint taxation from the date they are included in the consolidation in the consolidated financial statements and up to the date on which they are no longer included in the consolidation.

Tax on profit (loss) for the year, which consists of income tax and changes in deferred tax, is recognised in profit (loss) for the year except for the portion that relates to entries directly to other comprehensive income.

Subsidiaries that are engaged in oil and gas extraction (hydrocarbons) are subject to the hydrocarbon tax legislation in the countries in which they operate. Hydrocarbon taxes are calculated on the basis of taxable hydrocarbon income and comprise taxes calculated applying the respective country's ordinary income tax rate as well as taxes calculated applying increased tax rates. Hydrocarbon taxes are recognised under tax on profit (loss) for the year.

Tax on profit (loss) for the year amounts to DKK 4,136 million (2013: DKK 1,015 million) of a profit before tax of DKK 1,826 million. (2013: loss of DKK 576 million).

The tax rate primarily reflected positive earnings from oil and gas production in Norway, where hydrocarbon income is taxed at 78%, as well as non-deductible impairment losses in 2014.

Tax on profit (loss) for the year was also affected by non-taxable income and non-deductible expenses relating to divestment of assets and enterprises amounting to DKK 680 million (2013: DKK 416 million).

Finally, tax on profit (loss) for the year is affected by unrecognised

INCOME TAX

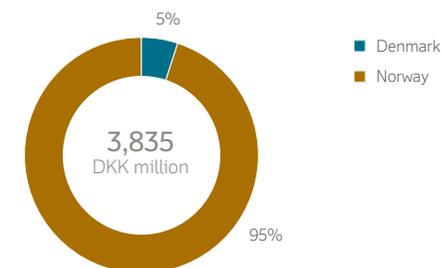
DKK million	2014	2013
Tax on profit (loss) for the year	(4,136)	(1,015)
Tax on other comprehensive income	83	(491)
Tax on hybrid capital	166	224
Total tax for the year	(3,887)	(1,282)
Tax on profit (loss) for the year can be broken down as follows:		
Current tax (income tax and hydrocarbon tax) calculated applying normal tax rates	(2,496)	(1,142)
Current tax, hydrocarbon tax calculated applying higher tax rate	(3,526)	(1,105)
Deferred tax, calculated applying normal tax rates	976	1,294
Deferred tax, hydrocarbon tax calculated applying higher tax rate	1,037	(6)
Adjustments to tax in respect of prior years	(127)	(56)
Tax on profit (loss) for the year	(4,136)	(1,015)
Tax on other comprehensive income can be broken down as follows:		
Current tax (income tax and hydrocarbon tax) calculated applying normal tax rates	186	(289)
Deferred tax, calculated applying normal tax rates	(103)	(202)
Tax on other comprehensive income	83	(491)

tax assets relating to losses in companies in which utilisation of tax loss carryforwards in the foreseeable future is uncertain, including losses from oil and gas exploration and other development costs, where a final investment decision has not yet been made.

INCOME TAX, EFFECTIVE TAX RATE

%	2014	2013
Tax on profit (loss) for the year can be explained as follows:		
Calculated 24.5% tax on profit (loss) before tax	25	25
Adjustments of calculated tax in foreign subsidiaries in relation to 24.5%	(16)	2
Hydrocarbon tax	136	(193)
Tax effect of:		
Non-taxable income and non-deductible costs, net	(15)	87
Unrecognised tax assets and capitalisation of tax assets not previously capitalised	82	(55)
Share of profit (loss) of associates and joint ventures	8	(33)
Adjustments to tax in respect of prior years	6	(6)
Effect of change in tax rate	1	(3)
Effective tax rate for the year	227	(176)

INCOME TAX PAID PER COUNTRY, DKK million, 2014



7.2 DEFERRED TAX

DEVELOPMENT IN DEFERRED TAX ASSETS AND LIABILITIES

	Balance sheet 1 January	Foreign exchange adjustment	Additions in respect of individual assets and activities, net	Recognised in profit (loss) for the year	Recognised in other comprehen- sive income	Adjustments in respect of previous years etc	Balance sheet 31 December
2014							
DKK million							
Intangible assets	318		1	(159)		13	173
Property, plant and equipment	8,370	(187)	128	(1,174)	(48)	57	7,146
Other non-current assets	129	(11)		(10)		11	119
Current assets	209	(6)	(3)	(235)		(11)	(46)
Decommissioning obligations	(3,471)	21	(32)	(688)		5	(4,165)
Other non-current liabilities	(685)	110	36	(700)	64	95	(1,080)
Current liabilities	(308)			1,196		(82)	806
Retaxation	2,763			(154)		47	2,656
Tax loss carryforwards	(1,959)	(67)	13	(89)	87	55	(1,960)
Deferred tax	5,366	(140)	143	(2,013)	103	190	3,649
2013							
Intangible assets	225	(2)		12		83	318
Property, plant and equipment	10,860	(783)	80	(1,405)	83	(465)	8,370
Other non-current assets	117	1	48	(5)		(32)	129
Current assets	(150)	3	7	349			209
Decommissioning obligations	(3,339)	258		(480)		90	(3,471)
Other non-current liabilities	(900)	3	65	217	46	(116)	(685)
Current liabilities	(285)			(31)		8	(308)
Retaxation	2,911			(329)		181	2,763
Tax loss carryforwards	(2,787)	23	(51)	384	73	399	(1,959)
Deferred tax	6,652	(497)	149	(1,288)	202	148	5,366

Of the deferred tax of DKK 3,649 million (2013: DKK 5,366 million), DKK 548 million (2013: DKK 226 million) is expected to fall due within 12 months.

Unrecognised deferred tax assets amounted to DKK 20,160 million (2013: DKK 12,949 million) at 31 December 2014 and related primarily

to unutilised losses in hydrocarbon income in Denmark and the UK. It is considered unlikely that these losses can be utilised in the foreseeable future.

ACCOUNTING POLICIES

Deferred tax is measured using the balance sheet liability method, providing for all temporary differences between the carrying amounts and the tax base of assets and liabilities, with the exception of deferred tax on temporary differences in respect of goodwill not deductible for tax purposes, office properties and other items – apart from business combinations – where temporary differences have arisen at the acquisition date without having any effect on profit (loss) or taxable income.

Deferred tax is measured on the basis of management's planned use of the asset or settlement of the liability respectively.

Deferred tax assets are recognised at the value at which they are expected to be utilised either by elimination against tax on future earnings or by offsetting against deferred tax liabilities within the same legal tax entity and jurisdiction.

Adjustment of deferred tax is made relating to eliminations made of unrealised intragroup profits and losses.

Deferred tax is measured in accordance with the tax rules and tax rates in the respective countries that will apply under the legislation enacted at the balance sheet date when the deferred tax is expected to crystallise in the form of current tax. Changes in deferred tax as a result of changes in tax rates are recognised in profit (loss) for the year.

Deferred tax on temporary differences between the carrying amounts and the tax base of acquisitions of joint operations, including licence interests, is not provided for.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Deferred tax assets, including the tax base of tax loss carryforwards, are reassessed annually and recognised to the extent that it is probable that they will be utilised in the foreseeable future. Management's reassessment is based on whether a final investment decision has been made in companies involved in oil and gas exploration and companies with other development costs, and on the long-term outlook for the Group's development.

When a business is run across national borders, disputes may arise concerning taxation and transfer pricing with the tax authorities in the various countries. Management estimates have been applied in the assessment of the possible outcome of such disputes. DONG Energy believes that adequate provisions have been made for any such disputes which have not yet been decided by the local tax authorities. However, the actual obligation may be different as it depends on the outcome of the disputes and settlements reached with the tax authorities in question.

8 OTHER NOTES

This section contains the remaining statutory notes

IN THIS SECTION

- 8.1 Equity
- 8.2 Hybrid capital
- 8.3 Assets and liabilities measured at fair value
- 8.4 Categories of financial instruments
- 8.5 Related party transactions
- 8.6 Auditor's fees
- 8.7 Operating lease obligations
- 8.8 Events after the reporting period
- 8.9 Licence overview
- 8.10 Company overview

13.0bn

In February 2014, new and existing shareholders injected DKK 13.0 billion into DONG Energy A/S

13.2bn

At 31 December 2014, DONG Energy has issued hybrid capital in the amount of DKK 13.2 billion

66 licences

The DONG Energy Group has 66 hydrocarbon exploration and extraction licences

150 companies

DONG Energy is a Northwestern European group with 150 Danish and foreign companies

8.1 EQUITY

DKK million	2014	2013
Share capital at 1 January	2,937	2,937
Capital increase	1,240	
Share capital at 31 December	4,177	2,937

Share capital

The company's share capital is DKK 4,177,263,730, divided into shares of DKK 10. (2013: DKK 2,937,099,000). All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up.

Dividends

The Board of Directors will recommend that no dividends be paid for the 2014 financial year. No dividends were paid for the financial year 2013.

DKK million	2014	2013
Equity attributable to shareholders of DONG Energy A/S	43,727	31,599
Hybrid capital	13,236	13,236
Non-controlling interests	6,561	6,708
Issued bonds	28,414	31,330
Bank loans	7,643	14,826
Other interest-bearing debt	656	304
Capital base at 31 December	100,237	98,003

Capital structure

Management evaluates the Group's capital structure on an ongoing basis to ensure that it is aligned with the Group's and the shareholders' interests and underpins the Group's strategy. Equity, hybrid capital, non-controlling interests, issued bonds, bank loans and other interest-bearing debt are considered to be a part of the capital base.

To secure financing on attractive terms at all times, DONG Energy has set targets for its credit rating and capital structure. The credit rating target is to maintain ratings of at least BBB+, BBB+ and Baa1, respectively, with the rating agencies Standard & Poor's, Fitch and Moody's. DONG Energy has been rated BBB+ with a stable outlook by Standard & Poor's, BBB+ with a stable outlook by Fitch and Baa1 with a stable outlook by Moody's.

8.2 HYBRID CAPITAL

Hybrid capital

Hybrid capital with a total nominal value of DKK 13,398 million (EUR 1,800 million) comprises EUR hybrid bonds issued in the European capital markets. A series of special terms are attached to the hybrid bonds.

The hybrid capital is subordinate to the Group's other creditors. The purpose of issuing hybrid capital was to strengthen the Group's capital base and fund the Group's investments.

The total hybrid capital consists of hybrid bonds due in 3005 and hybrid bonds due in 3013. Further details on the three hybrid bonds are provided in the table below.

Coupon on hybrid capital is settled annually. Coupon payments and their tax effect are recognised directly in equity.

DONG Energy A/S may, at its sole discretion, omit or defer coupon payments to bond holders. However, deferred coupon payments will fall due for payment in the event of DONG Energy A/S subsequently making any distributions to its shareholders. So far, DONG Energy A/S has not used the option to defer coupon payments.

ACCOUNTING POLICIES

Hybrid capital comprises issued bonds that qualify for treatment in accordance with the rules on compound financial instruments due to the special characteristics of the loan. The principal amount, which constitutes a liability, is recognised at present value, and equity has been increased by the difference between the net proceeds received and the present value of the discounted liability. Accordingly, any coupon payments are accounted for as dividends, which are recognised directly in equity at the time the payment obligation arises. This is because the coupon payments are discretionary and relate to the part of the hybrid capital that is recognised in equity. Coupon payments consequently do not have any effect on profit (loss) for the year.

The part of the hybrid capital that is accounted for as a liability is measured at amortised cost. However, as the carrying amount of this component amounted to nil on initial recognition, and because of the 1,000-year term of the hybrid capital, amortisation charges will only impact on profit (loss) for the year towards the end of the 1,000-year term of the hybrid

capital. Coupon payments are recognised in the statement of cash flows in the same way as dividend payments within financing activities.

On redemption of the hybrid capital the payment on redemption will be distributed between the liability and equity applying the same principles as used when the hybrid capital was issued. This means that the difference between the payment on redemption and the net proceeds received on issue is recognised directly in equity as the debt portion of the existing hybrid issues will be nil during the first part of the life of the hybrid capital.

On the date on which the Board of Directors decides to exercise an option to redeem the hybrid capital, the part of the hybrid capital that will be redeemed will be reclassified to liabilities. The reclassification will be made at the fair value of the hybrid capital at the date the decision is made. Interest expense and exchange rate adjustments following the reclassification to liabilities will be recognised in profit (loss) for the year as financial income or expenses.

	Hybrid capital due in 3005 (June)	Hybrid capital due in 3013 (June)	Hybrid capital due in 3013 (July)
Carrying amount	DKK 4,411 million	DKK 5,127 million	DKK 3,698 million
Notional amount	EUR 600 million (DKK 4,466 million)	EUR 700 million (DKK 5,210 million)	EUR 500 million (DKK 3,722 million)
Issued	June 2005	June 2013	July 2013
Due	June 3005	June 3013	July 3013
First possible redemption date at par	29 June 2015	26 June 2023	8 July 2018
Interest	Coupon for the first ten years is fixed at 5.5% p.a., after which it becomes floating at 3-month EURIBOR + 3.2 percentage points.	Coupon for the first ten years is fixed at 6.25% p.a., after which it is adjusted every five years with the 5-year euro swap + 4.75 percentage points from 2023-2043 and +5.5 percentage points after 2043	Coupon for the first five years is fixed at 4.875% p.a., after which it is adjusted every five years with the 5-year euro swap + 3.8 percentage points from 2018, 4.05 percentage points from 2023 and 4.80 percentage points from 2038
Deferral of interest payment	Optional deferral option	Optional deferral option	Optional deferral option

8.3 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

DKK million	2014			2013		
	Quoted prices (level 1)	Observable inputs (level 2)	Non-observable inputs (level 3)	Quoted prices (level 1)	Observable inputs (level 2)	Non-observable inputs (level 3)
Securities	24,376	572	-	16,118	-	-
Total securities	24,376	572	-	16,118	-	-
Commodities	2,953	6,239	673	1,804	5,415	765
Currency		1,180			1,008	
Interest		148			155	
Total derivative financial instruments	2,953	7,567	673	1,804	6,578	765
Total assets	27,329	8,139	673	17,922	6,578	765
Commodities	2,884	1,831	461	2,856	3,444	921
Currency		2,489			800	
Interest		658			498	
Total derivative financial instruments	2,884	4,978	461	2,856	4,742	921
Total equity and liabilities	2,884	4,978	461	2,856	4,742	921

All assets and liabilities measured at fair value are measured on a recurring basis.

Level 1 comprises quoted securities and derivative financial instruments that are traded in active markets.

Level 2 comprises derivative financial instruments, where valuation models with observable inputs are used to measure fair value, but with discounting to present value applying one of the discount rates set by the Group.

Level 3 comprises primarily long-term contracts on purchase/sale of, in

particular, electricity and gas, and oil options. The fair values are based on assumptions concerning the long-term prices of, in particular, electricity, gas, coal, USD, EUR, volatilities as well as risk premiums in respect of liquidity and market risks and are determined by discounting of expected cash flows. Level 3 also includes other financial instruments in which primarily electricity, oil and gas prices have been estimated, and where the sum of these estimated, non-observable inputs may have a significant effect on fair value.

The fair value of financial instruments based on non-observable inputs

is significantly affected by the non-observable inputs used. As a result of the long-term and illiquid nature of the contracts, the fair value may change significantly in the event of a change in the Group's reasonable expectations relating to the non-observable inputs used.

SPECIFICATION OF DERIVATIVE FINANCIAL INSTRUMENTS AT LEVEL 3

DKK million	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Fair value at 1 January	765	(921)	839	(739)
Gains and losses recognised in profit (loss) for the year as revenue	(567)	717	(278)	(112)
Issues/purchases	236	(299)		(414)
Redemptions/sales	319	42	217	264
Transferred to Level 2 due to market data having become available	(80)		(13)	80
Fair value at 31 December	673	(461)	765	(921)
Gains (losses) recognised in profit (loss) for the year relating to assets/liabilities that are still recognised in the balance sheet at 31 December	(1,122)	974	(497)	38

8.3 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE CONTINUED

Valuation principles and material assumptions

In order to keep modifications of parameters, calculation models or the use of subjective estimates to a minimum, it is the Group's policy

to determine fair values on the basis of external information that most accurately reflects the values of assets or liabilities.

Market values are determined by the Risk Management function,

which reports to the CFO. The development in market values is monitored on a continuous basis and reported to the Executive Board.

Valuation principles and relevant assumptions for material assets or liabilities at Level 3 can be summarised as follows:

31 DECEMBER 2014

Fair value of derivative financial instruments	Assets DKK million	Liabilities DKK million	Valuation principle	Non-observable inputs	Range
Electricity swaps	638	373	Cash flow	Electricity price in 2018-2020 Volatility from 2016	EUR 24-47/MWh 11%-16%
Electricity options	1	83	Option model	Electricity price in 2018-2020	EUR 24-47/MWh

31 DECEMBER 2013

Fair value of derivative financial instruments	Assets DKK million	Liabilities DKK million	Valuation principle	Non-observable inputs	Range
Electricity swaps	602	444	Cash flow	Electricity price in 2018-2020 Volatility from 2016	EUR 27-51/MWh 12%-16%
Electricity options	6	358	Option model	Electricity price in 2018-2020	EUR 27-51/MWh

8.4 CATEGORIES OF FINANCIAL INSTRUMENTS

DKK million	2014	2013
Financial assets measured at fair value through profit (loss) for the year (Derivative financial instruments)	10,234	7,806
Financial assets measured at fair value through profit (loss) for the year (Securities)	24,948	16,118
Financial assets used as hedging instruments	959	1,341
Loans and receivables	17,841	16,612
Available-for-sale financial assets	242	261
Financial liabilities measured at fair value through profit (loss) for the year	6,232	7,359
Financial liabilities used as hedging instruments	2,091	1,160
Financial liabilities measured at amortised cost	48,529	57,330

Financial instruments are divided into categories according to their purpose. The purpose of the financial instrument determines whether the fair value adjustments of the financial instrument should be recognised in the profit (loss) for the year or in the hedging reserve in equity.

The carrying amount of the financial instruments corresponds to the fair value, with the exception of issued bonds and bank loans, which are recognised at amortised cost. The fair value of issued bonds and bank loans is stated in note 4.1.

8.5 RELATED PARTY TRANSACTIONS

DKK million	Joint ventures		Associates		Owners	
	2014	2013	2014	2013	2014	2013
Dividends received and capital reductions	20		2	74		
Capital transactions, net	(53)	(41)	(50)	(29)	8,000	
Sales of goods and services	23	33	92	49	965	
Purchase of goods and services	(91)	(110)	(29)	(42)		
Interest, net	40	38	1	1		
Receivables	879	1,202	239	238	102	
Payables	266		3			
Guarantees	6					

Related parties that have control over the Group comprise the Danish State, represented by the Danish Ministry of Finance. Related parties with a significant influence include Goldman Sachs. Other related parties are the Group's associates and joint ventures, members of the Board of Directors, the Executive Board and other senior executives.

Reference is made to note 8.10 for an overview of the Group's joint ventures and associates.

Transactions with joint ventures and associates appear from the table above. Remuneration to the Board of Directors, the Executive Board and other senior executives is disclosed in note 2.6.

Related party transactions are made on arm's length terms. Intra-group transactions have been eliminated in the consolidated financial statements.

DONG Energy uses the exemption set out in IAS 24.25 concerning

entities in which the state is a related party, and transactions with state enterprises are therefore not disclosed. Transactions with owners consist solely of transactions with Goldman Sachs.

There were no other related party transactions during the year.

8.6 AUDITOR'S FEES

DKK million	2014	2013
Statutory audit	12	13
Other assurance engagements	2	9
Tax and VAT advice	5	16
Non-audit services	7	26
Total fees to PwC	26	64

PwC, DONG Energy's auditors appointed by the general meeting

Subject to certain rules, DONG Energy's auditors may be used for certain non-audit services, and DONG Energy's auditors will often be the obvious choice due to their knowledge about the business, confidentiality and cost considerations. Examples of assignments undertaken by DONG Energy's auditors appointed by the general meeting include other assurance engagements as well as accounting advice on matters closely related to annual reporting.

Other assurance engagements primarily include reviews of non-financial data as well as reviews of regulatory financial statements.

Tax and VAT advice primarily includes advice in connection with the divestment of non-core activities and advice in connection with the preparation of tax returns and the calculation of the income subject to international joint taxation.

Other services include other consultancy services from PwC, including financial advice in connection with the divestment of non-core assets, capital injections, etc.

8.7 OPERATING LEASE OBLIGATIONS

DKK million	2014	2013
0-1 year	1,079	698
1-5 years	1,973	1,545
More than 5 years	2,715	3,052
Minimum lease payments	5,767	5,295
Lease payments recognised in profit (loss) for the year	545	354

SUPPLEMENTARY INFORMATION TO OPERATING LEASE OBLIGATIONS

DKK million	2014	2013
Present value of lease payments	4,495	3,933
Calculated interest expense on lease obligations	217	153
Internal rate of return applied	4.5%	4.5%

Assets held under operating leases comprise land and seabed relating to wind farms in the UK until 2039, gas storage facilities in Germany until 2023, a port area in Belfast in Northern Ireland until 2017, a power station site in the Netherlands until 2039, service vessels until 2018, drilling rigs until September 2018, office premises in London and Gentofte until 2029 and other office premises etc.

In addition, the Group has entered into operating leases for drilling rigs for the period 2015-2019. The minimum lease payments are calculated at DKK 750 million.

Lease payments relating to leasing of seabed in connection with wind farms in the UK vary with the MWh generated, but with agreed minimum lease payments. Seabed leases typically have a 5-year term with an option for 5-year extensions.

ACCOUNTING POLICIES

Lease payments under operating leases are recognised on a straight-line basis in profit (loss) for the year over the term of the lease if the agreement concerns operating expenses. Lease payments in respect of construction of assets will be added to the cost in line with the construction of the asset.

8.8 EVENTS AFTER THE REPORTING PERIOD

Acquisition of ownership interests in the Hornsea Project One Wind Farm development

DONG Energy has signed an agreement to acquire 66.66% ownership interests in the UK offshore wind development Hornsea Project One. DONG Energy entered into the joint venture with SMart Wind in December 2011, with an option to acquire the remaining 66.66% ownership interest upon the development project receiving consent

from the Secretary of State for Energy and Climate Change. Consent was granted in December 2014 and on 4 February 2015 DONG Energy has exercised the option and has become the sole owner of the project. Hornsea Project One has a total capacity of up to 1.2 GW and is expected to enter into operation around 2020, provided that a final investment decision is taken.

8.9 LICENCE OVERVIEW

HYDROCARBON EXPLORATION AND EXTRACTION LICENCES IN DENMARK AND ABROAD

Country	Licence	Ownership interest	Country	Licence	Ownership interest	Country	Licence	Ownership interest
Denmark	7/86 Lulita part	44%	Norway	PL147 Trym/Trym South	50%	UK	P1190 Tornado	20%
Denmark	7/89 Syd Arne Field	37%	Norway	PL159B Alve	15%	UK	P1191 Rosebank South	10%
Denmark	1/90 Lulita	22%	Norway	PL208 Ormen Lange	45%	UK	P1195 Glenlivet	20%
Denmark	4/95 Nini Field	40%	Norway	PL250 Ormen Lange	9%	UK	P1262 Tornado	20%
Denmark	6/95 Siri	100%	Norway	PL274 Oselvar	55%	UK	P1272 Rosebank	10%
Denmark	9/95 Maja	27%	Norway	PL274CS Oselvar	55%	UK	P1453 Edradour	20%
Denmark	4/98 Svane/Solsort	35%	Norway	PL289 Mustling	50%	UK	P1598 Cragganmore	55%
Denmark	5/98 Hejre	60%	Norway	PL300 Tambar East	45%	UK	P1678 Dalmore	20%
Denmark	16/98 Cecilie Field	22%	Norway	PL529 Himmelbjerget/Bønna	20%	UK	P1830 Black Rock	25%
Denmark	1/06 Hejre Extension	48%	Norway	PL613 Fafner	40%	UK	P1831 Cambo South	25%
Denmark	3/09 Solsort	35%	Norway	PL656 Clipper	20%	UK	P1931 Neptune	50%
Denmark	1/12 Nena/Nelly	80%	Norway	PL658 Gram	50%	UK	P2014 Flett Basin	60%
Faroe Islands	F008 Sula/Stelkur	30%	Norway	PL658B Miligram	50%	UK	P2044 Dalwhinnie	35%
Faroe Islands	F018 Naddoddur	100%	Norway	PL664S Løven	30%	UK	P2067 Kookaburra	15%
Faroe Islands	F019 Marjun	100%	Norway	PL669 Ula NE	40%	UK	P2138 Rockall	10%
Greenland	G2013/40 Amaroq	18%	Norway	PL689 Hyse	40%	UK	P2194 Longjohn	20%
Norway	PL019 Ula	20%	Norway	PL698 Carmen	10%			
Norway	PL019B Gyda	34%	Norway	PL699 Ormen Korte	10%			
Norway	PL019D	34%	Norway	PL728 Turtles	45%			
Norway	PL065 Tambar	45%	UK	P911 Laggan	20%			
Norway	PL113 Mjølner	70%	UK	P967 Tobermory	33%			
Norway	PL122 Marulk	30%	UK	P1026 Rosebank	10%			
Norway	PL122B Marulk	30%	UK	P1028 Cambo	20%			
Norway	PL122C Marulk	30%	UK	P1159 Tormore	20%			
Norway	PL122D Marulk	30%	UK	P1189 Cambo	20%			

8.10 COMPANY OVERVIEW

Segment/company/registered office	Ownership Type ¹	Ownership interest	Segment/company/registered office	Ownership Type ¹	Ownership interest	Segment/company/registered office	Ownership Type ¹	Ownership interest
Parent company			DONG Energy - Anholt Offshore A/S, Fredericia, Denmark	S	100%	DONG Energy Power (UK) Ltd., London, UK	S	100%
DONG Energy A/S, Fredericia, Denmark		-	DONG Energy Borkum Riffgrund I GmbH, Hamburg, Germany	S	100%	DONG Energy RB (UK) Ltd., London, UK	S	100%
Exploration & Production			DONG Energy Borkum Riffgrund I HoldCo GmbH, Hamburg, Germany	S	100%	DONG Energy Renewables Germany GmbH, Hamburg, Germany	S	100%
DONG E&P A/S ² , Fredericia, Denmark	S	100%	DONG Energy Borkum Riffgrund II GmbH, Hamburg, Germany	S	100%	DONG Energy Shell Flats (UK) Limited, London, UK	S	100%
DONG E&P DK A/S ³ , Fredericia, Denmark	S	100%	DONG Energy Borkum Riffgrund West I GmbH, Hamburg, Germany	S	100%	DONG Energy UK III Limited, London, UK	S	100%
DONG E&P Føroyar P/F, Torshavn, Faroe Islands	S	100%	DONG Energy Borkum Riffgrund West II GmbH, Hamburg, Germany	S	100%	DONG Energy Walney Extension (UK) Ltd., London, UK	S	100%
DONG E&P Grønland A/S, Sermersooq, Greenland	S	100%	DONG Energy Burbo (UK) Limited, London, UK	S	100%	DONG Energy West of Duddon Sands (UK) Limited, London, UK	S	100%
DONG E&P Norge AS, Stavanger, Norway	S	100%	DONG Energy Burbo Extension (UK) Ltd., London, UK	S	100%	DONG Energy Westermost Rough Limited, London, UK	S	100%
DONG E&P nr. 1 2008 A/S ² , Fredericia, Denmark	S	100%	DONG Energy Gode Wind 2 GmbH, Hamburg, Germany	S	100%	DONG Energy Wind Power A/S, Fredericia, Denmark	S	100%
DONG E&P Services (UK) Ltd., London, UK	S	100%	DONG Energy Gunfleet Sands Demo (UK) Ltd., London, UK	S	100%	DONG Energy Wind Power Denmark A/S, Fredericia, Denmark	S	100%
DONG E&P Siri (UK) Ltd., London, UK	S	100%	DONG Energy Horns Rev I A/S, Fredericia, Denmark	S	100%	DONG Energy Wind Power France S.A.S., Paris, France	S	100%
DONG E&P (UK) Ltd., London, UK	S	100%	DONG Energy Horns Rev 2 A/S, Fredericia, Denmark	S	100%	DONG Energy Wind Power Holding A/S ³ , Fredericia, Denmark	S	100%
Shetland Land lease Ltd., London, UK	A	20%	DONG Energy Lincs (UK) Ltd., London, UK	S	100%	DONG VE A/S, Fredericia, Denmark	S	100%
Wind Power			DONG Energy London Array Limited, London, UK	S	100%	DONG Vind A/S, Fredericia, Denmark	S	100%
Anholt Havvindmøllepark I/S ² , Fredericia, Denmark	JO	50%	DONG Energy London Array II Limited, London, UK	S	100%	Eolien Maritimes de France S.A.S., Paris, France	A	40%
A2SEA A/S, Fredericia, Denmark	S	51%	DONG Energy Nearshore Wind ApS, Fredericia, Denmark	S	100%	Gode Wind 04 GmbH, Hamburg, Germany	S	100%
A2SEA Deutschland GmbH, Hamburg, Germany	S	100%	DONG Energy Nysted I A/S, Fredericia, Denmark	S	86%	Gode Wind 1 GmbH, Hamburg, Germany	S	100%
A2SEA Ltd., London, UK	S	100%	DONG Energy Power (Gunfleet Sands) Ltd., London, UK	S	100%	Gode Wind 2 Offshore Wind Farm P/S GmbH & Co. oHG, Norden, Germany	JO	50%
Barrow Offshore Wind Ltd., Berkshire, UK	S	100%	DONG Energy Power (Participation) Ltd., London, UK	S	100%	Greenpower (Broadmeadows) Limited (strike off), Aberdeen, UK	JV	50%
Borkum Riffgrund I Holding A/S, Fredericia, Denmark	S	100%				Gunfleet Sands Ltd., London, UK	S	100%
Borkum Riffgrund I Offshore Windpark A/S GmbH & Co. oHG, Norden, Germany	JO	50%				Gunfleet Sands II Ltd., London, UK	S	100%
Breeveertien II Wind Farm B.V., Rotterdam, the Netherlands	S	100%				Gunfleet Sands Holding Ltd., London, UK	S	50%
Celtic Array Limited, Berkshire, UK	JV	50%				Heron Wind Limited, London, UK	A	33%
CT Offshore A/S, Odense, Denmark	S	67%						
Den Helder Wind Farm B.V., Rotterdam, the Netherlands	S	100%						

8.10 COMPANY OVERVIEW

CONTINUED

NOTES / OTHER NOTES

Segment/company/registered office	Type ¹	Ownership interest	Segment/company/registered office	Type ¹	Ownership interest	Segment/company/registered office	Type ¹	Ownership interest
Horns Rev I Offshore Wind Farm	JO	40%	DONG Energy Kraftwerke Holding GmbH, Hamburg, Germany	S	100%	Customers & Markets		
Lincs Renewable Energy Holdings Limited, London, UK	JV	50%	DONG Energy Maabjerg Energy Concept A/S, Fredericia, Denmark	S	70%	Dansk Gasteknisk Center A/S, Rudersdal, Denmark	A	36%
Lincs Wind Farm Ltd., Aberdeen, UK	JV	50%	DONG Energy Netherlands B.V., Rotterdam, the Netherlands	S	100%	DONG Energy Aktiebolag, Gothenburg, Sweden	S	100%
London Array Ltd., Coventry, UK	JO	25%	DONG Energy New Bio Solutions (China) A/S, Fredericia, Denmark	S	51%	DONG Energy El & Gas A/S, Fredericia, Denmark	S	100%
London Array Unicorporated JV	JO	25%	DONG Energy New Bio Solutions Co. Ltd., Beijing, China	S	100%	DONG Energy Eldistribution A/S, Fredericia, Denmark	S	100%
Morecambe Wind Ltd., Prenton, UK	JO	50%	DONG Energy New Bio Solutions Holding A/S, Fredericia, Denmark	S	100%	DONG Energy Infrastructure GmbH ³ , Hamburg, Germany	S	100%
Njord Limited, London, UK	A	33%	DONG Energy Power Rotterdam B.V., Rotterdam, the Netherlands	S	100%	DONG Energy Kabler A/S, Fredericia, Denmark	S	100%
Nysted Havmøllepark I	JO	50%	DONG Energy SP (UK) Limited., London, UK	S	100%	DONG Energy Leitung E GmbH, Hamburg, Germany	S	100%
OFTRAC Limited, London, UK	S	100%	DONG Energy SP Holding (UK) Limited, London, UK	S	100%	DONG Energy Markets B.V. in liquidation, Amsterdam, the Netherlands	S	100%
P/S New Energy Solutions, Copenhagen, Denmark	A	22%	DONG Energy Thermal Power A/S ³ , Fredericia, Denmark	S	100%	DONG Energy Markets GmbH, Hamburg, Germany	S	100%
Rhiannon Wind Farm Limited, Windsor, UK	JV	100%	DONG Energy Waste (UK) Ltd., London, UK	S	100%	DONG Energy Pipelines A/S, Fredericia, Denmark	S	100%
Scarweather Sands Ltd., Coventry, UK	JV	50%	Emineral A/S, Aalborg, Denmark	JV	50%	DONG Energy Power Sales UK Limited, London, UK	S	100%
UMBO GmbH, Hamburg, Germany	A	84%	Enecogen V.O.F, Rotterdam, the Netherlands	JO	50%	DONG Energy Real Estate A/S, Fredericia, Denmark	S	100%
Walney (UK) Offshore Windfarms Ltd., London, UK	S	50%	Haderslev Kraftvarmeværk A/S, Fredericia, Denmark	S	100%	DONG Energy S&D UK Limited, London, UK	S	100%
West of Duddon Sands	JO	50%	Inbicon A/S, Fredericia, Denmark	S	100%	DONG Energy Sales (UK) Limited, London, UK	S	100%
West Rijn Wind Farm B.V., Rotterdam, the Netherlands	S	100%	Konsortiet for etablering af Maabjerg Energy Concept I/S, Holstebro, Denmark	NC	50%	DONG Energy Sales & Distribution A/S ³ , Fredericia, Denmark	S	100%
Westermøst Rought (Holding) Limited, London, UK	JO	50%	Måbjergværket A/S, Fredericia, Denmark	S	100%	DONG Energy Service 1 A/S, Fredericia, Denmark	S	100%
Westermøst Rough Ltd., London, UK	JO	100%	Pyroneer A/S, Fredericia, Denmark	S	100%	DONG Energy Service 2 A/S, Fredericia, Denmark	S	100%
Thermal Power			REnescience A/S, Fredericia, Denmark	S	100%	DONG Energy Services B.V., Hertogenbosch, the Netherlands	S	100%
DE Thermal Power Nr. 1 A/S, Fredericia, Denmark	S	100%	Severn Power Funding Limited, London, UK	S	100%	DONG Energy Speicher E GmbH, Hamburg, Germany	S	100%
DONG Energy Holding Ludwigsau I GmbH, Hamburg, Germany	S	100%	Stignæs Vandindvinding I/S, Slagelse, Denmark	NC	64%			
DONG Energy Kraftwerke Emden GmbH in liquidation, Hamburg, Germany	S	100%	Vejen Kraftvarmeværk A/S ² , Fredericia, Denmark	S	100%			
DONG Energy Kraftwerke Greifswald Verwaltungs GmbH in liquidation, Rubenow, Germany	S	100%						

8.10 COMPANY OVERVIEW

CONTINUED

Segment/company/registered office	Ownership Type ¹	Ownership interest	Segment/company/registered office	Ownership Type ¹	Ownership interest
DONG Energy Speicher R GmbH, Hamburg, Germany	S	100%	DONG Energy Oil & Gas A/S ³ , Fredericia, Denmark	S	100%
DONG Gas Distribution A/S ³ , Fredericia, Denmark	S	100%	DONG Insurance A/S ³ , Fredericia, Denmark	S	100%
DONG Naturgas A/S ³ , Fredericia, Denmark	S	100%	EM El Holding A/S, Fredericia, Denmark	S	100%
DONG Offshore Gas Systems A/S, Fredericia, Denmark	S	100%	EnergiGruppen Jylland El A/S, Fredericia, Denmark	S	100%
DONG Oil Pipe A/S ³ , Fredericia, Denmark	S	100%	EnergiGruppen Jylland El Holding A/S, Fredericia, Denmark	S	100%
Etzel Kavernenbetriebsverwaltungsgesellschaft mbH, Hamburg, Germany	A	33%	Lithium Balance A/S, Ishøj, Denmark	A	20%
Etzel Kavernenbetriebsgesellschaft mbH & Co. KG, Hamburg, Germany	A	33%			
Other					
DONG EGJ A/S, Fredericia, Denmark	S	100%			
DONG El A/S ³ , Fredericia, Denmark	S	100%			
DONG Energy (UK) Ltd., London, UK	S	100%			
DONG Energy IT Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	S	100%			
DONG Energy IT Polska Sp. z o. o., Warsaw, Poland	S	100%			
DONG Energy Nr. 1 2014 A/S ^{2,3} , Fredericia, Denmark	S	100%			
DONG Energy Nr. 2 2014 A/S ^{2,3} , Fredericia, Denmark	S	100%			
DONG Energy Nr. 3 2014 A/S ^{2,3} , Fredericia, Denmark	S	100%			
DONG Energy Nr. 4 2014 A/S ^{2,3} , Fredericia, Denmark	S	100%			
DONG Energy Nr. 5 2014 A/S ^{2,3} , Fredericia, Denmark	S	100%			

¹ S = subsidiary, A = associate, JO = joint operation, JV = joint venture, NC = non-consolidated entity.

² The company applies the provision in Section 6 of the Danish Financial Statements Act to omit presenting a separate annual report.

³ Subsidiaries owned directly by DONG Energy A/S.

9

CONSOLIDATED NON-FINANCIAL STATEMENTS

The way in which energy is produced is changing rapidly. DONG Energy is working to develop and enable energy systems that are green, independent and economically viable. In 2014, DONG Energy achieved a further reduction in CO₂ emissions from electricity and heat generation. This is due to a further reduction in the use of fossil fuels at the power stations in favour of sustainable biomass and increased generation of electricity from offshore wind

IN THIS SECTION

- Non-financial statements
- 9.1 Basis of reporting
- 9.2 Volumes
- 9.3 Environment
- 9.4 People
- 9.5 Business integrity

LTIF of 2.4

The lost time injury frequency (LTIF) has been reduced from 7.5 in 2008 to 2.4 in 2014

CO₂ EMISSIONS FROM ELECTRICITY AND HEAT GENERATION, g CO₂ per kWh



BIOMASS SHARE OF DANISH CHP GENERATION, %



OFFSHORE WIND CAPACITY INSTALLED, GW



9. NON-FINANCIAL STATEMENTS

NON-FINANCIAL STATEMENTS SUPPLEMENTARY REPORT

VOLUMES

	Unit	Note	Target 2020	Target 2016	2014	2013	2012
Production							
Electricity generation	TWh	9.2.1			13.7	19.1	16.1
Heat generation	PJ	9.2.1			31.4	40.2	43.0
Oil and gas production	million boe	9.2.1			41.8	31.7	28.5
Oil and gas production per day	boe/day	9.2.1			115,000	87,000	78,000
Capacity							
Installed offshore wind capacity, accumulated	GW	9.2.2	6.5	3.5	2.5	2.1	1.7
Owned offshore wind capacity	GW	9.2.2			1.4	1.3	1.1
Sales and distribution							
Gas sales	TWh	9.2.3			119.6	134.6	127.9
Gas customers	number	9.2.3			113,099	217,283	215,083
Electricity sales	TWh	9.2.3			30.8	16.8	12.6
Electricity customers	number	9.2.3			865,942	930,228	927,155
Gas distribution	TWh	9.2.4			8.2	8.8	9.1
Gas distribution customers	number	9.2.4			125,686	125,814	126,249
Electricity distribution	TWh	9.2.4			8.4	8.6	8.7
Electricity distribution customers	number	9.2.4			986,472	991,347	997,403
Oil transportation, Denmark	million boe	9.2.4			54	58	66

ENVIRONMENT

	Unit	Note	Target 2020	Target 2016	2014	2013	2012
Emissions to air							
EU ETS CO ₂ emissions	million tonnes of CO ₂	9.3.1			6.2	9.3	7.8
CO ₂ emissions per generated kWh	g/kWh	9.3.1	260	350	374	445	443
Sulphur dioxide (SO ₂) per generated kWh	g/kWh	9.3.2			0.05	0.07	0.07
Nitrogen oxides (NO _x) per generated kWh	g/kWh	9.3.3			0.27	0.33	0.39
Resources							
Renewable energy share of electricity and heat generation	%	9.3.4			46	35	34
Biomass share of Danish CHP generation	%	9.3.4	>50	>40	28	18	21
Wind/hydropower share of electricity generation	%	9.3.4			36	28	28
Recycling of waste from administration	%	9.3.5	70		52	61	44
Recycling of waste from facilities	%	9.3.5			45	76	63
Gas flaring (offshore and at gas treatment plants)	million Nm ³	9.3.6			8.6	7.1	8.9
Oil discharged to sea from production platforms	tonnes	9.3.7			37	19	16
Reinjection of produced water on production platforms	%	9.3.8			65	79	83
Environmental safety							
Significant environmental incidents	number	9.3.9			7	8	3

9. NON-FINANCIAL STATEMENTS

CONTINUED

PEOPLE

	Unit	Note	Target 2020	Target 2016	2014	2013	2012
Employees							
Total number of employees at 31 December	number	9.4.1			6,500	6,496	7,000
Average number of employees for the year	number	9.4.1			6,416	6,692	6,735
Occupational health and safety							
Fatalities	number	9.4.2			0	0	1
Lost time injuries	number	9.4.2			51	64	71
Lost time injury frequency (LTIF)	per million hours worked	9.4.2	1.5	2.0	2.4	3.2	3.6
Retention of employees							
Job satisfaction and motivation	scale: 0-100	9.4.3	77	75	72	Not measured	74
Employee turnover rate	%	9.4.1			12	17	10
Women in management							
Women on the Board of Directors of DONG Energy A/S	%	9.4.4	25		14	14	13
Women on the Board of Directors in Danish subsidiaries	%	9.4.4	>33		31	26	25
Women in Top Management	%	9.4.4	>22		14	14	10
Women in Leadership Forum	%	9.4.4	>25		20	17	17
Other female managers	%	9.4.4	>32		24	27	26

BUSINESS INTEGRITY

	Unit	Note	Target 2020	Target 2016	2014	2013	2012
Customer experience							
Customer satisfaction, residential customers in Denmark	scale: 1-100	9.5.1	75	70	67	64	64
Customer satisfaction, business customers in Denmark	scale: 1-100	9.5.2	75	75	76	75	72
Customer complaints	number	9.5.3			3,054	3,185	2,612
Good business conduct							
Employees who have completed e-learning in good business conduct	%	9.5.4			97	96	95
Reported cases of inappropriate or illegal business conduct	number	9.5.5			6	0	2

9.1 BASIS OF REPORTING – NON-FINANCIAL STATEMENTS

ACCOUNTING POLICIES

In the non-financial statements, DONG Energy reports its findings for the most important indicators in the areas volumes, the environment, people and business integrity as well as its progress in relation to the long-term objectives adopted by the Group.

Pursuant to section 99a of the Danish Financial Statements Act, DONG Energy is obliged to account for the company's CSR activities and report on business strategies and activities with regard to human rights, labour rights, the environment, anti-corruption and the climate. Companies that have joined the UN Global Compact and annually submit their Communication on Progress report (COP report) – a report which must be shared publicly and which details progress made in implementing the ten Global Compact principles – automatically comply with the act, provided that the annual report includes a reference to where the information is available to the public. DONG Energy's report 'DONG Energy in Society 2014' constitutes the Group's Communication on Progress and can be found at <http://www.dongenergy.com/sustainability2014> and on the UN Global Compact website at <http://unglobalcompact.org/participant/2968-DONG-Energy-A-S>.

Under section 99b, DONG Energy must account for the company's objectives and policies which over time will ensure greater diversity in relation to gender representation at management level. In addition to being described in DONG Energy's COP report, the information is included in the Management's review, see the section on corporate governance on page 43, and in the non-financial statements.

The accounting policies have been applied consistently in the financial year and for the comparative years, with the exception of the statement of the number of women at management level, as described in section 9.1.7.

9.1.1 BASIS FOR PREPARATION

The accounting policies applied to the consolidated non-financial statements for the Group as a whole are described below, while the remaining accounting policies are described in the notes to which they relate.

9.1.2 STANDARDS APPLIED

DONG Energy is a signatory to the UN Global Compact. UN Global Compact provides enterprises with a strategic framework for how they can incorporate ten principles on human rights, labour rights, the environment and anti-corruption measures in their strategy and business processes. The ten principles are the framework for DONG Energy's sustainability efforts, and the Group is consistently working to promote the principles.

DONG Energy submits an annual Communication on Progress to the UN. The report for 2014 can be seen at <http://unglobalcompact.org/participant/2968-DONG-Energy-A-S>.

9.1.3 ORGANISATION AND DATA QUALITY

The business units' reporting has been systematised and harmonised via a common reporting system that forms the basis for the consolidated reporting.

The business units are responsible for the quality of their data based on a reporting procedure designed to support a Group-wide harmonised approach to data quality. The procedure also ensures that data in the consolidated reporting can be reproduced in accordance with the stated methods for recognition and measurement of data described below. Data have been recognised in the consolidated reporting based on the data reported by the business units.

9.1.4 CONSOLIDATION OF DATA

Data are consolidated according to the same principles as in the financial statements. The consolidated non-financial statements thus include the parent company DONG Energy A/S and subsidiaries controlled by DONG Energy A/S.

Data from associates and joint ventures are not included in the consolidated non-financial statements with the exception of accident statistics data, which are included from individual joint ventures where DONG Energy is responsible for safety.

9.1.5 DEFINITION OF MATERIALITY

DONG Energy reports on the areas which are very important both to our stakeholders and to our business. The non-financial topics which are considered to be most important are included in the annual report. In deciding which areas to include in the annual report, account is taken of statutory requirements and the disclosure requirements to which DONG Energy is subject. In addition, an assessment is made of whether the information has a direct or indirect bearing on DONG Energy's ability to create value in the long and short term.

In DONG Energy's annual sustainability report <http://www.dongenergy.com/sustainability2014> and supplementary sustainability data <http://www.dongenergy.com/sustainability2014-data>, you can find further information about DONG Energy's sustainability efforts and results.

The results of DONG Energy's dialogue with stakeholders, analyses, assessments and internal discussions on selection of important topics are presented as proposals for inclusion in the annual report to DONG Energy's Audit and Risk Committee.

9.1.6 COMPARISONS WITH CONSUMPTION AND CO₂ EMISSIONS FROM CARS

In the Strategy and sustainability chapter, two comparative calculations of key figures are made in the text and infographics.

Offshore wind capacity is compared with Europeans' annual electricity consumption based on 4,000 full-load hours per year and Eurostat's data for electricity consumption per capita in the home (EU28) in 2012.

The difference between DONG Energy's CO₂ emissions from electricity and heat generation in 2014 and 2006 is compared with the annual CO₂ emissions from cars based partly on a calculation of the annual petrol consumption for transport (EU27) on the basis of data from the Odyssee database and the Danish Energy Agency's data on the calorific value of petrol (2012), and partly on the US Energy Information Administration's data on CO₂ emissions per energy unit of petrol. Data for the number of cars in London and Berlin are derived from Eurostat (2012).

9.1.7 CHANGES TO REPORTED DATA COMPARED WITH 2013

In 2014, DONG Energy has systematically assessed the content of the non-financial statements to ensure that they contain the most important focus areas.

As a result thereof, the reporting of non-financial data has been changed compared to last year.

The following focus areas were part of the Management's review in the annual report for 2013, and from 2014 they are included in the consolidated non-financial statements:

- Installed offshore wind capacity
- Oil and gas production, boe per day
- Job satisfaction and motivation
- Women in management
- Customer satisfaction, residential and business customers in Denmark
- Number of employees who have completed the course in good business conduct
- Cases of inappropriate or illegal business conduct

In 2014, DONG Energy also decided to report on the following non-financial focus areas in the consolidated non-financial statements:

- Renewable energy share of electricity and heat generation
- Wind/hydropower share of electricity generation
- Number of customers
- Customer complaints

The method for calculating the number of women at management level has been changed compared to 2013; the criteria for the three management categories have been redefined. In 2013, the reporting on women at management level was based on the women's specific job title at 31 December 2013, whereas women at management level, according to the new definition of women at management level, must have genuine staff responsibilities.

9.2 VOLUMES

This section contains information about the production and capacities of the Group's electricity and heating systems, own wind farms and installed offshore wind capacity. In addition, the section provides information about production, sales and the distribution of electricity, heating, gas and oil to DONG Energy's customers.

9.2.1 Production

	2014	2013	2012
Oil and gas production (million boe)			
- Oil production	10.6	8.2	10.0
- Gas production	31.2	23.5	18.5
- Oil and gas production, boe per day	115,000	87,000	78,000
Electricity generation (TWh)			
Thermal			
- Denmark	7.8	10.8	9.2
- Other countries	0.9 ¹	3.0	2.3
Wind			
- Denmark	2.5	2.3	1.9
- UK	2.4	2.3	1.4
- Other countries	0.1	0.2	0.4
Hydropower			
- Sweden	0	0.5	0.9
Heat generation (PJ)			
Thermal			
- Denmark	31.4	40.2	43.0

¹ Excluding electricity generation from test runs which has not been sold. Electricity generation from test runs amounts to 0.2TWh. As the test generation also affects environmental performance, it is included in the non-financial statements.

The gas production for 2014 is significantly affected by increased production at the Ormen Lange field, partly due to the higher ownership interest, and partly due to the fact that DONG Energy over a period of about two and a half years starting at 1 July 2013 will receive the historical production volumes to which it is entitled as a result of the increased ownership interest from the commissioning of the field until 30 June 2013.

In 2014, heat generation fell by 22% relative to 2013, primarily due to the warm weather in 2014.

ACCOUNTING POLICIES

Oil and gas production is determined on the basis of meter readings on delivery to shore.

Electricity generation is determined as net generation sold based on settlements from the official Danish production database. Data for generation from foreign and non-operated facilities are provided by the operators.

Heat generation is measured as net output sold to heating customers.

Bioethanol and bio natural gas production and sales are not reported as this is taking place on a trial basis only.

9.2.2 Offshore wind capacity

GW	2014	2013	2012
Installed offshore wind capacity, accumulated	2.5	2.1	1.7
Offshore wind capacity, owned by DONG Energy	1.4	1.3	1.1

Installed offshore capacity is up from 2.1 GW in 2013 to 2.5 GW in 2014. The increase is attributable to the completion and commissioning of West of Duddon Sands in 2014.

A net increase of 0.1 GW was seen in capacity owned by DONG Energy following the divestment of ownership interests in London Array, the acquisition of additional ownership interests in Barrow and the commissioning of West of Duddon Sands.

ACCOUNTING POLICIES

Installed offshore wind capacity is calculated as the cumulative offshore wind capacity installed by DONG Energy. The capacity is calculated as installed gross capacity before divestments.

Capacity is calculated and factored in from the time when the wind farm is in full production.

Offshore wind capacity owned by DONG Energy is calculated at 31 December.

9.2.3 Sales

	2014	2013	2012
Sales to gas customers			
Number of gas customers	113,099	217,283	215,083
Gas sales (TWh)	119.6	134.6	127.9
Sales to electricity customers			
Number of electricity customers	865,942	930,228	927,155
Electricity sales (TWh)	30.8	16.8	12.6

The fall in gas sales is primarily attributable to lower demand due to the warmer weather. The increase in electricity sales is due to increased sales of green certificates and increasing sales in the UK.

ACCOUNTING POLICIES

The number of customers in Denmark and Sweden is retrieved from DONG Energy's internal ERP system, while customers in other countries are retrieved from local contract and customer databases.

Electricity sales are determined as physical electricity sales to identifiable counterparties and reported on a gross basis in the financial statements. Electricity volumes and revenue are based on readings from DONG Energy's trading systems.

Gas sales consist of sales to wholesale and hubs as well as retail sales. Gas sales have been determined as the physical sales recorded in the ERP system from DONG Energy's trading systems. Wholesale sales are reported as total volume of gas sold less any possibilities for selling the gas back to DONG Energy under the supply contract in question. Gas hub sales and gas sold as part of physical swap contracts are reported on a gross basis.

9.2.4 Distribution

	2014	2013	2012
Distribution to gas customers			
Number of gas distribution customers	125,686	125,814	126,249
Gas distribution (TWh)	8.2	8.8	9.1
Distribution to electricity customers			
Electricity distribution (TWh)	8.4	8.6	8.7
Number of electricity distribution customers	986,472	991,347	997,403
Oil transportation, Denmark (million boe)	54	58	66

The fall in distributed volumes is primarily due to the mild winter, which resulted in reduced electricity and gas consumption. The fall in oil transportation from 2013 to 2014 is due to a general fall in North Sea production.

ACCOUNTING POLICIES

Gas distribution has been determined on the basis of data from the official system in Denmark that have been calculated internally based on total volumes and calorific values received from Energinet.dk.

Electricity distribution has been determined on the basis of data from the official system in Denmark, which measures and calculates total area consumption. The number of distribution customers for electricity and gas is based on readings from the trading systems and is calculated in relation to the number of consumption points. Oil transportation has been determined on the basis of flow meter readings on delivery to shore in Denmark (after deduction of water content).

9.3 ENVIRONMENT

This section contains information about strategic focus areas which are central to DONG Energy, including EU ETS CO₂ emissions and CO₂ emissions per energy unit generated. Moreover, the section contains information about the Group's progress within the conversion to biomass-based electricity and heat generation as well as the recycling of waste from the administration and from the facilities.

Collection of environmental data

Environmental data comprise resource consumption, emissions and discharges, waste and environmental accidents.

Construction projects, development projects, non-operated gas storage facilities and similar activities are not included in the reporting.

9.3.1 CO₂ emissions

	2014	2013	2012
EU ETS CO ₂ emissions (million tonnes) in total	6.2	9.3	7.8
- Of which emitted in Exploration & Production	0.1	0.1	0.1
- Of which emitted in Thermal Power	6.1	9.2	7.7
CO ₂ emissions per generated kWh (g/kWh)	374	445	443

The reduction of CO₂ emissions is due to lower generation in Thermal Power, and the resulting lower fuel consumption. The combination of a decrease in coal consumption and a relative increase in biomass consumption results in a decrease in EU ETS CO₂ emissions.

The reduction in CO₂ per kWh is attributable to a higher share of electricity generation from offshore wind and a general increase in the use of biomass by the biomass-converted power stations.

ACCOUNTING POLICIES

Calculations of EU ETS carbon dioxide (CO₂) emissions are made at facilities that are subject to the emission trading system and for which DONG Energy is responsible in its capacity as operator or its capacity as accountable for operations. Calculation of emissions is determined on the basis of fuel quantities used, in accordance with the EU ETS.

CO₂ emissions per energy unit generated (g CO₂ per kWh) have been determined as the physical CO₂ emissions relative to total physical generation of electricity, heat and steam supplied to the grid. Facilities with a total installed electricity, heat or steam capacity of less than 10 MW are omitted from the calculation.

The specific CO₂ emissions (g CO₂/kWh) are calculated by converting heat and steam to electricity equivalents. The electricity equivalents represent the amount of additional electricity that could have been supplied if the power stations had not been generating heat and/or steam.

In connection with the incineration of waste, a conversion factor is used for calculating the CO₂ emissions which is equivalent to 37 kg CO₂/GJ. In accordance with the Danish Energy Agency, biomass is considered CO₂-neutral.

9.3.2 SO₂ emissions

g/kWh	2014	2013	2012
SO ₂ emissions per generated kWh	0.05	0.07	0.07

DONG Energy's target of reducing SO₂ emissions per kWh generated by 99% in 2020 in relation to 1990 has been met. The target is therefore discontinued, although DONG Energy is continuing its efforts to reduce SO₂ emissions further.

As mentioned in 9.3.1, the fuel mix changed in 2014. Coal consumption is reduced in favour of biomass, which has a lower sulphur content than coal.

ACCOUNTING POLICIES

The specific emissions of sulphur dioxide in connection with the generation of electricity and heat are stated for the power stations. SO₂ emissions are mainly determined on the basis of continuous measurements. A few power stations use plant-specific emission factors to calculate emissions. In the calculation of generation, heat and steam are converted into electricity equivalents using the method used for calculating CO₂ per kWh.

9.3.3 NO_x emissions

g/kWh	2014	2013	2012
NO _x emissions per generated kWh	0.27	0.33	0.39

DONG Energy's target of reducing NO_x emissions per kWh generated by 90% in 2020 in relation to 1990 has been met. The target is therefore discontinued, although DONG Energy is continuing its efforts to reduce NO_x emissions further.

In 2014, the focus was on reducing NO_x emissions. Efforts involved renovating some of the power stations, as well as optimising the coal mix in 2014.

ACCOUNTING POLICIES

The specific emissions of nitrogen oxide in connection with the generation of electricity and heat are stated for the power stations. NO_x emissions are primarily determined on the basis of continuous measurements. A few power stations use plant-specific emission factors to calculate emissions. In the calculation of generation, heat and steam are converted into electricity equivalents using the method used for calculating CO₂ per kWh.

9.3.4 Renewable resources in electricity and heat generation

%	2014	2013	2012
Renewable energy share of electricity and heat generation	46	35	34
Biomass share of Danish CHP generation	28	18	21
Wind/hydropower share of electricity generation	36	28	28

The statement of biomass share has been clarified in 2014 only to include Danish CHP generation. Back-up and peak-load facilities and purely electricity-generating and heat-generating facilities are no longer included. Moreover, back-pressure equipment is included in the calculation in a more accurate manner than previously. The latter raises the biomass share by 3 percentage points relative to previous years, which means that any direct comparison of 2014 with previous years should be based on a comparable figure of 25%.

ACCOUNTING POLICIES

The renewable energy share of electricity and heat generation is calculated as the share of generation generated from renewable energy sources. In the calculation of generation, heat generation is converted into electricity equivalents using the method used for calculating g CO₂/kWh.

Renewable energy sources are: Biomass, wind power, hydropower and geothermal energy. Non-renewable energy sources are: Coal, oil, natural gas and waste.

In practice, waste consists of a mixture of biomass and a fossil part. In this calculation, waste is defined as a non-renewable energy source, as is the case in the calculation of the biomass share of Danish CHP generation.

The biomass share of Danish CHP generation is calculated as the share which is based on biomass, out of the total electricity and heat generation by the Danish power stations. The calculation includes only CHP generation. In the calculation, it is assumed that the share of biomass-based

9.3 ENVIRONMENT

CONTINUED

generation at the individual power station/unit is equal to the biomass share of the fuel which is calculated on the basis of the energy content of the fuels. The total biomass share is then calculated as a weighted share relative to the individual power station's generation. In order to be able to sum up the generation at power stations that generate both electricity and heat, heat generation is converted to equivalent electricity generation using the same method as for calculating g CO₂/kWh.

The wind/hydropower production of electricity is calculated as the total generation of electricity from Danish and international offshore and on-shore wind turbines as well as from hydro based electricity generation. The total electricity generation from wind and hydro is seen in relation to the DONG Energy Group's total generation of electricity from all Danish and foreign sources of generation.

9.3.5 Recycling of waste

%	2014	2013	2012
Recycling of waste from administration	52	61	44
Recycling of waste from facilities	45	76	63

Waste volumes from the facilities vary a lot due to ongoing changes within the project portfolio, which in 2014 resulted in a decrease in the recycling rate for both administration and facilities. DONG Energy has therefore decided to discontinue the target for 2015 of 70% recycling from the facilities. The 2015 target for recycling of waste from the administration has been met, and has been replaced by a target of 70% by 2020.

ACCOUNTING POLICIES

Waste and recycling of same are measured on the basis of invoices received from waste recipients and/or using plant-specific measuring methods for commercial facilities, including construction activities.

Waste from administration buildings that accommodate 1% or less of DONG Energy's total number of employees is not reported.

Waste data are not received from activities and oil fields where DONG Energy is not the operator.

9.3.6 Gas flaring

million Nm ³ gas	2014	2013	2012
Gas flaring on offshore production platforms	7.6	6.1	7.8
Gas flaring at gas treatment and storage facilities	1.0	1.0	1.1

Increased production levels under several licences, inclusion of the Trym licence in 2014, as well as the resumption of production at Siri resulted in increased flaring. Ula reduced its flaring.

ACCOUNTING POLICIES

For offshore installations, the calculation of natural gas flaring is based on continuous measurements. From gas treatment and gas storage facilities, the amounts are calculated on the basis of pressure and the dimensions of the process equipment that is emptied as well as by means of accredited measuring of the constant safety flaring.

9.3.7 Oil discharged to sea

tonnes	2014	2013	2012
Oil discharged to sea	37	19	16

Increased production levels and unstable operations resulted in the discharge of more oil to the sea. The increase is primarily due to an increase in oil discharge from the Ula platform.

ACCOUNTING POLICIES

Oil discharged to the sea from production platforms is determined on the basis of the oil concentration in the discharged production water. The volume of discharged production water is measured directly in m³. The oil concentration and volume are calculated on the basis of three daily samples, as well as one monthly sample of ballast water, which are analysed for oil content.

9.3.8 Reinjection of produced water on production platforms

%	2014	2013	2012
Reinjection of produced water on production platforms	65	79	83

Increased production levels and unstable operations resulted in the reinjection of less production water and thus to the discharge of more production water to the sea. The Siri platform discharged markedly less production water in 2014 as the platform was out of operation for some time in 2014.

The increased discharge of production water to the sea, unstable operations and less reinjection led to an increase in the oil content in the production water discharged to the sea.

ACCOUNTING POLICIES

Reinjection of produced water is measured directly in m³.

9.3.9 Significant environmental incidents

	2014	2013	2012
Significant environmental incidents	7	8	3
- Exploration & Production	0	1	0
- Thermal Power	0	4	0
- Wind Power	1	1	0
- Customers & Markets	6	2	3

The seven environmental incidents was one discharge of the sea, four to the soil, and two to the air. A vessel was damaged and leaked approximately 7 tonnes of fuel oil into the sea. The four instances of soil contamination comprised spillages of up to five hundred litres of oil; all four spillages have been cleared up completely through the removal of the contaminated soil. The two discharges to the air were due to leaky gaskets, which resulted in the discharge of approximately 2 tonnes of natural gas.

ACCOUNTING POLICIES

Environmental incidents for which DONG Energy is responsible in its capacity as operator or its capacity as accountable for operations are assessed and classified applying the Group's procedure for impact assessment of environmental incidents. An environmental incident is defined as an unintentional event that has a negative environmental impact. The impact assessment looks at five categories of environmental incidents: C1-C5, C4 and C5 being environmental incidents with significant and massive consequences respectively. Only incidents in categories C4 and C5 are reported.

9.4 PEOPLE

The section on People in DONG Energy covers employee data and safety data in the form of occupational injuries. Safety is an important and central area in DONG Energy. In recent years, DONG Energy has significantly reduced the number of lost-time injuries, and it is DONG Energy's stated aim to achieve further improvements.

9.4.1 Employees

	2014	2013	2012
Denmark	5,433	5,454	5,943
UK	630	527	492
Germany	146	121	120
Norway	105	107	141
Other	186	287	304
Total number of employees at 31 December	6,500	6,496	7,000
- Of which full-time employees	6,259	6,218	6,587
Average number of employees for the year	6,416	6,692	6,735
Employee turnover rate (%)	12	17	10
Average age	42	42	42

In 2014, the employee turnover rate was reduced to 12%. The high employee turnover rate in 2013 was due to the implementation at the end of 2012 of an efficiency plan which involved the abolition of a large number of positions.

ACCOUNTING POLICIES

The reporting covers contractually employed employees in Danish and foreign DONG Energy companies in which an ownership interest of more than 50% is held, but not employees of associates. Employee data are recognised based on records from the Group's ordinary registration systems. The number of employees is determined as the number of employees at the end of the financial year converted to full-time employees. Employees that have been made redundant are recognised until the expiry of their notice period, regardless of whether they have been released from all or part of their duties during the notice period.

The employee turnover rate is calculated as the number of permanent employees that have left the company relative to the average number of permanent employees in the financial year. The average number of employees is determined as a weighted average of recorded permanent employees during the year.

Average age has been measured as the average age of employees at the end of the financial year.

9.4.2 Occupational injuries

	2014	2013	2012
Fatalities	0	0	1
Lost time injuries	51	64	71
- Of which contractors	33	38	40
Lost time injuries per one million hours worked (LTIF)	2.4	3.2	3.6
- Of which Exploration & Production	1.2	0.5	0.4
- Of which Wind Power	2.1	3.9	3.7
- Of which Thermal Power	3.8	4.1	5.8
- Of which Customers & Markets	2.3	3.7	3.4 ¹

¹The comparative figures for 2012 have been restated to reflect a consolidation of the business segments Energy Markets and Sales & Distribution at 1 May 2013 under the name of Customers & Markets."

In 2014, the lost time injury frequency (LTIF) was reduced to 2.4 from 3.2 in 2013. Thus, the target of reducing LTIF to a maximum of 2.9 was achieved. In 2015, LTIF must be reduced further, to a maximum of 2.2. In 2020, the LTIF target is a maximum of 1.5 occupational injuries per one million hours worked.

ACCOUNTING POLICIES

Occupational injuries and lost time injuries for own employees and contractors are included for companies that are wholly or partly owned by DONG Energy and where DONG Energy is responsible for safety.

Data are recognised for own employees and for contractors working in or providing services in areas in which DONG Energy is responsible for safety in its capacity as owner or because of the operating assignment or construction/design assignment. Data from Danish and foreign sites are recognised.

A lost time injury is defined as an injury that results in incapacity for work of one or more calendar days in addition to the day of the incident.

The lost time injury frequency is calculated as the number of lost time injuries per one million hours worked. The number of hours worked is based on 1,667 working hours annually per full-time employee and monthly records of the number of employees converted to full-time employees. For contractors, the actual number of hours worked is recognised on the basis of data provided by the contractor, access control systems at locations or estimates.

9.4.3 Job satisfaction and motivation

scale 0-100	2014	2013	2012
Employees' evaluation of their own job satisfaction and motivation	72	Not measured	74

The survey of the employees' job satisfaction and motivation was conducted in the first quarter of 2014, at a time when DONG Energy attracted extensive media coverage. The decline in job satisfaction and motivation can be ascribed to a fall in the perception of DONG Energy's image.

ACCOUNTING POLICIES

DONG Energy conducts a comprehensive employee satisfaction survey once a year. All DONG Energy employees are invited to participate in the survey, and in 2014, 94% of all employees did.

In the survey, the employees are, for example, asked a number of questions about their job satisfaction and motivation. The answers are given on a scale from 1-10 and are subsequently converted to index figures on a scale from 0 to 100.

9.4.4 Women at management level

%	2014	2013	2012
Women on the BoD of DONG Energy A/S	14	14	13
Women on the BoD of Danish subsidiaries	31	26	25
Women in Top Management	14	14	10
Women in Leadership Forum	20	17	17
Other female managers	24	27	26

Reference is made to the Corporate Governance section on page 43 for a description of action plans and targets for women in management in the DONG Energy Group. At the end of 2014, the share of women in the total labour force was 30% (2013: 30%).

ACCOUNTING POLICIES

The employee representatives on the Board of Directors are not included in the data and the targets for women on the Board of Directors.

The Top Management consists of the CEO and the CFO and Executive Vice Presidents, Senior Vice Presidents and Vice Presidents in the Group. The Leadership Forum consists of Senior Directors, Directors and Senior Managers. Other female managers include Managers and team leaders.

9.5 BUSINESS INTEGRITY

This section contains information about customer satisfaction, complaints and business conduct.

9.5.1 Customer satisfaction, residential customers in Denmark

	2014	2013	2012
Number of electricity customers	750,388	753,032	760,645
Number of gas customers	95,489	97,688	103,945
Customer satisfaction among Danish residential customers (scale 1-100)	67	64	64

ACCOUNTING POLICIES

Customer satisfaction for residential customers is determined on the basis of monthly interviews with 300 electricity customers and 100 gas customers, randomly selected from all residential customers.

The customer segments included in the survey are subject to change so as to reflect the customer portfolio. Any changes will be made only at the beginning of the financial year.

The interviews are carried out by an external provider. Results are weighted based on the ratio of electricity customers to gas customers and combined into a single figure for satisfaction among residential customers.

The satisfaction surveys will be carried out in the period from 1 October to 31 December.

9.5.2 Customer satisfaction, business customers in Denmark

	2014	2013	2012
Number of electricity customers	115,383	116,698	115,146
Number of gas customers	12,902	13,928	11,559
Customer satisfaction among Danish business customers (scale 1-100)	76	75	72

ACCOUNTING POLICIES

Customer satisfaction for business customers is determined on the basis of customer satisfaction surveys among DONG Energy's business customers in Denmark. The method follows the ACSI model based on the EPSI scale.

Customer satisfaction for Denmark is determined on the basis of quarterly interviews about customers' satisfaction with DONG Energy. For the

largest business customer segments, all customers are interviewed once a year in so far as this is possible. The customer segments included in the survey are subject to change so as to reflect the customer portfolio. Any changes will be made only at the beginning of the financial year.

An external agency conducts the interviews and reports absolute and weighted results via a web-based dashboard.

9.5.3 Customer complaints

	2014	2013	2012
Number of customer complaints	3,054	3,185	2,612

ACCOUNTING POLICIES

The number of customer complaints received is calculated each month by a direct count from DONG Energy's case handling system. The complainants represent all customer groups in Denmark (residential, business and distribution customers).

Monthly follow-up reports are prepared which show the number of complaints received, compliance with service targets, as well as any trends in the complaints. Complaints received are reported monthly to management.

9.5.4 Share of employees who have completed a course in good business conduct

%	2014	2013	2012
Employees who have completed e-learning in good business conduct	97	96	95

ACCOUNTING POLICIES

The number of employees who have completed the course in good business conduct is calculated as the proportion of active employees at 31 December who have completed the course.

9.5.5 Cases of inappropriate or illegal business conduct

	2014	2013	2012
Number of reported cases of inappropriate or illegal business conduct	6	0	2
Cases transferred to the police	1	0	0

DONG Energy changed its whistleblower scheme in January 2014. The changes were made to strengthen the scheme and were communicated in an extensive internal information campaign. The development from 0 cases in 2013 to 6 cases in 2014 should be seen in that light.

ACCOUNTING POLICIES

DONG Energy's Whistleblower Hotline is available for internal and external reporting of suspected cases of inappropriate or illegal behaviour. Whistleblower reports are received and handled by the Internal Audit function, which also receives similar reports through the management system and from Compliance Officers. All reports are handled in accordance with the guidelines for the handling of the whistleblower reports approved by the Audit and Risk Committee, which is ultimately responsible for the whistleblower scheme. Only reports (cases) which are closed during the financial year, and which have been reported to the Audit and Risk Committee as fully or partially substantiated, are reported in the annual report.

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY – 31 DECEMBER

INCOME STATEMENT

DKK million	Note	2014	2013
Revenue	2	176	131
Other external expenses		(251)	(209)
Employee costs	3	(21)	(45)
Other operating income		1	
Other operating expenses		(9)	(7)
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		(104)	(130)
Depreciation, amortisation and impairment losses on property, plant and equipment		(4)	(5)
Operating profit (loss) (EBIT)		(108)	(135)
Gain on divestment of enterprises		1,773	(19)
Financial income	5	21,665	9,729
Financial expenses	5	(14,556)	(12,223)
Profit (loss) before tax		8,774	(2,648)
Tax on profit (loss) for the year	4	(1,393)	714
Profit (loss) for the year		7,381	(1,934)
Profit (loss) for the year is attributable to:			
Shareholders of DONG Energy A/S		6,793	(2,699)
Coupon payments and costs after tax, hybrid capital		588	765
Profit (loss) for the year		7,381	(1,934)

STATEMENT OF COMPREHENSIVE INCOME

DKK million	2014	2013
Profit (loss) for the year	7,381	(1,934)
Other comprehensive income ¹ :		
Hedging instruments:		
Value adjustments for the year	(244)	35
Value adjustments transferred to financial income and expenses	163	764
Tax on value adjustments of hedging instruments	17	(176)
Change in tax rate		(48)
Other comprehensive income	(64)	575
Total comprehensive income	7,317	(1,359)
Comprehensive income for the year is attributable to:		
Shareholders of DONG Energy A/S	6,729	(2,114)
Coupon payments and costs after tax, hybrid capital	588	755
Total comprehensive income	7,317	(1,359)

¹ All items in other comprehensive income may be reclassified to the income statement.

BALANCE SHEET

31 DECEMBER

ASSETS

DKK million	Note	2014	2013
Investment property		2	28
Property, plant and equipment		2	28
Investments in subsidiaries	13	45,088	42,133
Receivables from subsidiaries		66,430	59,917
Other non-current assets		111,518	102,050
Non-current assets		111,520	102,078
Receivables from subsidiaries		1,520	6,143
Derivative financial instruments	8	21,401	5,059
Other receivables		191	325
Income tax			714
Securities	6	24,503	15,708
Cash	6	2,286	301
Current assets		49,901	28,250
Assets		161,421	130,328

EQUITY AND LIABILITIES

DKK million	Note	2014	2013
Share capital		4,177	2,937
Reserves		20,829	8,862
Retained earnings		25,904	19,345
Equity attributable to shareholders of DONG Energy A/S		50,910	31,144
Hybrid capital		13,236	13,236
Equity		64,146	44,380
Deferred tax	4	2,347	2,517
Bank loans and issued bonds	7	35,835	35,185
Other payables	7	1,357	1,357
Non-current liabilities		39,539	39,059
Bank loans and issued bonds	7	147	21,797
Derivative financial instruments	8	18,176	6,517
Trade payables	7	41	80
Payables to subsidiaries	7	37,299	17,586
Other payables	7	795	909
Income tax		1,278	
Current liabilities		57,736	46,889
Liabilities		97,275	85,948
Equity and liabilities		161,421	130,328

STATEMENT OF CHANGES IN EQUITY

1 JANUARY – 31 DECEMBER

DKK million	Share capital	Hedging reserve	Share premium	Retained earnings	Equity attributable to shareholders of DONG Energy A/S	Hybrid capital	Total
Equity at 1 January 2014	2,937	(386)	9,248	19,345	31,144	13,236	44,380
Comprehensive income for the year							
Profit (loss) for the year				6,793	6,793	588	7,381
Other comprehensive income:							
Hedging instruments		(244)			(244)		(244)
Value adjustments transferred to financial income and expenses		163			163		163
Tax on other comprehensive income		17			17		17
Total comprehensive income	-	(64)	-	6,793	6,729	588	7,317
Transactions with owners:							
Coupon payments, hybrid capital					-	(754)	(754)
Tax on coupon and costs, hybrid capital					-	166	166
Share-based payment				30	30		30
Share issue	1,240		12,031	(264)	13,007		13,007
Changes in equity in 2014	1,240	(64)	12,031	6,559	19,766	-	19,766
Equity at 31 December 2014	4,177	(450)	21,279	25,904	50,910	13,236	64,146
Equity at 1 January 2013	2,937	(971)	9,248	22,044	33,258	9,538	42,796
Comprehensive income for the year							
Profit (loss) for the year				(2,699)	(2,699)	765	(1,934)
Other comprehensive income:							
Hedging instruments		35			35		35
Value adjustments transferred to financial income and expenses		764			764		764
Tax on other comprehensive income		(176)			(176)		(176)
Change in tax rate		(38)			(38)	(10)	(48)
Total comprehensive income	-	585	-	(2,699)	(2,114)	755	(1,359)
Transactions with owners:							
Coupon payments, hybrid capital					-	(675)	(675)
Bond discount and costs, hybrid capital					-	(304)	(304)
Tax on coupon and costs, hybrid capital					-	224	224
Additions, hybrid capital					-	8,825	8,825
Disposals, hybrid capital					-	(5,127)	(5,127)
Changes in equity in 2013	-	585	-	(2,699)	(2,114)	3,698	1,584
Equity at 31 December 2013	2,937	(386)	9,248	19,345	31,144	13,236	44,380

Share capital composition and dividends are disclosed in note 8.1 to the consolidated financial statements.

STATEMENT OF CASH FLOWS

1 JANUARY – 31 DECEMBER

DKK million	Note	2014	2013
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		(104)	(130)
Other items		1,865	(1,782)
Change in net working capital		(345)	331
Interest received and similar items		8,164	8,747
Interest paid and similar items		(8,010)	(10,047)
Income tax paid		611	500
Cash flows from operating activities		2,181	(2,381)
Sale of property, plant and equipment		14	(63)
Capital contributions to subsidiaries		(5,477)	(8,356)
Divestment of subsidiaries	13	2,204	1,900
Purchase of securities		(22,586)	(13,158)
Sale/maturation of securities		13,792	12,109
Financial transactions with subsidiaries		274	
Dividends received and capital reduction		1,081	211
Cash flows from investing activities		(10,698)	(7,357)
Proceeds from capital increase		13,007	
Proceeds from raising of loans		117	4,673
Instalments on loans		(8,824)	(11,140)
Repayment of loans from subsidiaries		19,890	3,313
Coupon payments on hybrid capital		(754)	(675)
Repurchase of hybrid capital			(695)
Proceeds from issuance of hybrid capital			4,094
Changes in other non-current liabilities		29	(89)
Cash flows from financing activities		23,465	(519)
Net change in cash and cash equivalents		14,948	(10,257)
Cash and cash equivalents at 1 January		(12,662)	(2,405)
Net change in cash and cash equivalents		14,948	(10,257)
Cash and cash equivalents at 31 December	6	2,286	(12,662)

ACCOUNTING POLICIES

The parent company financial statements are prepared pursuant to the requirements of the Danish Financial Statements Act concerning preparation of separate parent company financial statements for companies reporting under IFRS.

The parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements have been prepared in accordance with Danish disclosure requirements for annual reports of listed and state-owned public limited companies.

The annual report is presented in million Danish kroner (DKK), unless otherwise stated.

Parent company financial statements

The parent company accounting policies are consistent with the accounting policies described for the consolidated financial statements, with the following exceptions:

Foreign currency translation

Exchange rate adjustments of balances accounted for as part of the total net investment in enterprises that have a functional currency other than DKK are recognised in profit (loss) for the year as financial income and expenses in the parent company financial statements. Likewise, foreign exchange gains and losses on the portion of loans and derivative financial

instruments that has been entered into to hedge the net investment in these enterprises are recognised directly in profit (loss) for the year as financial income and expenses.

Revenue

Rental income comprises income from commercial leases and is recognised over the term of the lease. Income from services is recognised when delivery has taken place.

Dividends from investments in subsidiaries

Dividends from investments in subsidiaries are credited to profit (loss) for the year in the financial year in which they are declared. If distributions exceed the subsidiary's comprehensive income for the period, an impairment test is carried out.

Property, plant and equipment

Investment property is property that is held to earn rental income and is used for own purposes to an insignificant extent only.

Investment property is measured at cost less accumulated depreciation and impairment losses. Investment property is depreciated over 20 years.

Fixtures and fittings, tools and equipment are depreciated over 3-5 years.

Investments in subsidiaries

Investments in subsidiaries are measured at cost in the parent company financial statements. Impairment testing is carried out if there is any indication of impairment, as described in the consolidated financial statements.

The carrying amount is written down to the recoverable amount whenever the carrying amount exceeds the recoverable amount. The impairment loss is recognised as a financial expense in profit (loss) for the year.

If the parent company has a legal or constructive obligation to cover a deficit in subsidiaries, a provision for this is recognised.

New standards and interpretations

Reference is made to the description in note 1 to the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of preparing the parent company financial statements, a number of accounting estimates and judgements have been made that affect assets and liabilities at the balance sheet date and income and expenses for the reporting period. Management regularly reassesses these estimates and judgements, partly on the basis of historical experience and a number of other factors in the given circumstances.

Management is of the opinion that no accounting estimates or judgements are made in connection with the presentation of the parent company financial statements applying the parent company accounting policies that are material to the financial reporting, other than those disclosed in note 3.1 to the consolidated financial statements concerning impairment testing.

2. REVENUE

Revenue comprises rental income and sales of services.

3. EMPLOYEE COSTS

DKK million	2014	2013
Wages, salaries and remuneration	19	44
Share-based payment	1	
Pensions	1	1
Employee costs	21	45

DONG Energy A/S had an average of 6 employees in 2014 (2013: 6 employees).

EXECUTIVE BOARD

	Henrik Poulsen		Marianne Wiinholt (joined in October 2013)		Carsten Krogsgaard Thomsen (departed in October 2013)		Anders Eldrup (departed in March 2012)		Executive Board Total	
DKK '000	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Fixed salary	8,695	8,614	4,728	1,152		4,004			13,423	13,770
Variable salary	1,569	2,131	1,013	253		714			2,582	3,098
Share-based payment	684		439						1,123	-
Pension	2	2	2	1		1			4	4
Salary during notice period ¹						9,084			-	9,084
Termination payment						4,680		8,710	-	13,390
Total	10,950	10,747	6,182	1,406	-	18,483	-	8,710	17,132	39,346

¹ Comprises salaries, bonus and pension and is recognised at the departure date.

Reference is made to note 2.6 to the consolidated financial statements for a description of the parent company's remuneration of the Executive

Board, share-based payment, termination and bonus scheme for the Executive Board and details on remuneration of the Board of Directors.

4. TAX ON PROFIT (LOSS) FOR THE YEAR AND DEFERRED TAX

NOTES

INCOME TAX

DKK million	2014	2013
Tax on profit (loss) for the year	(1,393)	714
Tax on other comprehensive income	17	(224)
Tax on hybrid capital	166	224
Total tax for the year	(1,210)	714
Tax on profit (loss) for the year can be broken down as follows:		
Current tax	(1,628)	756
Adjustments to deferred tax	113	81
Adjustments to deferred tax in respect of prior years	170	116
Adjustments to current tax in respect of prior years	(102)	(115)
Effect of change in tax rate	54	(124)
Tax on profit (loss) for the year	(1,393)	714

EFFECTIVE TAX RATE

	2014		2013	
	DKK million	%	DKK million	%
Tax on profit (loss) for the year can be explained as follows:				
Calculated 24,5% tax on profit (loss) before tax	2,150	25	662	25
Tax effect of:				
Non-taxable income and non-deductible costs, net	(635)	(7)	175	7
Adjustments to tax in respect of prior years, net	(68)	(1)	1	
Effect of change in tax rate	(54)	(1)	(124)	(5)
Effective tax for the year	1,393	16	714	27

DEVELOPMENT IN DEFERRED TAX ASSETS AND LIABILITIES

DKK million	2014			2013		
	Balance sheet 1 January	Recognised in profit (loss) for the year	Balance sheet 31 December	Balance sheet 1 January	Recognised in profit (loss) for the year	Balance sheet 31 December
Property, plant and equipment	16	3	19	34	(18)	16
Non-current liabilities	(75)	(149)	(224)	(141)	66	(75)
Current liabilities	(1)		(1)	(6)	5	(1)
Retaxation	2,763	(107)	2,656	2,911	(148)	2,763
Tax loss carryforwards	(186)	83	(103)	(166)	(20)	(186)
Deferred tax	2,517	(170)	2,347	2,632	(115)	2,517

5. FINANCIAL INCOME AND EXPENSES

NOTES

DKK million	2014	2013
Interest income from cash etc	68	59
Interest income from subsidiaries	1,791	1,626
Interest income from securities at fair value	491	290
Capital gains on securities at fair value	14	19
Foreign exchange gains	5,412	1,577
Value adjustments of derivative financial instruments	12,792	5,948
Dividends received	1,081	200
Other financial income	16	10
Financial income	21,665	9,729
Interest expense relating to loans and borrowings	(1,972)	(2,130)
Interest expense to subsidiaries	(104)	(32)
Capital losses on securities at fair value	(294)	(208)
Foreign exchange losses	(4,848)	(2,614)
Value adjustments of derivative financial instruments	(7,284)	(6,935)
Other financial expenses	(54)	(304)
Financial expenses	(14,556)	(12,223)
Net financial income and expenses	7,109	(2,494)

6. CASH AND CASH EQUIVALENTS AND SECURITIES

DKK million	2014	2013
Cash, available	2,286	301
Bank overdrafts that are part of the ongoing cash management, see note 7		(12,963)
Cash and cash equivalents at 31 December, see statement of cash flows	2,286	(12,662)
Securities can be specified as follows:		
Securities, available	23,680	15,425
Securities, not available for use	823	283
Securities at 31 December	24,503	15,708

Securities are primarily highly liquid AAA-rated Danish mortgage bonds that qualify for repos in Danmarks Nationalbank.

The securities are part of the ongoing cash management. In accordance with IAS 7, cash flows from securities are recognised in cash flows from investing activities.

Securities not available for use comprise securities that form part of genuine sale and repurchase transactions (repo transactions), and securities used as collateral for trading in financial instruments.

7. LOANS AND BORROWINGS

NOTES

DKK million	2014	2013
Bank loans and issued bonds:		
Issued bonds	28,414	31,330
Bank loans	7,568	12,689
Bank overdrafts		12,963
Carrying amount	35,982	56,982
Bank loans and issued bonds are recognised in the balance sheet as follows:		
Non-current liabilities	35,835	35,185
Current liabilities	147	21,797
Carrying amount	35,982	56,982

MATURITY ANALYSIS OF LOANS AND BORROWINGS

The parent company's financial payment obligations fall due as follows:

DKK million	2015	2016	2017-2018	After 2018	2014	2014	2015	2016-2017	After 2017	2013
Bank loans and issued bonds										
- Principal amount	147	4,765	2,485	28,813	36,210	9,289 ¹	405	6,667	28,448	44,809
- Interest payments	1,413	1,404	2,500	12,479	17,796	1,585	1,394	2,704	13,247	18,930
Trade payables	41				41	80				80
Payables to subsidiary	37,299				37,299	17,586				17,586
Other payables	795			1,357	2,152	909			1,357	2,266
Derivative financial instruments	5,455	5,493	8,481	833	20,262	2,903	1,426	1,931	878	7,138
Total payment obligations	45,150	11,662	13,466	43,482	113,760	32,352	3,225	11,302	43,930	90,809

¹ This includes expected early repayment of bank loans of DKK 4.5 billion.

At 31 December 2014, DONG Energy had issued hybrid capital with a principal amount totalling DKK 13,428 million due in 3005 (DKK 4,476 million) and 3013 (DKK 8,952 million).

The maturity analysis is based on undiscounted cash flows, including estimated interest payments. Interest payments are based on market conditions and interest-rate hedging entered into at 31 December.

The company's financing agreements are not subject to any unusual terms or conditions, apart from those disclosed in note 4.1 to the consolidated financial statements.

8. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

NOTES

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The table below shows fair value of assets and liabilities distributed at fair value level:

DKK million	Quoted prices (level 1)	Observable inputs (level 2)	Non-observ- able inputs (level 3)	2014	Quoted prices (level 1)	Observable inputs (level 2)	Non-observ- able inputs (level 3)	2013
Securities	23,931	572		24,503	15,708			15,708
Total securities	23,931	572	-	24,503	15,708	-	-	15,708
Commodities		15,187		15,187	28	1,703	240	1,971
Currency		6,049		6,049		2,913		2,913
Interest		165		165		175		173
Total derivative financial instruments	-	21,401	-	21,401	28	4,791	240	5,059
Total assets	23,931	21,973	-	45,904	15,736	4,791	240	20,767
Commodities		10,961		10,961	28	2,774	750	3,552
Currency		6,554		6,554		2,466		2,466
Interest		661		661		499		499
Total derivative financial instruments	-	18,176	-	18,176	28	5,739	750	6,517
Total equity and liabilities	-	18,176	-	18,176	28	5,739	750	6,517

All assets and liabilities measured at fair value are measured on a recurring basis.

Level 1 comprises quoted securities and derivative financial instruments that are traded in active markets.

Level 2 comprises derivative financial instruments, where valuation models with observable inputs are used to measure fair value, but with

discounting to present value applying one of the discount rates set by the Group.

Level 3 also includes financial instruments in which primarily oil prices have been estimated, and where the sum of these estimated, non-observable inputs may have a significant effect on fair value.

9. CATEGORIES OF FINANCIAL INSTRUMENTS

NOTES

DKK million	2014	2013
	Carrying amount	Carrying amount
Financial assets measured at fair value through profit (loss) for the year (Derivative financial instruments)	21,365	4,827
Financial assets measured at fair value through profit (loss) for the year (Securities)	24,503	15,708
Financial assets used as hedging instruments	36	232
Loans and receivables	73,931	66,594
Financial liabilities measured at fair value through profit (loss) for the year	17,567	5,761
Financial liabilities used as hedging instruments	609	756
Financial liabilities measured at amortised cost	74,134	75,594

The carrying amount of the financial instruments corresponds to the fair value, with the exception of issued bonds and bank loans. The fair value of issued bonds and credit institutions was DKK 33,868 million (2013: DKK 34,018 million) and DKK 7,851 million (2013: DKK 12,910 million).

10. MARKET RISKS

Risk management policy

DONG Energy A/S acts as the Group's internal banker in relation to funding, currency, interest rate and cash management and the conclusion of some commodity-related contracts.

As part of its financial management, DONG Energy A/S hedges currency risks and interest rate risks. Full or partial hedging of recognised assets and liabilities (hedging of fair value) and of future transactions (hedging of cash flows) is carried out in accordance with the framework laid down in the financial risk management policy imple-

mented by DONG Energy. Both primary hedging instruments, primarily loans (only currency risks) and derivative financial instruments such as forwards, swaps and options, are used as hedging instruments. In some cases, the company has also entered into contracts to hedge risks in subsidiaries.

The financial risks to which DONG Energy A/S is exposed are described in the following. Reference is also made to the Risk and risk management section on pages 35-39 of the Management's review.

Currency risks

A substantial proportion of DONG Energy A/S's activities and investments is conducted in currencies other than Danish kroner. The company's net position in individual currencies at 31 December is shown below.

As part of its financial management, DONG Energy A/S enters into a number of hedging instruments to hedge currency risks. At 31 December 2014, unrealised value adjustments of derivative financial instruments for currency hedging of recognised assets and liabilities amounted to a loss of DKK 87 million (2013: A gain of DKK 1,079 million).

HEDGING OF FAIR VALUES

DKK million						2014						2013
	EUR	USD	GBP	NOK	Other	EUR	USD	GBP	NOK	Other		
Assets	14,988	10,165	30,318	3,205		58,676	5,744	235	26,187	6,474	4	38,644
Liabilities	(26,408)	(7,423)	(18,295)	(1,207)	(51)	(53,384)	(34,401)	(1,939)	(13,892)	(300)	(404)	(50,936)
Hedged using hedging instruments	29,581	(148)	(12,044)	(2,968)	9	14,430	21,828	4,672	(25,094)	(6,122)	(188)	(4,904)
Net position	18,161	2,594	(21)	(970)	(42)	19,722	(6,829)	2,968	(12,799)	52	(588)	(17,196)

10. MARKET RISKS

CONTINUED

Interest rate risks

The parent company is exposed to interest rate changes in connection with its liquid portfolio, primarily floating-rate bank balances. For an analysis of the company's interest rate sensitivity, reference is made to note 6.2 to the consolidated financial statements.

As part of its financial management, DONG Energy A/S swaps the interest basis on loans from a floating rate to a fixed rate or vice versa using interest rate swaps. For interest rate swaps converting floating-rate loans to fixed-rate loans, value adjustments recognised directly in equity amounted to a loss of DKK 450 million (2013: A loss of DKK 431 million).

Liquidity risks

DONG Energy A/S endeavours to mitigate its liquidity risk via a diversified loan portfolio and maturity profile and by making sure it has available committed loans and facilities.

Credit risks

DONG Energy A/S's credit risk relates to loans to subsidiaries, placing of surplus liquidity in securities and positive market value of derivative financial instruments. Credit risk related to securities is reduced by in-

vesting in securities with high credit ratings, primarily Danish mortgage bonds.

In the company's opinion, there are no special concentrations of counterparty risks. The company's counterparty risk in connection with derivative financial instruments entered into is limited as such instruments have primarily been entered into with major international banks or other counterparties with high credit ratings.

OFFSETTING OF FINANCIAL ASSETS

DKK million	Derivative financial instruments	2014	Derivative financial instruments	2013
Financial assets, gross	49,727	49,727	19,656	19,656
Financial liabilities, offset	(46,642)	(46,642)	(17,989)	(17,989)
Financial assets in the balance sheet	3,085	3,085	1,667	1,667
Amounts not offset in the balance sheet				
Liabilities with right of set-off	(868)	(868)	(115)	(115)
Collateral received in the form of bonds	(321)	(321)	(192)	(192)
Net	1,896	1,896	1,360	1,360

OFFSETTING OF FINANCIAL LIABILITIES

DKK million	Derivative financial instruments	2014	Derivative financial instruments	2013
Financial liabilities, gross	49,533	49,533	18,789	18,789
Financial assets, offset	(46,642)	(46,642)	(17,989)	(17,989)
Financial liabilities in the balance sheet	2,891	2,891	800	800
Amounts not offset in the balance sheet				
Assets with right of set-off	(868)	(868)	(115)	(115)
Collateral provided in the form of bonds	(823)	(823)	(283)	(283)
Net	1,200	1,200	402	402

Offsetting of financial assets and liabilities

DONG Energy's counterparty risks are largely concentrated on large international energy companies and banks. Such trading is regulated under standard agreements, such as EFET and ISDA agreements, which feature credit rating and netting provisions.

The table to the left shows financial assets and liabilities that are subject to offsetting agreements, and related collaterals:

10. MARKET RISKS

CONTINUED

SENSITIVITY ANALYSIS OF FLUCTUATIONS IN CURRENCIES IN THE TRADING PORTFOLIO:

Risk		Effect on profit (loss) before tax	
		31 December 2014	31 December 2013
USD	10%	259	96
	-10%	(259)	(64)
GBP	10%	(2)	(1,280)
	-10%	2	1,280
NOK	10%	(97)	5
	-10%	97	(5)

Sensitivity analysis for currency risks

DONG Energy A/S's principal currency risks relate to USD, GBP and NOK. The company also determines and manages the currency risk in respect of EUR, but as price fluctuations between DKK and EUR are small, the risk is considered to be insignificant.

11. CONTINGENT LIABILITIES

Contingent liabilities

Guarantees

DONG Energy A/S has furnished the Danish Ministry for Economic Affairs and the Interior with a guarantee for fulfilment of obligations and liability in damages towards the Danish State or third parties incurred by DONG E&P A/S in connection with the company's participation in exploration and production licences, irrespective of whether the obligations and liability rest on DONG E&P A/S alone or jointly and severally with others. The guarantees are not capped, but cannot exceed a sum corresponding to twice DONG E&P's share of each obligation or liability.

As a condition for approval of its participation in gas and oil exploration and production on the Norwegian, UK, Greenland and Faroese continental shelves, DONG Energy A/S has provided a guarantee under which it assumes primary liability as normally required by the local authorities.

The guarantee covers obligations and liability incurred or assumed by the DONG E&P Group in connection with its exploration and production activities. The guarantees are not capped and the DONG E&P Group is jointly and severally liable with the other partners for obligations and liability.

DONG Energy A/S has also provided guarantees in connection with participation by subsidiaries and subsidiaries' joint operations and joint ventures in natural gas and oil exploration and production, construction and operation of wind farms, and geothermal plants and natural gas installations, and has provided guarantees in respect of leases, decommissioning obligations, and purchase, sale and supply agreements, etc.

DONG Energy A/S also acts as guarantor with primary liability for bank balances in certain subsidiaries.

Indemnities

DONG Energy is a member of the reinsurance company Oil Insurance Ltd. In the event of a member's exit, an exit premium will be payable, which has been calculated at USD 19.3 million at 31 December 2014 (2013: USD 25.6 million).

DONG Energy A/S is taxed jointly with other companies in the DONG Energy Group. As management company, the company has unlimited and joint and several liability together with the other jointly taxed companies for Danish income taxes and withholding taxes on dividends, interest and royalties within the jointly taxed companies.

Litigation

DONG Energy A/S is not a party to any litigation proceedings or legal disputes that could have an effect on the company's financial position, either individually or collectively.

12. RELATED PARTY TRANSACTIONS

NOTES

TRADING WITH SUBSIDIARIES

DKK million	2014	2013
Rental income and services to subsidiaries	176	131
Purchases of goods and services from subsidiaries	(43)	(110)
Interest, subsidiaries (net income)	1,687	1,594

For a description of related parties, reference is made to note 8.5 to the consolidated financial statements.

Remuneration of the Board of Directors and the Executive Board is disclosed in note 3.

Related party transactions are made on arm's length terms.

There were no other related party transactions during the year.

CAPITAL TRANSACTIONS AND BALANCES WITH SUBSIDIARIES AND JOINT VENTURES AT 31 DECEMBER

DKK million	2014	2013
Receivables from subsidiaries	67,950	66,060
Payables to subsidiaries	(37,299)	(17,586)
Dividends received from subsidiaries	1,070	200

13. SUBSIDIARIES

DKK million	Investments in subsidiaries	
	2014	2013
Cost at 1 January	42,152	35,725
Additions	3,386	8,355
Disposals	(431)	(1,928)
Cost at 31 December	45,107	42,152
Value adjustments at 1 January	(19)	(19)
Value adjustments at 31 December	(19)	(19)
Carrying amount at 31 December	45,088	42,133

An overview of subsidiaries, joint ventures and associates is set out in note 8.10 to the consolidated financial statements.

Investments in subsidiaries were tested for impairment in 2014. No impairment losses were recognised as the recoverable amount exceeded the cost.

In 2014, debt of DKK 386 million in DONG Storage A/S was converted to share capital. A capital increase was made in DONG E&P A/S of DKK 3,000 million. Furthermore, DONG Storage A/S was sold in 2014.

In 2013, debt of DKK 1,128 million in DONG Energy Vangede A/S was converted to share capital. A capital increase was made in DONG Naturgas A/S of DKK 7,000 million, in DONG E&P DK A/S of DKK 30 million and in DONG Oil Pipe A/S of DKK 197 million. Moreover, DONG Energy Ayrshire Holding Ltd. and DONG Sverige Distribution AB were liquidated and DONG Energy Vangede A/S was sold.

14. OPERATING LEASE OBLIGATIONS

DKK million	2014			2013		
	Minimum lease payments	Subleasing	Net	Minimum lease payments	Subleasing	Net
0-1 year	(180)	158	(22)	(174)	155	(19)
1-5 years	(662)	644	(18)	(616)	613	(3)
More than 5 years	(1,280)	1,280	-	(1,564)	1,564	-
Minimum lease payments	(2,122)	2,082	(40)	(2,354)	2,332	(22)

DONG Energy A/S has entered into operating leases that include leasing of office premises until 2035. There are no significant restrictions in the leases. In 2014, an amount of DKK 159 million was recognised (2013:

DKK 109 million) in profit (loss) for the year in respect of operating lease payments.

DONG Energy A/S has entered into operating leases with subsidiaries

for subleasing of office premises and leasing of investment property. There are no significant restrictions in the leases. In 2014, an amount of DKK 165 million was recognised (2013: DKK 118 million) in profit (loss) for the year in respect of rental income.

STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

MANAGEMENT STATEMENT AND AUDITOR'S REPORTS

The Board of Directors and the Executive Board have today considered and approved the annual report of DONG Energy A/S for the financial year 1 January – 31 December 2014.

The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies and state-owned public limited companies.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair presen-

tation of the Group's and the parent company's assets, liabilities and financial position at 31 December 2014 and of the results of the Group's and the company's operations and cash flows for the financial year 1 January – 31 December 2014.

In our opinion, the Management's review provides a true and fair presentation of the development in the Group's and the parent company's operations and financial position, of the results for the year and of the overall financial position of the Group and the company as well as a description of the most significant risks and elements of uncertainty facing the Group and the parent company.

DONG Energy's non-financial reporting is presented in accordance with the disclosure requirements for presenting a social responsibility statement as set out in Section 99(a)-(b) of the Danish Financial Statements Act. In our opinion, the non-financial statements represent a reasonable and balanced representation of the Group's social responsibility and sustainability performance.

We recommend that the annual report be adopted at the annual general meeting.

Skærbæk, 5 February 2015

Executive Board:

Henrik Poulsen
CEO

Marianne Wiinholt
CFO

Board of Directors:

Thomas Thune Andersen
Chairman

Jørn P. Jensen
Deputy chairman

Benny D. Loft

Pia Gjellerup

Martin Hintze

Poul Arne Nielsen

Claus Wiinblad

Hanne Steen Andersen*

Poul Dreyer*

Benny Gøbel*

Jens Nybo Sørensen*

* Employee representative

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT STATEMENT AND AUDITOR'S REPORTS

To the shareholders of DONG Energy A/S

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of DONG Energy A/S for the financial year 1 January – 31 December 2014, pages 48-113 and 123-138, comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes, including the accounting policies of the Group as well as the Parent Company. The Consolidated Financial Statements and Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies and state-owned public limited companies.

Management's responsibility for the Consolidated Financial Statements and Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Financial Statements that provide a fair presentation in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and state-owned public limited companies. Management is also responsible for such internal control as

management determines is necessary to enable the preparation of Consolidated Financial Statements and Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements and Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit legislation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and Financial Statements are free from material misstatement.

An audit involves procedures to obtain audit evidence of the amounts and disclosures in the Consolidated Financial Statements and Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement in the Consolidated Financial Statements and Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of Consolidated Financial Statements and Financial Statements that provide a fair presentation in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting

policies applied and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements and Financial Statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements and Parent Company Financial Statements provide a fair presentation of the Group's and the company's assets, liabilities and financial position at 31 December 2014 and of the results of the Group's and the company's operations and cash flows for the financial year 1 January – 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and state-owned public limited companies.

STATEMENT ON THE MANAGEMENT'S REVIEW

We have read the Management's review, pages 1-47, as required by the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and Financial Statements.

On this basis, it is our opinion that the information provided in the Management's review is in accordance with the Consolidated Financial Statements and Financial Statements.

Copenhagen, 5 February 2015

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Lars Baungaard
State Authorised Public Accountant

Fin T. Nielsen
State Authorised Public Accountant

INDEPENDENT AUDITOR'S ASSURANCE REPORT

MANAGEMENT STATEMENT AND AUDITOR'S REPORTS

To the stakeholders of DONG Energy

ASSURANCE REPORT ON THE NON-FINANCIAL STATEMENTS

We have reviewed DONG Energy's non-financial statements for 2014 for the purpose of expressing an opinion on CSR data.

Criteria for the preparation of the non-financial statements

The criteria for the preparation of the non-financial statements are set out in the description of accounting policies on pages 114-122 of the annual report. The description contains information on which of the Group's business units and activities are comprised by the reporting and Management's reasons for choosing the data included. Data are recognised in accordance with the described accounting policies for non-financial data.

Responsibilities

The company management is responsible for preparing the non-financial statements, including establishing registration and internal control systems to ensure a reliable reporting basis, specifying acceptable reporting criteria and choosing the data to be collected. Based on our review, it is our responsibility to express an opinion on the CSR data in the non-financial statements.

Scope

We have planned and performed our work in accordance with the international standard on assurance engagements ISAE 3000 ("Assurance Engagements Other than Audits or Reviews of Historical Financial Information") for the purpose of obtaining limited assurance that the CSR data presented on pages 114-122 have been recognised in accordance with the criteria used to prepare the non-financial statements. The obtained assurance is limited as our engagement has been limited compared to an audit engagement.

Based on an assessment of materiality and risk, our work has first and foremost comprised enquiries regarding applied instructions, registration and reporting systems, procedures with focus on internal controls, auditing analyses of the data used to prepare the non-financial statements, sample tests of data and underlying documentation, including visits at selected local entities, and control of whether the described non-financial data comply with DONG Energy's described accounting policies.

We believe that the evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Opinion

Based on our work, nothing has come to our attention causing us to believe that the CSR data presented on pages 114-122 of the 2014 Annual Report have not been recognised in accordance with the criteria for the preparation of the non-financial statements.

Copenhagen, 5 February 2015

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Lars Baungaard
State Authorised Public Accountant

Fin T. Nielsen
State Authorised Public Accountant

COMPANY ANNOUNCEMENTS PUBLISHED IN 2014

ADDITIONAL INFORMATION

Q1		Q4
17 January SEAS-NVE, SYD ENERGI, Nyfors Entreprise and Insero Horsens to participate in capital increase in DONG Energy A/S	11 March New Chairman of the Board of Directors of DONG Energy	20 October DONG Energy divests Stenlille Gas Storage Facility to Energinet.dk
21 January DONG Energy divests its sales business in the Netherlands	31 March Marubeni Corporation and UK Green Investment Bank to become co-owners of DONG Energy's Westermost Rough offshore wind farm	24 October DONG Energy to present first nine months result
29 January DONG Energy to present full-year 2013 result	Q2	30 October DONG Energy to divest 5% of West of Shetland Edradour field to Total – DONG Energy and Total to develop the Glenlivet and Edradour gas fields jointly
30 January The agreement on capital increase in DONG Energy has been approved by the Danish Parliament's Finance Committee	28 April DONG Energy to present results for first quarter 2014	31 October Interim financial report – 9M 2014
30 January Fritz Schur to step down as chairman of DONG Energy A/S	1 May Interim financial report for Q1 2014 – A good start to the year	3 December Financial Calendar 2015
31 January DONG Energy divests 50 per cent of its share in London Array 1 offshore wind farm to Caisse de dépôt et placement du Québec	14 May DONG Energy's employee share programme – process completed	15 December DONG Energy appoints new CEO for E&P
5 February Announcement of financial results for 2013 – Improved earnings and strengthened capital base	25 June The Triangle Region gets green heating	19 December DONG Energy to build Burbo Bank Extension Offshore Wind Farm in the UK
5 February Extraordinary general meeting at DONG Energy	Q3	31 December Divestment of Stenlille Gas Storage has been completed
10 February Jakob Brogaard, Deputy Chairman, will not run for re-election to the Board of Directors of DONG Energy A/S	17 July DONG Energy divests 50 per cent of the German offshore wind farm project Gode Wind 2 to a consortium of Danish pension funds	
20 February Capital increase adopted at extraordinary general meeting of DONG Energy A/S	7 August Thomas Thune Andersen new Chairman of DONG Energy's Board of Directors	
20 February DONG Energy A/S: Capital increase completed, employee share scheme to be launched	20 August DONG Energy to present first half-year results 2014	
	27 August Interim financial report for H1 2014	

2P reserves: Sum of proved reserves plus probable reserves (Society of Petroleum Engineers and World Petroleum Congress (SPE/WPC) reserve classification standards).

Biomass: Also known as biomass fuel. A term for all combustible organic materials, including straw, wood chips and wood pellets. CO₂ emissions produced by the combustion of biomass are not covered by EU ETS. Biomass can be used in both central power stations and small-scale CHP plants

CHP plant: A Combined Heat and Power (CHP) plant generates both heat and electricity in the same process. The heat generated may be used for industrial purposes and/or district heating.

Carbon emission allowances : Carbon dioxide emissions allowances subject to the European Union Emissions Trading Scheme (EU ETS).

Climate partnership: A climate partnership helps the company to reduce energy consumption, use renewable energy and ensure a transparent climate profile.

Cost of electricity: Average cost measured as present value per megawatt hour (MWh) generated from offshore wind power covering costs for development and construction as well as subsequent operation and maintenance of the wind farm.

DK 1 and DK2: Area prices for electricity in West Denmark (DK1) and East Denmark (DK2).

EEX: European Energy Exchange, German power exchange.

Exploration and appraisal wells: Wells drilled to discover and evaluate natural gas or oil in an unproved area to find new reserves in an area in which hydrocarbon discoveries have previously been made or to delineate a known accumulation.

Fossil fuels: Fuel resources such as coal, coal products, natural gas, crude oil and other hydrocarbon products.

FTE: Employees (Full Time Equivalent). The number of full-time employees during a fixed time period.

Green certificates: Certificate awarded to generators of environment-friendly electricity as a supplement to the market price of electricity in the given price area.

Green dark spread (GDS): Green dark spread represents the contribution margin per MWh of electricity generated at a coal-fired power station of a given efficiency. It is determined as the difference between the market price of electricity and the cost of the coal (including associated freight costs) and CO₂ allowances used to generate the electricity.

Green spark spread (GSS): Green spark spread represents the contribution margin per MWh generated at a gas-fired power station of a given efficiency. It is determined as the difference between the market price of electricity and the costs of the gas and CO₂ allowances used to generate the electricity.

Hedging instruments: Financial and physical instruments that can be used to guarantee a specific price for the purchase or sale of, for example, commodities and currency.

Hydrological balance: Most of the electricity generated in the Nordic countries comes from hydro electric stations, and their output depends on their water reservoir levels. The hydrological balance reflects whether the levels in the Norwegian and Swedish water and snow reservoirs are above or below normal.

LNG: Liquefied Natural Gas. Gas that has been liquefied by cooling to minus 161 degrees Celsius. LNG takes up 600 times less space than conventional gas. LNG can be transported in customised tankers to receiving terminals, where the LNG is vaporised and pressurised before being routed into the transmission system for onwards distribution and sale.

LTIF: Lost Time Injury Frequency. DONG Energy defines lost time injuries as occupational injuries resulting in at least one day's absence from work in addition to the day of the injury.

Million boe: Million barrels of oil equivalent.

NBP: National Balancing Points, UK gas hub.

Nord Pool: The Norwegian-based Nordic power exchange, which facilitates electricity trading in Norway, Sweden, Finland and Denmark.

Oil/gas spread: The difference in price between a TWh of gas traded on a gas hub and a TWh of gas bought or sold under an oil price-indexed contract.

PJ: Petajoule, a unit of energy. 1 PJ is equivalent to 1,000 TJ or 1,000,000 GJ or 1,000,000,000 MJ.

Power station: A power station generates electricity only. A large (central) power station typically has a net installed capacity of more than 100 MW. A small-scale power station typically has a net installed capacity of less than 100 MW.

Supply obligation: A company with a supply obligation is bound by law to deliver electricity or natural gas to a certain geographic area at prices approved by the Danish Energy Regulatory Authority.

Thermal generation: Electricity and heat generated through the combustion of fossil fuels, biomass or waste.

TTF: Title Transfer Facility, Dutch gas hub.

TWh: Terawatt hour. The amount of energy generated in one hour with the effect of 1 TW. 1 TWh is equivalent to 1,000 GWh or 1,000,000 MWh.