

Offering of up to 72,834,393 Shares

(a public limited company incorporated in Denmark registered under CVR no. 36 21 37 28)

This document (the "Offering Circular") relates to the initial public offering (the "Offering") of up to 72,834,393 Shares (as defined below) of DKK 10 nominal value each in DONG Energy A/S (the "Company" or "DONG Energy"), but not less than 63,248,753 Shares, as well as an additional up to 10,925,159 Option Shares (as defined below). All Shares offered for sale in the Offering (the "Offer Shares") will be sold by current shareholders of the Company, including the majority shareholder, the Kingdom of Denmark, through the Danish Ministry of Finance (the "Majority Shareholder," the "Kingdom of Denmark" or the "Danish Ministry of Finance") and certain of the minority shareholders (the "Minority Shareholders," as further defined herein, and together with the Majority Shareholder, the "Selling Shareholders").

The Offering consists of: (i) an initial public offering to retail and institutional investors in Denmark (the "Danish Offering"); (ii) a private placement in the United States only to persons who are "qualified institutional buyers" or "QIBs" (as defined in Rule 144A ("Rule 144A") under the US Securities Act of 1933, as amended (the "US Securities Act")) in reliance on Rule 144A under the US Securities Act; and (iii) private placements to institutional investors in the rest of the world (together with the private placement contemplated under (ii) above, the "International Offering"). The Offering outside the United States will be made in compliance with Regulation S ("Regulation S") under the US Securities Act.

The Selling Shareholders, other than the Majority Shareholder and SEAS-NVE Holding A/S, have granted to the Managers (as defined herein), an option, exercisable in whole or in part by Morgan Stanley & Co. International plc, as stabilizing manager (the "Stabilizing Manager"), to purchase up to 10,925,159 additional Shares at the Offer Price (as defined below) (the "Option Shares"), from the first day of trading in, and official listing of, the Shares until the day 30 calendar days thereafter, solely to cover overallotments or other short positions, if any, incurred in connection with the Offering (the "Overallotment Option"). The number of Option Shares will be adjusted if less than the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, such that the number of Option Shares will equal 15% of the number of Offer Shares (other than Option Shares). As used herein, "Shares" refers to all outstanding shares in the Company at any given time. If the Overallotment Option is exercised, the term Offer Shares shall also include the Option Shares.

Prospective investors are advised to examine all risks and legal requirements described in this Offering Circular that might be relevant in connection with an investment in the Offer Shares. Investing in the Offer Shares involves a high degree of risk. See Section 1 "Risk factors" for a discussion of certain risks that prospective investors should consider before investing in the Offer Shares.

PRICE RANGE: DKK 200-DKK 255 PER OFFER SHARE

The price at which the Offer Shares will be sold (the "Offer Price") is expected to be between DKK 200 and DKK 255 per Offer Share (the "Offer Price Range") and will be determined through a book-building process. The number of Offer Shares, other than the number of Option Shares, being sold in the Offering and the Offer Price will be determined by the Selling Shareholders in consultation with the Company's board of directors (the "Board of Directors") and the Joint Global Coordinators (as defined below), and is expected to be announced together with the number of Option Shares through Nasdaq Copenhagen") no later than 8:00 a.m. (CET) on June 9, 2016. The Offer Price Range may be amended during the book-building process and, as a result, the Offer Price may be outside the Offer Price Range set forth in this Offering Circular, subject to any requirement to publish a supplement to this Offering Circular. The Selling Shareholders have agreed to reserve and sell to the Company up to a maximum of 265,000 Offer Shares (the exact number of Offer Shares will correspond to an aggregate value of DKK 53,000,000, divided by the Offer Price ("DSP Shares"), subject to, at the discretion of the Board of Directors, (i) satisfaction of the statutory requirements for the repurchase of shares and (ii) the Offer Price representing a fair market price for the DSP Shares, at the Offer Price with effect from the date of completion of the Offering. See Section 19.5.9 "DONG Energy Share Program" of this Offering Circular for a more detailed description of this repurchase of Shares.

The offer period (the "Offer Period") will commence on May 26, 2016 and will close no later than June 8, 2016 at 4:00 p.m. (CET). The Offer Period may be closed prior to June 8, 2016; however, the Offer Period will not be closed in whole or in part before June 4, 2016 at 00:01 a.m. (CET). The Offer Period in respect of applications for purchases of amounts up to, and including, DKK 3 million may be closed before the remainder of the Offering is closed. If the Offering is closed before June 8, 2016, the first day of trading in and official listing of the Shares on Nasdaq Copenhagen and the date of payment and settlement will be moved forward accordingly. Any such early closing, in whole or in part, would be announced through Nasdaq Copenhagen.

Prior to the completion of the Offering, there has been no public market for the Shares. Application has been made for the Shares to be admitted to trading and official listing on Nasdaq Copenhagen under the symbol "DENERG." The existing Shares are registered in the permanent ISIN DK0060094928. The first day of trading in, and official listing of, the Shares on Nasdaq Copenhagen is expected to be on June 9, 2016. The admission to trading and official listing of the Shares is subject to, among other things, Nasdaq Copenhagen's approval of the distribution of the Offer Shares on the first day of trading (expected to be June 9, 2016), that the Offering is not withdrawn prior to settlement (expected to be June 13, 2016) and to us making an announcement to such effect. If the Offering is closed prior to June 8, 2016, the first day of trading in the Shares on Nasdaq Copenhagen and the date of payment and settlement will be moved forward accordingly.

The Offer Shares are expected to be delivered against payment in immediately available funds in Danish Kroner in book-entry form to investors' accounts with VP SECURITIES A/S ("VP Securities") and through the facilities of Euroclear Bank S.A./N.A. ("Euroclear"), as operator of the Euroclear System and Clearstream Banking, S.A. ("Clearstream"), starting on or around June 13, 2016. All dealings in the Offer Shares prior to settlement are for the account of, and at the sole risk of, the parties involved.

This document has been prepared under Danish law in compliance with the requirements set out in the Consolidated Act no. 1530 of December 2, 2015 on Securities Trading, as amended (the "Danish Securities Trading Act"), the Executive Order no. 1257 of November 6, 2015 on prospectuses for securities admitted to trading in a regulated market and for offering to the public of securities of at least EUR 5,000,000 (the "Danish Executive Order on Prospectuses") as well as Commission Regulation (EC) no. 809/2004 of April 29, 2004, as amended (the "Prospectus Regulation"). This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any of the Offer Shares in any jurisdiction to any person to whom it would be unlawful to make such an offer in such jurisdiction.

The Offer Shares have not been and will not be registered under the US Securities Act and are being (i) sold in the United States only to persons who are QIBs in reliance on Rule 144A under the US Securities Act, and (ii) offered and sold outside the United States in compliance with Regulation S. Prospective investors are hereby notified that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the US Securities Act provided by Rule 144A. For certain restrictions on transfer of the Offer Shares, see Section 28 "Transfer Restrictions." The distribution of this document and the offer of the Offer Shares in certain jurisdictions are restricted by law. Persons into whose possession this Offering Circular comes are required by the Company, the Selling Shareholders and the Managers to inform themselves about and to observe such restrictions. For a description of certain restrictions on offers of Offer Shares and on distribution of this document, see Section 27.9 "Selling restrictions."

Joint Global Coordinators and Joint Bookrunners

J.P. Morgan

Morgan Stanley

Joint Bookrunners

Nordea

Citigroup

Danske Bank

UBS Investment Bank

ABG Sundal Collier

Co-Lead Managers
Rabobank

RBC Capital Markets

Financial Advisor to the Majority Shareholder

Financial Advisor to the Company

Lazard

Rothschild

The date of this Offering Circular is May 26, 2016

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RESPONSIBILITY STATEMENT

The Company's Responsibility

DONG Energy is responsible for this Offering Circular in accordance with Danish law.

The Company's Statement

We hereby declare that we, as the persons responsible for this Offering Circular on behalf of the Company, have taken all reasonable care to ensure that, to the best of our knowledge and belief, the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of its contents.

Fredericia, May 26, 2016 DONG Energy A/S

Board of Directors

Thomas Thune Andersen <i>Chairman</i>	Lene Skole Deputy Chairman	Lynda Armstrong
Pia Gjellerup	Martin Hintze	Benny D. Loft
Poul Arne Nielsen	Claus Wiinblad	Hanne Sten Andersen Employee Representative
Poul Dreyer Employee Representative	Benny Gøbel Employee Representative	Jens Nybo Sørensen Employee Representative

Thomas Thune Andersen, Professional board member
Lene Skole, CEO of Lundbeckfonden
Lynda Armstrong, Professional board member
Pia Gjellerup, Center Director of National Centre for Public Sector Innovation
Martin Hintze, Managing Director at Goldman Sachs International
Benny D. Loft, Executive Vice President and CFO at Novozymes A/S
Poul Arne Nielsen, Professional board member
Claus Wiinblad, Head of Danish Equities at ATP
Hanne Sten Andersen, Lead HR Business Partner, Distribution & Customer Solutions
Poul Dreyer, Service Technician in power grid, Distribution & Customer Solutions
Benny Gøbel, Senior Specialist in Process Chemistry, Bioenergy and Thermal Power
Jens Nybo Sørensen, Key Business Project Manager, Bioenergy & Thermal Power

Executive Board

Henrik Poulsen *CEO*

Marianne Wiinholt *CFO*

SUMMARY

Danish Summary

The Danish summary below is a translation of the English summary beginning on page 25. In the event of any discrepancies between the Danish and the English version, the English version shall prevail.

Dansk Resumé

Det danske resumé nedenfor er en oversættelse af det engelske resumé, som begynder på side 25. I tilfælde af uoverensstemmelse mellem det danske og det engelske resumé, skal det engelske resumé have forrang.

Resuméer består af oplysningskrav, der benævnes "Elementer" Elementerne er nummereret i afsnit A–E (A.1–E.7). Dette resumé indeholder alle de Elementer, der skal være indeholdt i et resumé for denne type værdipapir og udsteder i henhold til prospektforordningen nr. 486/2012 med senere ændringer. Da nogle Elementer ikke kræves medtaget, kan der forekomme huller i nummereringen af Elementerne. Selvom et Element skal indsættes i resuméet på grund af typen af værdipapir og udsteder, er det muligt, at der ikke kan gives nogen relevante oplysninger om Elementet. I så fald indeholder resuméet en kort beskrivelse af Elementet med angivelsen "ikke relevant".

	Afsnit A—Indledning og advarsler						
A.1	1 Advarsel til investorer Dette resumé bør læses som en indledning til Prospektet.						
		Enhver beslutning om investering i de Udbudte Aktier bør træffes af investoren på baggrund af Prospektet som helhed.					
		Hvis en sag vedrørende oplysningerne i Prospektet indbringes for en domstol i henhold til national lovgivning i medlemsstaterne i det Europæiske Økonomiske Samarbejdsområde, kan den sagsøgende investor være forpligtet til at betale omkostningerne i forbindelse med oversættelse af Prospektet, inden sagen indledes.					
		Kun de personer, som har indgivet resuméet, herunder eventuelle oversættelser heraf, kan ifalde et civilretligt erstatningsansvar, men kun såfremt resuméet er misvisende, ukorrekt eller uoverensstemmende, når det læses sammen med de øvrige dele af Prospektet, eller hvis det ikke, når det læses sammen med Prospektets øvrige dele, indeholder nøgleoplysninger som hjælp til investorernes overvejelser om, hvorvidt de vil investere i de Udbudte Aktier.					
A.2	Tilsagn til formidlere	Ikke relevant. Der er ikke indgået nogen aftale vedrørende anvendelse af Prospektet i forbindelse med et efterfølgende salg eller en endelig placering af de Udbudte Aktier.					

	Afsnit B—Udsteder					
B.1	Juridisk navn og binavn	Selskabet er registreret med det juridiske navn DONG Energy A/S. Selskabet driver endvidere virksomhed under navnet Dansk Olie og Naturgas A/S (DONG Energy A/S).				
B.2	Domicil, retlig form, indregistreringsland	Selskabet blev stiftet den 27. marts 1972 som et aktieselskab inderlagt dansk ret og har hjemsted på adressen Kraftværksvej 53, 7000 Fredericia, Danmark.				
B.3	Nuværende virksomhed og hovedvirksomhed	DONG Energy er et fokuseret energiselskab med en stærk profil inden for vedvarende energi. Vi har primært aktiviteter i Nordvesteuropa. Vi er i gang med at skabe et energiselskab i verdensklasse med en vedvarende energiportefølje baseret på førende kompetencer inden for havvind, bioenergi og energiløsninger.				

Vi opdeler vores aktiviteter i fire forretningsområder: Wind Power, Bioenergy & Thermal Power, Distribution & Customer Solutions og Oil & Gas. Forretningsområderne Bioenergy & Thermal Power og Distribution & Customer Solutions udgør tilsammen vores danske forsyningsforretning.

Wind Power

Vi er førende på offshore-vindmarkedet. Vi er aktive inden for udvikling, opførelse, drift og ejerskab af havmølleparker, primært i Storbritannien, Danmark og Tyskland, hvor vi har en integreret forretningsmodel på tværs af hele værdikæden. Vi har opført 22 havmølleparker med en installeret kapacitet på pt. 3,0 GW, hvilket udgjorde 27% af Europas og 26% af verdens installerede kapacitet fra idriftsatte havvindmøller ved udgangen af 2015. Vi har en robust og særdeles transparent udbygningsplan på 3,7 GW, hvor der pt. er seks projekter under opførelse og et projekt på et fremskredent udviklingsstadie. Alle syv projekter forventes at blive idriftsat senest inden udgangen af 2020, hvilket vil mere end fordoble vores nuværende kapacitet til over vores strategiske mål for 2020 på 6,5 GW. For så vidt angår vores pipeline efter 2020 har vi sikret os projektrettigheder til ca. 8,1 GW, men vi mangler stadig at få sikret plangodkendelser, støtte og nettilslutninger m.v.

Dansk forsyningsforretning

Bioenergy & Thermal Power

Vi producerer og sælger varme og el og leverer systemydelser. Vi er Danmarks største producent af varme og el. Vores varme- og elproduktion finder primært sted på vores otte store kraftvarmeværker i Danmark, varmeværket Svanemøllen og spidslastværket Kyndby i Danmark, der har en samlet kapacitet på ca. 3,0 GW. I løbet af de seneste mange år er Bioenergy & Thermal Power, som svar på forringede markedsvilkår på elmarkederne i Nordvesteuropa, blevet omdannet fra at have haft fokus på produktion og salg af el til at have fokus på produktion og salg af varme primært til kommunale fjernvarmeselskaber på langvarige kontrakter, hvilket har resulteret i et mere robust og stabilt forretningsområde. Vi er i gang med at konvertere en række af vores kraftvarmeværker til biomasse. To af konverteringerne er færdige, tre er under opførelse, og to er under udvikling.

Distribution & Customer Solutions

Distribution & Customer Solutions består af tre hovedaktiviteter: Distribution, Sales og Markets. Inden for distributionsforretningen ejer, driver og vedligeholder vi et eldistributionsnet i det storkøbenhavnske og nordøstsjællandske område, som består af ca. 19.000 km kabler. Via eldistributionsnettet distribuerer vi el til ca. 1 mio. kunder. Vores eldistributionsforretning er underlagt regulerede forrentninger af den regulatoriske aktivbase, som forventes at udgøre DKK 10,7 mia. (pr. 31. december 2015).

distributionsforretningen Inden har vi også for vores olierørsforretning, som består af en olierørledning med en samlet længde på 330 km, hvoraf 110 km er på land og 220 km er undersøisk, og omfatter Gorm E-platformen, pumpestationen ved Filsø, forskellige ventilstationer og vores råolieterminal samt separationsanlægget i Fredericia. Vores aktiviteter inden for Sales består af salg af el, gas og energiløsninger til vores kunder via vores B2C-forretning i Danmark og vores B2B-forretning i Danmark, Sverige, Tyskland og Storbritannien. Vores aktiviteter inden for Markets består af håndtering og optimering af el og gas fra en portefølje af interne og eksterne aktiver på de nordvesteuropæiske energimarkeder og eksekvering af Koncernens politik for råvareafdækning. I forbindelse med disse aktiviteter foretager vi også i begrænset omfang handel for egen regning.

Oil & Gas

Vores olie- og gasportefølje er centreret omkring nøgleproduktionsaktiver i Nordvesteuropa. Pr. 31. marts 2016 ejede vi 2P-reserver på 238 mio. boe, og vi producerede 40,9 mio. boe i Regnskabsåret 2015. Ovennævnte tre nøgleproduktionsaktiver er Syd Arne i Danmark (37% ejerandel, opereret af Hess Denmark ApS), Ormen Lange i Norge (14% ejerandel, opereret af A/S Norske Shell) og Laggan-Tormore i Storbritannien (20% ejerandel, opereret af Total E&P UK Limited). Disse aktiver tegnede sig for ca. 75% af vores produktion i Regnskabsåret 2015. Vores nøgleudbygningsaktiver vores 20% ejerandele er udbygningsfelterne Edradour og Glenlivet, som ligger tæt på Laggan-Tormore vest for Shetlandsøerne (opereret af Total E&P UK Limited), hvor produktionen forventes at begynde i henholdsvis 2017 og 2018.

B.4a Beskrivelse af de væsentligste nyere tendenser, der påvirker Selskabet og de sektorer, inden for hvilke Selskabet opererer

Havvind er den vedvarende energiteknologi i OECD, der har den højeste relative vækstrate med en forventet gennemsnitlig årlig vækstrate (CAGR) i installeret kapacitet på 25% fra 2014 til 2020 ifølge BNEF.

Som et resultat af Paris-aftalen, energisektorens udbygning af lokale forsyningskæder og reducerede omkostninger i forbindelse med opførelse af havmølleparker indtil slutningen af 2020 forventer vi, at der vil være fortsat politisk støtte til offshore-vindmarkeder.

Generelt kræves det i henhold til EU's 2014 "Retningslinjer for statsstøtte til miljøbeskyttelse og energi 2014–2020", at støtte til vedvarende energiproduktion fastlægges efter en udbuds- eller auktionsprocedure. Nogle af de EU-medlemsstater, hvori vi har aktiviteter, har allerede indført regulatoriske ordninger i overensstemmelse med disse retningslinjer, mens andre er i gang med at gøre det. I Storbritannien har energi- og klimaministeren ("Ministeren for DECC") bekræftet, at regeringen vil fortsætte med at støtte havvind, så længe sektoren lever op til visse krav om omkostningsreduktioner,

I de senere år har dækningsbidraget (spreads) inden for konventionel elproduktion baseret på fossile brændsler været under pres på grund af lavere efterspørgsel under og efter finanskrisen, energieffektiviseringer samt øget kapacitet, herunder af vedvarende energi. Den lave efterspørgsel og det store udbud af el har fået elpriserne til at falde mere end priserne på brændsel, og som følge heraf er dækningsbidraget faldet, hvilket gør det vanskeligt for konventionelle kraftværker at opnå tilstrækkelig indtjening. Der er dog på visse markeder, herunder Danmark, opstået mulighed for at konvertere eksisterende termiske kraftværker til at fyre med biomasse, hvilket har skabt et nyt marked for Koncernen.

	Afsnit B—Udsteder					
		Eldistribution er en stabil og reguleret aktivitet, hvor lønsomheden afhænger af, hvor attraktivt det regulatoriske grundlag er, og af distributørens evne til at levere effektive resultater inden for de regulatoriske rammer, f.eks. i forhold til driftsomkostninger. Konkurrencen på de europæiske energimarkeder for køb og salg af gas og el har betydet, at marginerne i salgsaktiviteterne har været under pres i en årrække. Fokus er derfor skiftet fra simpelt salg af energi hen mod levering af serviceløsninger, der kan være med til at optimere kundernes energiforbrug.				
		Olie- og gassektoren har været udfordret af et fald i olieprisen på omkring 60% siden midten af 2014 samt af en generel tendens i markedet til budgetoverskridelser og forsinkelser på udbygninger. Nordsøen, der er et modent kulbrinteområde, har endvidere været påvirket af stigende enhedsomkostninger på den producerede olie og gas. De markant forringede udsigter for olie- og gassektoren på kort og mellemlangt sigt har fået mange selskaber, herunder os, til at tilpasse sig de nye markedsforhold ved at udskyde, nedtrappe eller opgive nye efterforskningsaktiviteter og -investeringer og reducere medarbejderstaben. Inden for forretningsområdet Oil & Gas vil vi fremadrettet fokusere på at udvikle en forretning med en portefølje af aktiver med lang levetid, lave omkostninger og lav risiko, der kan levere stærke afkast og positive pengestrømme under disse udfordrende markedsforhold.				
B.5	Beskrivelse af Koncernen og Selskabets plads i Koncernen	Selskabet er moderselskab i Koncernen, som omfatter en række datterselskaber i og uden for Danmark, herunder i Norge, Storbritannien, Tyskland og andre lande.				
B.6	Personer, som direkte eller indirekte har en andel i Selskabets kapital eller stemmerettigheder eller	Pr. prospektdatoen ejer Den Danske Stat 58,76% af vores aktiekapital og stemmerettigheder, New Energy Investment S.à. r.l. ("NEI") ejer 17,86% af aktiekapitalen og stemmerettighederne, og SEAS-NVE Holding A/S ejer 10,82% af aktiekapitalen og stemmerettighederne.				
	kontrollerer Selskabet	Aktierne er ikke inddelt i aktieklasser, og alle Aktier har samme rettigheder. Hver Aktie giver ret til én stemme på generalforsamlingen.				
		SEAS-NVE Holding A/S er et helejet datterselskab af SEAS-NVE A.M.B.A., og NEI kontrolleres af New Energy I S.à r.l. og New Energy II S.à r.l.				
		De Sælgende Aktionærer, bortset fra Majoritetsaktionæren og SEAS-NVE Holding A/S, har indgået aftale om at give Emissionsbankerne en Overallokeringsret, der kan udnyttes helt eller delvist af Stabiliseringsagenten, til at købe op til 10.925.159 stk. Overallokeringsaktier til Udbudskursen fra Aktiernes første handelsog officielle noteringsdag og indtil den 30. kalenderdag derefter, alene til dækning af eventuel overallokering eller andre korte positioner i forbindelse med Udbuddet. Antallet af Overallokeringsaktier vil blive justeret, hvis mindre end det maksimale antal Udbudte Aktier (bortset fra Overallokeringsaktierne) bliver solgt i Udbuddet, således at antallet af Overallokeringsaktier vil svare til 15% af antallet af Udbudte Aktier (bortset fra Overallokeringsaktier).				

		Afsnit B—Udsteder
		I henhold til Investeringsaftalen indgået mellem os, Majoritetsaktionæren, NEI, Arbejdsmarkedets Tillægspension ("ATP") og PFA Pension, Forsikringsaktieselskab den 29. november 2013 og senere tiltrådt af SEAS-NVE Holding A/S, Insero Horsens, Nyfors Entreprise A/S og SE a.m.b.a. (de nævnte parter, bortset fra Selskabet og Majoritetsaktionæren, benævnt "2013-investorerne") har parterne aftalt en mekanisme, i henhold til hvilken Selskabet ville være forpligtet til at skadesløsholde 2013-investorerne, eller 2013-investorerne ville være forpligtede til at kompensere Selskabet for visse på daværende tidspunkt identificerede forhold vedrørende Siri-platformen. Den 11. april 2016 traf et ekspertpanel endelig beslutning om processen, og forudsat at Udbuddet gennemføres, skal 2013-investorerne herefter betale os kompensation på et samlet beløb på DKK 87 mio. med tillæg af renter fra 30. september 2015, indtil betaling sker ("Siri-kompensationen").
		Efter Udbuddets gennemførelse skal Siri-kompensationen i henhold til Investeringsaftalen afregnes efter den enkelte 2013-investors valg enten 1) ved kontant betaling af ovennævnte beløb til os eller 2) ved vederlagsfrit at overdrage og tilbagelevere et antal Aktier, hvis værdi svarer til det beløb, som den enkelte 2013-investor er forpligtet at kompensere os for.
		Forudsat at alle 2013-investorer ønsker at afregne Siri-kompensationen ved overdragelse af Aktier til os, og forudsat at den pågældende overdragelse sker til en kurs på DKK 227,50 pr. Aktie (svarende til midtpunktet i Udbudskursintervallet), vil vi modtage 382.418 stk. Aktier fra 2013-investorerne ekskl. Aktier, der tilbageleveres og overdrages til os til afregning af de renter, vi er berettiget til.
		Bortset fra det ovenfor anførte er Selskabet ikke bekendt med nogen person, der direkte eller indirekte ejer en andel af Selskabets aktiekapital eller stemmerettigheder, der skal indberettes efter dansk ret.
B.7	Udvalgte regnskabs- og virksomhedsoplysninger	De sammenfattende regnskabsoplysninger for Koncernen for regnskabsårene ("Regnskabsårene") 2015, 2014 og 2013 anført nedenfor er uddraget af vores Reviderede Koncernregnskaber for Regnskabsårene 2015, 2014 og 2013, som er medtaget andetsteds i Prospektet. De sammenfattende regnskabsoplysninger for Koncernen for 1. kvartal 2016 og 1. kvartal 2015 nedenfor er uddraget af vores ureviderede delårsregnskaber for Koncernen for 1. kvartal 2016 og 2015, som er medtaget andetsteds i Prospektet. De Reviderede Koncernregnskaber for Regnskabsårene 2015, 2014 og 2013 er udarbejdet i overensstemmelse med IFRS som godkendt af EU, og de ureviderede delårsregnskaber for Koncernen for 1. kvartal 2016 og 1. kvartal 2015 er udarbejdet i overensstemmelse med IAS 34 som godkendt af EU. De Reviderede Koncernregnskaber og de ureviderede delårsregnskaber for Koncernen er desuden udarbejdet i overensstemmelse med danske oplysningskrav for børsnoterede selskaber og statslige aktieselskaber.

Pr. prospektdatoen er der ikke indtruffet nogen væsentlige ændringer i vores finansielle stilling og driftsresultat siden 31. marts 2016 bortset fra 1) indgåelsen af en aftale med Energinet.dk vedrørende frasalg af vores gasdistributionsaktiviteter, herunder vores gasdistributionsnet, til en pris på DKK 2,3 mia., som vi i øjeblikket forventer vil blive gennemført i september 2016, 2) tilbagekøbet af obligationer i vores fire senior EUR-bond-serier med en samlet pålydende værdi på EUR 524 mio. fra investorer til et samlet kontantbeløb på EUR 615 mio., 3) førtidsindfrielsen af langfristet bankgæld med en hovedstol på DKK 1.955 mio. og 4) opsigelsen af visse renteswaps.

For at indikere, hvorvidt en post i resultatopgørelsen er et IFRSeller et Business Performance-resultatmål, skriver vi IFRS eller Business Performance (eller BP) i forbindelse med det relevante tal i Prospektet, medmindre tallene er identiske i henhold til IFRS og BP.

Resultatopgørelse efter IFRS

	1. l	kvt.	Re	gnskabså	år	
	2016	2015	2015	2014	2013	
		(]	DKK mio	.)		
Nettoomsætning	19.332	16.951	74.387	71.829	72.199	
Vareforbrug	(7.850)	(12.340)	(45.072)	(43.063)	(47.123)	
Dækningsgrad	11.482	4.611	29.315	28.766	25.076	
Andre eksterne omkostninger	(1.571)	(1.167)	(6.237)	(7.147)	(6.955)	
Personaleomkostninger	(930)	(859)	(3.804)	(3.336)	(3.491)	
Andre driftsindtægter	894	1.406	2.933	2.466	705	
Andre driftsomkostninger	(994)	(31)	(397)	(323)	(425)	
Resultatandele i associerede og						
fælleskontrollerede virksomheder-						
kerneaktiviteter	24	27	112	(93)	(711)	
$\mathbf{EBITDA}^{(1)}$	8.905	3.987	21.922	20.333	14.199	
Aktuel kulbrinteskat	(255)	(723)	(2.591)	(3.526)	(1.105)	
EBITDA fratrukket aktuel kulbrinteskat .	8.650	3.264	19.331	16.807	13.094	
Afskrivninger	(1.765)	(2.091)	(8.701)	(9.242)	(7.955)	
Nedskrivninger ⁽²⁾	750	0	(17.033)	(8.324)	(5.008)	
Driftsresultat (EBIT)	7.890	1.896	(3.812)	2.767	1.236	
Resultat ved salg af virksomheder	(3)	18	16	1.253	2.045	
Resultatandele i associerede og						
fælleskontrollerede virksomheder—						
ikke-kerneaktiviteter	(1)	(3)	(8)	(484)	(57)	
Finansielle poster, netto	12	(850)	(2.125)	(1.710)	(3.800)	
Resultat før skat	7.898	1.061	(5.929)	1.826	(576)	
Skat af periodens resultat	(2.046)	(858)	(3.524)	(4.136)	(1.015)	
Periodens resultat	5.852	203	(9.453)	(2.310)	(1.591)	

⁽¹⁾ EBITDA er et resultatmål, som ikke er defineret af IFRS, og som afspejler vores driftsresultat (EBIT) før af- og nedskrivninger. Vi præsenterer EBITDA som et supplerende resultatmål, fordi vi vurderer, at det letter sammenligningen af driftsresultaterne mellem perioder, fordi forskelle mellem perioderne som følge af ændringer i kapitalstruktur, skatteforhold samt langfristede aktivers alder og de dermed forbundne afskrivninger udelades. EBITDA bør ikke vurderes alene eller som erstatning for resultat af primær drift eller andre resultatopgørelseseller pengestrømsposter, der er udarbejdet i overensstemmelse med IFRS som godkendt af EU, som et mål for vores lønsomhed eller likviditet. EBITDA tager ikke højde for vores betalingsforpligtelser på gæld og andre forpligtelser, herunder anlægsinvesteringer, og er således ikke nødvendigvis en indikation af beløb, der måtte være til fri rådighed. Endvidere er EBITDA, som præsenteret i dette Prospekt, muligvis ikke sammenlignelig med andre selskabers mål med lignende betegnelse på grund af forskelle i opgørelsen deraf.

⁽²⁾ Heri indgår DKK 2.516 mio. i Regnskabsåret 2015 og tilbageførsel af DKK 750 mio. i 1. kvartal 2016 i forbindelse med tabsgivende kontrakter vedrørende opførelse af materielle anlægsaktiver.

Nettoomsætningen (IFRS) for 1. kvartal 2016 var DKK 19.332 mio., 14% højere end i 1. kvartal 2015, hvilket primært skyldtes en stigende omsætning fra entreprisekontrakter, højere vindbaseret elproduktion og et øget elsalg. Derudover steg resultatet af risikoafdækning med DKK 3.710 mio. fra DKK -1.589 mio. i 1. kvartal 2015 til DKK 2.121 mio. i 1. kvartal 2016, primært som følge af risikoafdækning af GBP. Stigningen i omsætningen blev delvist modsvaret af et lavere gassalg og markant lavere el-, gas- og oliepriser.

Nettoomsætningen (IFRS) for Regnskabsåret 2015 var DKK 74.387 mio., 4% højere end i Regnskabsåret 2014, hvilket primært skyldtes en stigende omsætning fra entreprisekontrakter, højere vindbaseret elproduktion og salg af Grønne Certifikater. Stigningen blev delvist modsvaret af lavere el-, gas- og oliepriser, lavere olie- og gasproduktion og lavere termisk elproduktion.

Nettoomsætningen (IFRS) for Regnskabsåret 2014 udgjorde DKK 71.829 mio. Faldet på 1% i forhold til DKK 72.199 mio. for Regnskabsåret 2013 skyldtes primært faldende olie-, gas- og elpriser i 2. halvår, en lavere varme- og elproduktion (bl.a. på grund af frasalget af onshore- og vandkraftaktiviteter), et lavere gassalg på grund af det varme vejr og den heraf følgende nedgang i efterspørgslen samt faldende omsætning fra entreprisekontrakter. Faldet blev delvist modsvaret af en stigning på DKK 6.937 mio. i omsætning fra risikoafdækning (primært gasafdækninger, herunder gaskontrakter til fastpris), fra DKK –662 mio. i Regnskabsåret 2013 til DKK 6.275 mio. i Regnskabsåret 2014, stigende olie- og gasproduktion som følge af vores øgede ejerandel af Ormen Langefeltet og den øgede elproduktion fra nye, idriftsatte vindmølleparker.

EBITDA (IFRS) for 1. kvartal 2016 steg med DKK 4.918 mio., eller 123%, fra DKK 3.987 mio. i 1. kvartal 2015 til DKK 8.905 mio. i 1. kvartal 2016. Stigningen kunne henføres til den vellykkede genforhandling af gaskøbskontrakter, Wind Power og markedsværdiregulering af risikoafdækninger.

EBITDA (IFRS) for Regnskabsåret 2015 steg med DKK 1.589 mio., eller 8%, fra DKK 20.333 mio. i Regnskabsåret 2014 til DKK 21.922 mio. i Regnskabsåret 2015 primært som følge af højere elproduktion fra havvind som følge af idriftsættelse af nye havmølleparker i Storbritannien og Tyskland, højere omsætning fra opførelse af havmølleparker for partnere, en afsluttet genforhandling af en olieindekseret gaskøbskontrakt og lavere omkostninger i Oil & Gas. Udviklingen blev delvist modsvaret af lavere gas- og oliepriser, lavere produktion i Oil & Gas og ugunstige markedsvilkår for termisk elproduktion.

EBITDA (IFRS) for Regnskabsåret 2014 steg med DKK 6.134 mio., sammenlignet med Regnskabsåret DKK 14.199 mio. i Regnskabsåret 2013 til DKK 20.333 mio. i Regnskabsåret 2014. Stigningen skyldtes primært en stigning på DKK 6.080 mio. i EBITDA fra afdækning (primært gasafdækninger, herunder gaskøbskontrakter til fastpris), fra et underskud på DKK 871 mio. i Regnskabsåret 2013 til et overskud på DKK 5.209 mio. i Regnskabsåret 2014 på grund af lavere gaspriser. Til stigningen bidrog også en avance på DKK 1,9 mia. fra salget af ejerandele primært i London Array og Westermost Rough, et helt år med produktion fra vindmølleparken Anholt og rekordhøj produktion i Oil & Gas, delvist modsvaret af lavere olie- og gaspriser og en olieindekserede gaskøbskontrakter effekt fra Distribution & Customer Solutions, som endnu ikke var genforhandlet.

I 1. kvartal 2016 steg EBIT (IFRS) med DKK 5.994 mio. fra et overskud på DKK 1.896 mio. i 1. kvartal 2015 til et overskud på DKK 7.890 mio. i 1. kvartal 2016. Driftsoverskuddet var i høj grad et resultat af stigningen i EBITDA og de lavere afskrivninger. Ændringen i hensættelsen vedrørende Hejre-projektet havde ingen indvirkning på EBIT.

I Regnskabsåret 2015 faldt EBIT (IFRS) med DKK 6.579 mio., fra DKK 2.767 mio. i Regnskabsåret 2014 til et underskud på DKK 3.812 mio. i Regnskabsåret 2015. EBIT var kraftigt påvirket af nedskrivninger, som kun blev delvist modsvaret af stigningen i EBITDA og de lavere afskrivninger.

I Regnskabsåret 2014 steg EBIT (IFRS) med DKK 1.531 mio., fra DKK 1.236 mio. i Regnskabsåret 2013 til DKK 2.767 mio. i Regnskabsåret 2014. Stigningen skyldtes stigningen i EBITDA, som delvist blev modsvaret af stigningen i af- og nedskrivninger.

Resultatopgørelse efter Business Performance

Business Performance (BP)-resultatet i Prospektet er et resultatmål, der ikke er defineret i IFRS, som supplerer IFRS-præsentationen af den økonomiske effekt af Koncernens aktiviteter i rapporteringsperioden. Efter Business Performance-målet udskydes markedsværdireguleringen af kontrakter (herunder afdækningskontrakter) generelt til indregning i samme periode, som den afdækkede eksponering indtræffer, med visse undtagelser.

	1. kvt.		Re	Regnskabsår	
	2016	2015	2015	2014	2013
		(]	OKK mio	.)	
Nettoomsætning	18.833	19.267	70.843	67.048	73.105
Vareforbrug	(8.167)	(12.642)	(44.966)	(42.226)	(47.224)
Dækningsgrad	10.666	6.625	25.877	24.822	25.881
Andre eksterne omkostninger	(1.571)	(1.167)	(6.237)	(7.147)	(6.955)
Personaleomkostninger	(930)	(859)	(3.804)	(3.336)	(3.491)
Andre driftsindtægter	894	1.406	2.933	2.466	705
Andre driftsomkostninger	(994)	(31)	(397)	(323)	(425)
Resultatandele i associerede og					
fælleskontrollerede virksomheder-					
kerneaktiviteter	24	27	112	(93)	(711)
EBITDA	8.089	6.001	18.484	16.389	15.004
Aktuel kulbrinteskat	(255)	(723)	(2.591)	(3.526)	(1.105)
EBITDA fratrukket aktuel kulbrinteskat	7.834	5.278	15.893	12.863	13.899
Afskrivninger	(1.765)	(2.091)	(8.701)	(9.242)	(7.955)
Nedskrivninger	750	0	(17.033)	(8.324)	(5.008)
Driftsresultat (EBIT)	7.074	3.910	(7.250)	(1.177)	2.041
Resultat ved salg af virksomheder	(3)	18	16	1.258	2.045
Resultatandele i associerede og					
fælleskontrollerede virksomheder—					
ikke-kerneaktiviteter	(1)	(3)	(8)	(484)	(57)
Finansielle poster, netto	12	(850)	(2.125)	(1.710)	(3.800)
Resultat før skat	7.082	3.075	(9.367)	(2.113)	229
Skat af periodens resultat	(1.866)	(1.331)	(2.717)	(3.171)	(1.222)
Periodens resultat	5.216	1.744	(12.084)	(5.284)	(993)

Nettoomsætningen (BP) for 1. kvartal 2016 udgjorde DKK 18.833 mio., et fald på 2% i forhold til 1. kvartal 2015, hvilket primært skyldtes et lavere gassalg og markant lavere el-, olie- og gaspriser. Faldet blev delvist modsvaret af højere aktivitet i forbindelse med entreprisekontrakter og en stigning på 6% i elproduktionen fra havvind som følge af nye, idriftsatte vindmølleparker.

Nettoomsætningen (BP) for Regnskabsåret 2015 var DKK 70.843 mio., 6% højere end i Regnskabsåret 2014, hvilket primært skyldtes en stigende omsætning fra entreprisekontrakter, højere vindbaseret elproduktion og salg af Grønne Certifikater. Stigningen blev delvist modsvaret af lavere el-, gas- og oliepriser, lavere olie- og gasproduktion og lavere termisk elproduktion.

Nettoomsætningen (BP) for Regnskabsåret 2014 udgjorde DKK 67.048 mio. Faldet på 8% i forhold til DKK 73.105 mio. for Regnskabsåret 2013 skyldtes primært faldende olie-, gas- og elpriser i 2. halvår, en lavere varme- og elproduktion (bl.a. på grund af frasalget af onshore- og vandkraftaktiviteter), et lavere gassalg på grund af det varme vejr og den heraf følgende nedgang i efterspørgslen samt faldende omsætning fra entreprisekontrakter. Faldet blev delvist modsvaret af en højere olie- og gasproduktion som følge af forøgelsen af vores ejerandel i Ormen Lange-feltet og en højere elproduktion fra nye, idriftsatte vindmølleparker.

EBITDA (BP) for 1. kvartal 2016 steg med DKK 2.088 mio., eller 35%, fra DKK 6.001 mio. i 1. kvartal 2015 til DKK 8.089 mio. i 1. kvartal 2016. Den underliggende forbedring var drevet af en stigning på 53% i Wind Power, som delvist blev modsvaret af lavere gas-, olie- og elpriser. Ud over den underliggende vækst var EBITDA positivt påvirket af den vellykkede genforhandling af gaskøbskontrakter i 1. kvartal 2016 samt andre engangsposter, herunder en hensættelse vedrørende Hejre-projektet.

EBITDA (BP) for Regnskabsåret 2015 steg med DKK 2.095 mio., eller 13%, fra DKK 16.389 mio. i Regnskabsåret 2014 til DKK 18.484 mio. i Regnskabsåret 2015, hvilket primært kunne henføres til højere elproduktion fra havvind som følge af idriftsættelse af nye havmølleparker i Storbritannien og Tyskland, højere omsætning fra opførelse af havmølleparker for partnere, en afsluttet genforhandling af en olieindekseret gaskøbskontrakt og lavere omkostninger i Oil & Gas. Udviklingen blev delvist modsvaret af lavere gas- og oliepriser, lavere produktion i Oil & Gas og ugunstige markedsvilkår for termisk elproduktion. EBITDA var endvidere positivt påvirket med i alt DKK 1,7 mia. fra avancer ved salg af Oil & Gas-licensandele, forsikringserstatninger samt en afgjort tvist fra 2005 og 2006 vedrørende CO₂-kvoter, mens 2014 var positivt påvirket af avancer på DKK 1,9 mia. kr. fra salg af havmølleparker.

EBITDA (BP) for Regnskabsåret 2014 steg med DKK 1.385 mio., eller 9% sammenlignet med Regnskabsåret 2013, fra DKK 15.004 mio. i Regnskabsåret 2013 til DKK 16.389 mio. i Regnskabsåret 2014. Stigningen skyldtes primært avance på DKK 1,9 mia. fra frasalget af ejerandele, primært i London Array og Westermost Rough, et helt år med produktion fra vindmølleparken Anholt og rekordhøj produktion i Oil & Gas, delvist modsvaret af lavere olie- og gaspriser og en negativ effekt fra olieindekserede gaskøbskontrakter i Distribution & Customer Solutions, som endnu ikke var genforhandlet.

- I 1. kvartal 2016 steg EBIT (BP) med DKK 3.164 mio. fra DKK 3.910 mio. i 1. kvartal 2015 til DKK 7.074 mio. i 1. kvartal 2016. Stigningen i EBIT skyldtes primært stigningen i EBITDA og lavere afskrivninger. Ændringen i hensættelsen vedrørende Hejreprojektet påvirkede ikke EBIT.
- I Regnskabsåret 2015 blev EBIT (BP) forværret med DKK 6.073 mio., fra et underskud på DKK 1.177 mio. i Regnskabsåret 2014 til et underskud på DKK 7.250 mio. i Regnskabsåret 2015. EBIT var kraftigt påvirket af nedskrivninger, som kun blev delvist modsvaret af stigningen i EBITDA og de lavere afskrivninger.

I Regnskabsåret 2014 faldt EBIT (BP) med DKK 3.218 mio., fra et overskud på DKK 2.041 mio. i Regnskabsåret 2013 til et underskud på DKK 1.177 mio. i Regnskabsåret 2014. Faldet skyldtes stigningen i af- og nedskrivninger, som kun blev delvist opvejet af stigningen i EBITDA.

		Afsnit B—Udsteder					
		Balance					
			Pr. 31.	marts	Pr. 3	31. decem	ıber
			2016	2015	2015	2014	2013
				(I	KK mio	.)	
		Materielle og immaterielle aktiver Kapitalandele i associerede og	81.211	94.556	81.363	*	93.689
		fælleskontrollerede virksomheder samt andre kapitalandele	1.533	1.673	1.642	1.584	2.323
		NWC, drift	(6.216)	904	(2.887)		
		NWC, anlægsinvesteringer	(4.719)		\ /		(1.551)
		Afledte finansielle instrumenter, netto . Aktiver bestemt for salg, netto	8.970 1.572	(70) 0	6.111 1.452	2.870	628 278
		Retableringsforpligtelser				(10.368)	
		Øvrige hensatte forpligtelser	(7.451)	(5.645)	(8.044)	(5.566)	(4.789)
		Skat, netto	(5.134)		, ,	(6.041)	, , , ,
		gældsforpligtelser, netto	(499) 57.622	$\frac{(188)}{69.871}$			
		Investeret kapital			60.930		77.345
		Egenkapital	56.682	62.937	51.736		51.543
		Aktionærer	37.614 13.248	42.768 13.236	32.029 13.309		31.527 13.308
		Minoritetsinteresser	5.820	6.933	6.398	6.561	6.708
		Rentebærende nettogæld	940	6.934	9.193	3.978	25.803
		Egenkapital og rentebærende nettogæld	57.622	69.871	60.930	65.511	77.345
		Pengestrømme og nettogæld					
			Pr. 31.	marts	Pr. 31.	december	r 2015
			2016	2015	2015	2014	2013
				(]	DKK mio	D.)	
		Pengestrømme fra driftsaktivitet		2.296 3.987	13.571 21.922	14.958 20.333	9.729 14.199
		Performance-justeringer Finansielle instrumenter, andre	(816)	2.014	(3.438)	(3.944)	805
		justeringer			(128)	682	1.324
		Øvrige poster	424	(508)	(353)	(1.341)	1.216
		Renteomkostninger, netto		\ /	(659) (5.091)	(1.065) (3.835)	(2.872) (2.856)
		Ændring i igangværende arbejder	1.851	(732)	(1.418)	1.395	(1.592)
		Ændring i øvrig arbejdskapital	1.338	(1.476)	2.736	2.733	(495)
		Bruttoinvesteringer		(4.668)	(18.693)	(15.359) 10.653	(21.234) 15.332
		Frit cash flow ⁽¹⁾		$\frac{37}{(2.315)}$	(2.549)		3.827
		Rentebærende nettogæld pr. 1. januar		3.978	3.978	25.803	31.968
		Frit cash flow	(7.556)			(10.252)	(3.827)
		Kapitalindskud, netto	0	0		(13.007)	(2.200)
		Tilgang af hybridkapital, netto Betalte udbytter og hybridkapitalrenter	. 0	0 144	52 1.350	0 1.267	(3.399) 955
		Valutakursreguleringer m.v			1.264	167	106
		Rentebærende nettogæld, ultimo					
		perioden ⁽²⁾	940	6.934	9.193	3.978	25.803
		(1) Frit cash flow beregnes som pe bruttoinvesteringer tillagt frasalg.	ngestrøm	me fra	driftsakt	ivitet fra	trukket
		(2) Rentebærende nettogæld omfatter rentebærende gæld.	banklån	, udstedt	e obligat	ioner san	nt øvrig
B.8	Udvalgte vigtige proforma- regnskabsoplysninger	Ikke relevant. Der er ingen ænd regnskabsoplysninger skal medtag				at prof	orma-

	Afsnit B—Udsteder	
B.9	Resultatforventninger eller -prognoser	Vi forventer, at Business Performance-EBITDA for Regnskabsåret 2016 vil udgøre i alt DKK 20 til DKK 23 mia. og vise en positiv udvikling i forhold til Regnskabsåret 2015, for både rapporteret EBITDA og EBITDA justeret for engangsposter.
		Regnskabsåret 2015 var positivt påvirket med DKK 4,2 mia. fra 1) midlertidige ekstra mængder fra Ormen Lange og 2) engangsposter (inkl. avance ved salg af olie- og gaslicensandele, forsikringserstatninger samt en afgjort tvist vedrørende CO ₂ -kvoter), og Regnskabsåret 2016 forudsættes at blive positivt påvirket af modtagne engangsbeløb vedrørende genforhandling af gaskontrakter på ca. DKK 3,5 mia. og negativt påvirket af ovennævnte hensættelse vedrørende Hejre.
		Business Performance-EBITDA i Regnskabsåret 2016 for vores rapporteringssegmenter forventes at udvikle sig på følgende måde i forhold til Regnskabsåret 2015:
		• Wind Power: Væsentligt højere. Business Performance- EBITDA forventes at udgøre DKK 10 til 12 mia., nogenlunde ligeligt fordelt mellem 1) drift af vindmølleparker (inkl. drifts- og vedligeholdelsesaftaler og elkøbsaftaler) samt 2) entreprisekontrakter og avancer ved frasalg.
		Bioenergy & Thermal Power: Lavere.
		Distribution & Customer Solutions: Væsentligt højere.
		Oil & Gas: Væsentligt lavere.
		EBITDA-guidance for Koncernen er den gældende guidance, mens den retningsgivende indtjeningsudvikling pr. rapporteringssegment understøtter denne guidance. Højere/lavere indikerer den retningsgivende guidance for forretningssegmentet i forhold til det foregående pågældende år.
B.10	Forbehold i revisionspåtegningen vedrørende historiske finansielle oplysninger	Ikke relevant. Revisionspåtegningen for de Reviderede Koncernregnskaber i Prospektet indeholder ingen forbehold.
B.11	Forklaring, hvis udsteders arbejdskapital ikke er tilstrækkelig til at dække Selskabets nuværende behov	Ikke relevant. Det er Selskabets vurdering, at arbejdskapitalen pr. prospektdatoen er tilstrækkelig til at dække finansieringsbehovet i mindst 12 måneder fra Aktiernes første handelsdag på Nasdaq Copenhagen, der forventes at være den 9. juni 2016.

	Afsnit C—Værdipapirer		
C.1	En beskrivelse af typen og klassen af Udbudte Aktier, herunder fondskode	Aktierne er ikke inddelt i aktieklasser. Aktierne udstedes som navnekapitalandele og noteres i ejerens navn i vores ejerbog gennem ejerens kontoførende institut. Udbudte Aktier (permanent ISIN-kode): DK0060094928	
		Nasdaq Copenhagen-symbol: "DENERG"	
C.2	Valuta for de Udbudte Aktier	De Udbudte Aktier er denomineret i danske kroner.	

	Afsnit C—Værdipapirer	
C.3	Antallet af udstedte og fuldt indbetalte Aktier og af udstedte, men ikke fuldt indbetalte Aktier	Pr. prospektdatoen udgør Selskabets aktiekapital DKK 4.177.263.730 fordelt på 417.726.373 stk. Aktier à nominelt DKK 10. Alle Aktier er udstedt og fuldt indbetalt.
C.4	En beskrivelse af Aktiernes rettigheder	Alle Aktier har samme rettigheder som alle øvrige Aktier, herunder med hensyn til stemmeret, fortegningsret, indløsning, konvertering og restriktioner eller begrænsninger i overensstemmelse med vedtægterne eller med hensyn til ret til udbytte eller provenu i tilfælde af opløsning eller likvidation.
		Hver Aktie giver ejeren ret til én stemme på Selskabets generalforsamling og til at modtage udloddet udbytte.
		Hver aktionær har ret til at få behandlet et bestemt emne på den ordinære generalforsamling, såfremt der fremsættes en skriftlig anmodning herom over for Bestyrelsen senest seks uger før generalforsamlingen. De aktionærer, der deltager på generalforsamlingen, kan stille spørgsmål til Bestyrelsen og Direktionen vedrørende punkterne på dagsordenen.
C.5	En beskrivelse af eventuelle indskrænkninger i Aktiernes omsættelighed	Ikke relevant. Aktierne er omsætningspapirer, og der gælder ingen indskrænkninger i Aktiernes omsættelighed i henhold til vores vedtægter eller dansk ret.
C.6	Optagelse til handel på et reguleret marked	Aktierne har ikke været handlet offentligt før Udbuddet. Aktierne er søgt optaget til handel og officiel notering på Nasdaq Copenhagen. Forudsat godkendelse fra Nasdaq Copenhagen forventes første handels- og officielle noteringsdag for Aktierne, der registreres i den permanente ISIN-kode, på Nasdaq Copenhagen at være den 9. juni 2016. Optagelse til handel og officiel notering af Aktierne på Nasdaq Copenhagen forudsætter bl.a., at Nasdaq Copenhagen godkender fordelingen af de Udbudte Aktier på den første handelsdag (som forventes at være den 9. juni 2016), at Udbuddet ikke tilbagekaldes forud for afvikling (som forventes at finde sted den 13. juni 2016), og at vi offentliggør en meddelelse herom.
C.7	En beskrivelse af udbyttepolitik	Vi forventer at udbetale udbytte på DKK 2,5 mia. for Regnskabsåret 2016. For de efterfølgende år frem mod 2020 er det vores målsætning, understøttet af den forventede likviditetsvækst fra nye havmølleparker, der bliver idriftsat, at øge udbyttet fra år til år med en høj encifret procentsats sammenlignet med foregående års udbytte. Vores udbyttepolitik er med forbehold for vores målsætning om at fastholde en ratingprofil på BBB+/Baa1.

D.1 Nøgleoplysninger om de vigtigste risici, der er specifikke for Selskabet eller dettes branche

De nedenfor omtalte risikofaktorer og usikkerheder omfatter de risici, som ledelsen vurderer som værende væsentlige, men det er ikke de eneste risikofaktorer og usikkerheder, vi står overfor. Der er yderligere risikofaktorer og usikkerheder, herunder risici, som vi på nuværende tidspunkt ikke er bekendt med, eller som ledelsen på nuværende tidspunkt anser for uvæsentlige, som kan opstå eller blive væsentlige i fremtiden og medføre lavere omsætning, øgede omkostninger eller have andre konsekvenser, som kan føre til et fald i de Udbudte Aktiers værdi, og til at hele eller en del af det investerede beløb mistes. Risikofaktorerne er ikke nævnt i prioriteret rækkefølge.

- 1.1 Vi er eksponeret mod risici forbundet med udsving i råvarepriser, certifikatpriser, valutakurser, renter, inflation, herunder stigninger i inflationen i Danmark i forhold til inflationen i Storbritannien, og den generelle udvikling på værdipapirmarkederne.
- 1.2 Risici forbundet med Wind Power
 - Vi er eksponeret mod reduktioner i eller ophævelse af statsstøtten til el produceret af nuværende eller fremtidige havmølleparker og mod andre ændringer i lovgivningen eller politikker.
 - Vores forretning beror på frasalg af ejerandele i vores havmølleparker til investorer.
 - Vi er udsat for visse risici i forbindelse med behovet for at reducere omkostningerne ved produktion af el fra havvind.
 - Vi er udsat for visse risici i forbindelse med køb og sikring af projektrettigheder til nye udviklingsprojekter, sikring af støtte til udviklingsprojekter og modning af vores udviklingsprojekter, som risikerer at blive forsinket eller stoppet som følge af forsinkelser i eller mangel på de fornødne godkendelser, tilladelser eller andre rettigheder eller aftaler samt forsinkelser i eller mangel på forbindelser til elnettet og anden infrastruktur, som er afgørende for vores udviklingsprojekter.
 - Vi er udsat for visse risici i forbindelse med vindforhold.
 - Vores elproduktion fra havmølleparker afhænger i høj grad af vores havmølleparkers driftsrådighed, elnettets driftsrådighed og af driftssikkerheden af det udstyr, vi anvender i driften af disse vindmølleparker.
 - Vi køber vindmøller til vores havmølleparker fra et begrænset antal leverandører, hvilket kan medføre forhøjede priser eller manglende evne til at sikre leverancer af vindmøller.
 - Vi er udsat for risici i forbindelse med kontraktlige forpligtelser i henhold til vores aktieoverdragelsesaftaler, ejeraftaler, entreprisekontrakter, entreprisestyringsaftaler, drifts- og vedligeholdelsesaftaler og elkøbsaftaler eller andre væsentlige aftaler i forbindelse med frasalg af ejerandele i vores havmølleparker.

- Vi er udsat for visse risici i forbindelse med ændringer i den regulerede værdi, recycle-værdien og udsving i markedssalgsprisen på ROC'er.
- Vi er eksponeret mod udsving i prisen på el.
- Vi er udsat for visse teknologiske risici.
- 1.3 Risici forbundet med Bioenergy & Thermal Power
 - Vi er eksponeret mod faldende priser på el.
 - Vi er eksponeret mod udsving i prisen på biomasse, kul, gas og CO₂-kvoter.
 - Vi er udsat for visse risici i forbindelse med en reduktion, ændring eller ophævelse af økonomisk støtte til biomasse.
 - Vi er udsat for regulatoriske risici i forbindelse med fjernvarme.
 - Vi risikerer at støde på udfordringer i forbindelse med opførelsen og driften af vores første fuldskala REnescience-produktionsanlæg i Northwich i Storbritannien.
- 1.4 Risici forbundet med Distribution & Customer Solutions
 - Distribution & Customer Solutions er forbundet med en række regulatoriske usikkerheder.
 - Vi er eksponeret mod udsving i prisen på råolie, olieprodukter, gasprodukter, herunder LNG, el og visse andre råvarer, certifikater eller indeks.
 - Vi er udsat for visse risici i forbindelse med genforhandling af vores langvarige gaskøbskontrakter, herunder vores langvarige LNG-købskontrakt.
 - Vi er udsat for visse risici i forbindelse med betydelig overkapacitet i vores LNG-regasificeringskapacitetskontrakt.
 - Vi er udsat for visse risici i vores gaslagerkapacitetskontrakter i forbindelse med fald i sæsonbetonede forskelle i gaspriser.
 - Vi er eksponeret mod ændringer i mængden af gas og olie produceret i den danske del af Nordsøen.
- 1.5 Risici forbundet med Oil & Gas
 - Vi er eksponeret mod faldende priser på olie og gas.
 - Vi er udsat for visse risici i forbindelse med Hejreprojektet, og vores nuværende hensættelse kan vise sig ikke at være tilstrækkelig.
 - Vi er udsat for visse risici i forbindelse med en eventuel anden redeterminering vedrørende Ormen Lange-feltet.
 - Olie- og gasreserver, ressourcedata og forventninger til produktion fra felterne er alene estimater og er naturligt forbundet med usikkerhed, og den faktiske størrelse af forekomster og produktion kan afvige væsentligt fra disse estimater og forventninger.

- Hvis vi udfører olie- og gasefterforskningsaktiviteter, vil det muligvis ikke lykkes os at finde økonomisk rentable reserver.
- Vi er udsat for risici i forbindelse med den farlige karakter af aktiviteterne inden for Oil & Gas.
- 1.6 Risici vedrørende flere forretningsområder eller Koncernen
 - De af vores investeringsprojekter, som vi allerede har taget eller fremover vil tage endelig investeringsbeslutning om, kan blive forsinket, kan blive udsat for budgetoverskridelser, vil måske slet ikke blive gennemført eller vil måske ikke skabe det forventede afkast.
 - Vi er udsat for visse risici i forbindelse med manglende forsyning af de brændsler, materialer, udstyr og serviceydelser, som vi har behov for til vores forretningsaktiviteter, herunder i forbindelse med vores investeringsprojekter eller -muligheder, og i forbindelse med stigende omkostninger til sådanne brændsler, materialer, udstyr og serviceydelser.
 - Vi er udsat for et konkurrencemæssigt pres på vores markeder.
 - Den prismæssige konkurrencedygtighed ved at producere el fra vedvarende energikilder som havvind og biomasse kan påvirkes negativt af faldende efterspørgsel efter vedvarende energi, eller vi kan opleve øget konkurrence fra elproducenter, der anvender andre typer vedvarende energikilder.
 - Vi er udsat for risici i forbindelse med en folkeafstemning om Storbritanniens fortsatte medlemskab af EU.
 - Vi er udsat for risici i forbindelse med rekruttering eller fastholdelse af ledende medarbejdere samt kompetente og erfarne medarbejdere til vores forretningsaktiviteter eller øgede omkostninger til at tiltrække eller fastholde sådanne medarbejdere.
 - En leverandørs manglende evne til at opfylde sine forpligtelser i henhold til en sourcing- eller serviceaftale kan medføre væsentlige budgetoverskridelser eller forsinkelser i færdiggørelsen af vores investeringsprojekter.
 - Vi er afhængige af, at tredjemand giver os adgang til de infrastrukturaktiver, der skal anvendes til vores aktiviteter, i det omfang vi ikke selv ejer eller kontrollerer de pågældende aktiver.
 - Vi er udsat for risici i forbindelse med sæson- og vejrmæssige udsving og langsigtede klimaforandringer, som kan påvirke både efterspørgslen efter varme og el og vores salg og lagring af gas.
 - Vi er udsat for risici i forbindelse med, hvor præcise vores prognoser er for den mængde el, vi producerer.

- Vi er udsat for risici i forbindelse med manglende kontrol over visse af de aktiver, vi deler ejerskabet af med andre, samt i visse tilfælde, hvor vi har en majoritetsinteresse, men delvist har afgivet kontrol.
- Vi er udsat for risici i forbindelse med nedbrud, der rammer vores aktiviteter.
- Naturkatastrofer og andre katastrofebegivenheder kan forårsage skader på vores anlæg.
- Vores forretningsaktiviteter vil måske krænke tredjemands immaterielle rettigheder, eller tredjemand vil måske krænke vores immaterielle rettigheder.
- Vi er udsat for visse maritime risici.
- Vi har været, er og vil fortsat være underlagt love og bestemmelser, som kan ændres, og kan blive negativt påvirket af relaterede retssager.
- Vi kan pådrage os betydelige omkostninger i forbindelse med overholdelse af, eller som følge af, sundheds-, sikkerheds- og miljømæssig lovgivning og anden relateret national og international lovgivning, herunder specielt i forbindelse med udledning af kuldioxid og andre udledninger.
- Kompleksiteten af og udviklingen i lokale og internationale skatteregler og kompleksiteten af vores forretning i kombination med øget internationalt fokus og opmærksomhed på multinationale selskabers skattebetalinger kan udsætte os for økonomiske og omdømmemæssige risici.
- Vores handels- og risikoafdækningsaktiviteter kan være tabsgivende.
- Vi vil måske ikke kunne styre vores modpartsrisici på en effektiv måde.
- Omkostningsskøn og hensættelser til retablering kan påvirkes af ændringer i lovgivningsmæssige krav og omkostninger til varer og serviceydelser, der er nødvendige i forbindelse med retablering, og således kan Koncernens aktuelle omkostningsskøn og reserver vise sig utilstrækkelige.
- Begrænsninger i vores gælds- og låneaftaler, ændringer i vores kreditvurdering, usikkerhed på de globale kreditmarkeder, sikkerhedsstillelse eller tilbagebetaling af vores gæld som følge af en ændring af kontrol samt andre faktorer kan påvirke os negativt.
- Vi er udsat for omdømmerisici.
- De fremadrettede finansielle oplysninger og mål, der er indeholdt i dette Prospekt, kan afvige væsentligt fra vores faktiske resultater.
- Vi går muligvis ind på nye markeder, som vi ikke har været på før, hvilket vil stille os over for en række udfordringer, herunder at vi bl.a. skal opfylde nye regulatoriske, tekniske, juridiske og kulturelle krav.

Afsnit D—Risici		
		Vi er part i og kan fremover blive part i tvister og retssager.
		 Vi har måske ikke tilstrækkelig forsikring til at dække alle eventuelle tab, og det er ikke muligt at forsikre sig mod alle eventuelle risici, uanset om det er i forbindelse med en katastrofebegivenhed eller i andre sammenhænge.
		Sikkerhedsbrister, kriminelle handlinger, fejl fra medarbejderes side og andre forstyrrelser i vores IT-infrastruktur kan direkte eller indirekte påvirke vores administrative og/eller industrielle aktiviteter, kan medføre risiko for, at vi eller vores kunder eller medarbejdere udsættes for tab, og udsætte os for erstatningsansvar, bøder fra myndighederne eller skade på vores omdømme.
		 Vi er udsat for risikoen for, at vores medarbejdere, leverandører, agenter eller andre tredjemænd overtræder etiske regler eller bryder gældende love.
		 Vi har, og vil muligvis vedblive at have, visse forpligtelser i forbindelse med frasalg.
		 Hvis Den Danske Stat ophører med at være vores majoritetsaktionær, vil vi være juridisk forpligtet til at afhænde gasdistributionsnettet, og vi vil måske blive mødt med ændringer i de vilkår og betingelser, der gælder for visse af de godkendelser, tilladelser og licenser, som er gældende for os.
D.3	Nøgleoplysninger om de vigtigste risici vedrørende de Udbudte Aktier	Den Danske Stat vil efter Udbuddets gennemførelse fortsat være vores majoritetsaktionær og vil i den egenskab kunne kontrollere eller på anden vis påvirke vigtige handlinger, som vi måtte foretage.
		 Der er ikke noget eksisterende marked for de Udbudte Aktier, og kursen kan være volatil og svinge betydeligt som reaktion på en række faktorer.
		 Fremtidige aktieudbud fra vores side eller aktionærers salg af aktier kan få negativ indvirkning på de Udbudte Aktiers markedskurs.
		 Forskelle i valutakurser kan få væsentlig negativ indvirkning på værdien af aktiebeholdninger eller udbetalt udbytte.
		 Vi er underlagt dansk lovgivning, og det kan være vanskeligt eller umuligt for investorer uden for Danmark at forkynde stævninger over for eller få fuldbyrdet domme mod os.
		 Visse aktionærer uden for Danmark kan muligvis ikke udnytte fortegningsretter.
		Der er en begrænset mængde aktier i fri handel.
		Udbuddet kan tilbagekaldes efter første handelsdag og indtil afvikling af Udbuddet.

	Afsnit E—Udbud	
E.1	Udbuddets samlede nettoprovenu og anslåede udgifter	Selskabet modtager ikke noget provenu i forbindelse med de Sælgende Aktionærers salg af de Udbudte Aktier i Udbuddet, idet Selskabet dog vil modtage fortjenesten efter fradrag af rimelige og dokumenterede omkostninger, hvis og i det omfang der opnås en fortjeneste fra eventuelle stabiliseringstransaktioner.
		Visse udgifter vedrørende Udbuddet, herunder provisioner og honorarer (faste og diskretionære), der skal betales til Emissionsbankerne, afholdes af de Sælgende Aktionærer.
		Hver enkelt danske kontoførende institut, der ikke er en Emissionsbank, vil modtage en provision på 0,125% af Udbudskursen af Udbudte Aktier (ekskl. Overallokeringsaktierne) tildelt til private investorer på ordrer indleveret via det pågældende kontoførende institut.
		Visse udgifter vedrørende Udbuddet, Aktiernes optagelse til handel og officiel notering på Nasdaq Copenhagen skal betales af Selskabet. Selskabets udgifter i forbindelse med Udbuddet skønnes at udgøre ca. DKK 103 mio., hvoraf DKK 23 mio. er indregnet i Selskabets koncernresultatopgørelse for 1. kvartal 2016.
E.2a	Baggrund for Udbuddet og anvendelse af provenu, forventet nettoprovenu	I forbindelse med Selskabets kapitaltilførsel i februar 2014 blev det mellem hovedaktionærerne aftalt at arbejde hen imod en børsnotering og optagelse til handel og officiel notering af Selskabets Aktier på et reguleret marked. Det blev desuden aftalt, at Den Danske Stat, NEI og ATP ville samarbejde loyalt om udarbejdelsen af en plan for børsnoteringen sammen med Selskabet, som skulle omfatte en strategisk gennemgang af alle Koncernens forretningsområder. Den 18. september 2015 meddelte vi, at planen for børsnoteringen var færdiggjort, herunder især at Selskabet ville arbejde hen imod en børsnotering og optagelse til handel og officiel notering af Aktierne på Nasdaq Copenhagen inden udgangen af 1. kvartal 2017.
		Optagelse af Aktierne til handel og officiel notering på Nasdaq Copenhagen i forbindelse med Udbuddet forventes at understøtte vores fremtidige vækst og driftsstrategi, styrke vores offentlige og kommercielle profil internationalt og give bedre adgang til de offentlige kapitalmarkeder og en bred kreds af nye danske og internationale aktionærer.
E.3	Udbudsbetingelser	De Sælgende Aktionærer udbyder i alt op til 72.834.393 stk. Udbudte Aktier, ekskl. Overallokeringsaktierne. Antallet af Udbudte Aktier, der sælges i Udbuddet, vil mindst udgøre 63.248.753 stk. Udbudte Aktier, ekskl. Overallokeringsaktierne. Antallet af Udbudte Aktier (bortset fra Overallokeringsaktierne), der sælges i Udbuddet, fastlægges af de Sælgende Aktionærer i samråd med Bestyrelsen og Joint Global Coordinators.

Afsnit E-Udbud

De Sælgende Aktionærer, bortset fra Majoritetsaktionæren og SEAS-NVE Holding A/S, har indgået aftale om at give Emissionsbankerne en Overallokeringsret, der kan udnyttes helt eller delvist af Stabiliseringsagenten, til at købe op til 10.925.159 stk. Overallokeringsaktier til Udbudskursen fra Aktiernes første handelsog officielle noteringsdag og indtil den 30. kalenderdag derefter, alene til dækning af eventuel overallokering eller andre korte positioner i forbindelse med Udbuddet. Antallet Overallokeringsaktier vil blive justeret, hvis mindre end det Udbudte Aktier maksimale antal (bortset Overallokeringsaktierne) bliver solgt i Udbuddet, således at antallet af Overallokeringsaktier vil svare til 15% af antallet af Udbudte Aktier (bortset fra Overallokeringsaktier).

Udbuddet består af 1) et offentligt udbud til private og institutionelle investorer i Danmark, 2) en privatplacering i USA udelukkende til personer, der er "qualified institutional buyers" eller "QIBs" i medfør af Rule 144A i US Securities Act og 3) privatplaceringer til institutionelle investorer i resten af verden. Udbuddet uden for USA foretages i henhold til Regulation S.

Udbudskursen forventes at udgøre mellem DKK 200 og DKK 255 pr. Udbudt Aktie og vil blive fastlagt ved bookbuilding. Antallet af Udbudte Aktier og Udbudskursen fastlægges af de Sælgende Aktionærer i samråd med Selskabets Bestyrelse og Joint Global Coordinators og forventes offentliggjort sammen med antallet af Overallokeringsaktier via Nasdaq Copenhagen senest kl. 8.00 (dansk tid) den 9. juni 2016. Udbudskursintervallet kan ændres i løbet af bookbuilding-processen. Resultatet af Udbuddet, antallet af Udbudte Aktier, antallet af Overallokeringsaktier og Udbudskursen samt tildelingsgrundlaget forventes offentliggjort via Nasdaq Copenhagen senest kl. 8.00 (dansk tid) den 9. juni 2016. Hvis Udbudsperioden lukkes før den 8. juni 2016, vil offentliggørelsen af Udbudskursen, antallet af Udbudte Aktier, antallet af Overallokeringsaktier og tildelingen blive rykket tilsvarende frem.

Hvis Udbudskursintervallet bliver ændret, vil Selskabet udsende en meddelelse via Nasdaq Copenhagen og offentliggøre et prospekttillæg. Efter offentliggørelse af det pågældende tillæg vil investorer, der har indleveret købsordrer på Udbudte Aktier i Udbuddet have to handelsdage til at tilbagekalde deres ordre som helhed. Under disse omstændigheder vil meddelelsen om Udbudskursen først blive offentliggjort, når fristen for udnyttelse af retten til tilbagekaldelse er udløbet.

Udbudsperioden løber fra og med den 26. maj 2016 til og med senest kl. 16.00 (dansk tid) den 8. juni 2016. Udbudsperioden kan lukkes før den 8. juni 2016. Hel eller delvis lukning af Udbudsperioden vil dog tidligst finde sted den 4. juni 2016 kl. 00.01 (dansk tid). Hvis Udbuddet lukkes før den 8. juni 2016, vil Aktiernes første handelsog officielle noteringsdag på Nasdaq Copenhagen samt datoen for betaling og afvikling blive fremrykket tilsvarende. Udbudsperioden for købsordrer for beløb til og med DKK 3 mio. kan lukkes før resten af Udbuddet, hvis det vurderes, at de modtagne ordrer er tilstrækkelige til at lukke bookbuildingen. En sådan førtidig hel eller delvis lukning offentliggøres i givet fald via Nasdaq Copenhagen.

Afsnit E-Udbud

Der skal som minimum købes 1 stk. Udbudt Aktie. Der gælder intet maksimum for køb i Udbuddet. Antallet af aktier begrænses dog til antallet af Udbudte Aktier i Udbuddet.

Købsordrer fra danske investorer for beløb til og med DKK 3 mio. skal afgives på den ordreblanket, der er indeholdt i det Engelsksprogede Prospekt eller det Danske Prospekt. Ordreblanketten skal indsendes til investors eget kontoførende institut i løbet af Udbudsperioden eller en eventuelt kortere periode, der måtte blive offentliggjort via Nasdaq Copenhagen. Ordrer er bindende og kan ikke ændres eller annulleres. Ordrer kan afgives med en maksimumkurs pr. Udbudt Aktie i danske kroner. Hvis Udbudskursen overstiger den maksimumkurs pr. Udbudt Aktie, der er anført på ordreblanketten, vil den pågældende investor ikke blive tildelt Udbudte Aktier. Hvis der ikke er angivet en maksimumkurs pr. Udbudt Aktie, anses ordren for at være afgivet til Udbudskursen. Alle ordrer, der er afgivet til en kurs lig med Udbudskursen eller en højere kurs, afregnes til Udbudskursen efter eventuel tildeling. Ordrer skal afgives for et antal Udbudte Aktier eller for et samlet beløb afrundet til nærmeste kronebeløb. Der kan kun indleveres én ordreblanket for hver VP-konto. For bindende ordrer indsendes den udfyldte og underskrevne ordreblanket til investors kontoførende institut i så god tid, at det kontoførende institut kan behandle og fremsende ordreblanketten, således at den er Nordea Bank Danmark A/S eller Danske Bank A/S i hænde senest kl. 16.00 (dansk tid) den 8. juni 2016 eller på et eventuelt tidligere tidspunkt, hvor Udbuddet lukkes.

Investorer, som ønsker at afgive købsordrer for beløb over DKK 3 mio., kan tilkendegive deres interesse til en eller flere af Emissionsbankerne i løbet af Udbudsperioden. Disse investorer kan i Udbudsperioden løbende ændre eller tilbagekalde deres interessetilkendegivelser, men disse interessetilkendegivelser bliver bindende ordrer ved udløbet af Udbudsperioden.

Hvis det samlede antal Aktier, der afgives ordrer for i Udbuddet, overstiger det maksimale antal Udbudte Aktier, der sælges i Udbuddet, vil der blive foretaget reduktion på følgende måde:

- Ved ordrer med en kursværdi til og med DKK 3 mio. sker der en matematisk reduktion.
- Ved ordrer med en kursværdi på mere end DKK 3 mio. sker der individuel tildeling. Joint Global Coordinators vil tildele de Udbudte Aktier som fastlagt af de Sælgende Aktionærer, i samråd med Joint Global Coordinators og Selskabets Bestyrelse.

Efter Udbudsperiodens udløb modtager investorerne en opgørelse over det eventuelle antal Udbudte Aktier, der er tildelt dem, og værdien heraf til Udbudskursen, medmindre andet er aftalt mellem investor og det relevante kontoførende institut.

De Udbudte Aktier forventes leveret elektronisk gennem VP Securities, Euroclear og Clearstream omkring den 13. juni 2016 mod kontant betaling i danske kroner. Hvis prisfastsættelse og tildeling i Udbuddet sker før den 9. juni 2016, vil Aktiernes første handels- og officielle noteringsdag på Nasdaq Copenhagen samt datoen for betaling og afvikling blive fremrykket tilsvarende. Al handel med de Udbudte Aktier forud for afvikling sker for de involverede parters egen regning og risiko.

	Afsnit E—Udbud	
		Joint Global Coordinators kan med visse begrænsninger og under visse ekstraordinære omstændigheder, der ligger uden for deres kontrol, afbryde Udbuddet (og dispositioner i forbindelse hermed) før prisfastsættelsen og efter prisfastsættelsen og før afvikling af Udbuddet, herunder på eller efter den første handelsdag for de Udbudte Aktier, herunder ved force majeure-begivenheder og væsentlige ændringer i vores finansielle forhold.
		Den Danske Stat (herunder på vegne af alle Sælgende Aktionærer, bortset fra NEI), NEI og Selskabet har hver især ret til at afbryde Udbuddet med eller uden grund før prisfastsættelse. Desuden har Den Danske Stat (herunder på vegne af alle Sælgende Aktionærer, bortset fra NEI) handlende sammen med NEI og efter samråd med Selskabet og Joint Global Coordinators med visse begrænsninger og under visse ekstraordinære omstændigheder, der ligger uden for deres kontrol, ret til at afbryde Udbuddet efter prisfastsættelse af Udbuddet (herunder efter optagelse af de Udbudte Aktier til handel og officiel notering på Nasdaq Copenhagen) og før afvikling af Udbuddet. Sådanne omstændigheder omfatter force majeurebegivenheder, bl.a.: 1) en væsentlig negativ ændring i forholdene eller indtjeningen, forretningsforholdene eller fremtidsudsigterne for Selskabet eller Selskabets væsentlige datterselskaber, betragtet som en helhed, 2) visse former for væsentlig misligholdelse af forpligtelser, som parterne i Garantiaftalen har, og 3) nedbrud på finansmarkederne eller handelsmarkederne generelt eller for vores værdipapirer.
		De afbrydelsesrettigheder, som parterne i Garantiaftalen har, bortfalder ved afvikling af Udbuddet, som pt. forventes at finde sted den 13. juni 2016, bortset fra i forhold til Overallokeringsaktierne. De afbrydelsesrettigheder, som parterne i Garantiaftalen har, vil i forhold til Overallokeringsaktierne bortfalde ved afregning af salget af Overallokeringsaktierne, i det omfang Overallokeringsretten udnyttes.
E.4	Væsentlige interesser i Udbuddet, herunder interessekonflikter	Vi bestræber os på at sikre, at Bestyrelsen, Koncernledelsen og organisationen som helhed besidder relevant viden og erfaring vedrørende vores primære forretningsaktiviteter, de sociale, kulturelle, politiske og forretningsmæssige forhold i de geografiske markeder, hvor vores primære forretning foregår, samt inden for de funktionelle områder, der er relevante for DONG Energy. Dette kombineret med karakteren af vores forretning, hvor alle vores forretningsområder løbende indgår et stort antal aftaler med en række forskellige leverandører, kunder og andre tredjeparter, samt vores position på det danske og andre geografiske markeder, hvor vi har aktiviteter, betyder at vi uvægerligt fra tid til anden indgår aftaler med eller har relationer til tredjeparter, i hvilke en eller flere af vores bestyrelsesmedlemmer, direktører eller medarbejdere er eller efterfølgende bliver involveret (f.eks. på grund af bestyrelsesposter, almindelig investering i børsnoterede værdipapirer eller sædvanlige forretningsmæssige relationer). I sådanne situationer tager vi alle forholdsregler for at sikre, at Koncernens beslutninger overholder gældende regler vedrørende interessekonflikter og ikke påvirkes af unødige interessekonflikter eller i øvrigt uvedkommende interesser. Dette omfatter særligt beslutninger truffet af Bestyrelsen og Koncernledelsen.

Afsnit E-Udbud

Der er ingen familierelationer mellem medlemmerne af Bestyrelsen eller Koncernledelsen. Medlemmerne af Bestyrelsen er valgt på generalforsamlingen efter indstilling fra Nomineringskomitéen. Visse af vores aktionærer har i henhold til 2013-ejeraftalen og 2014-ejeraftalen ret til at nominere bestyrelsesmedlemmer. Således er Martin Hintze, Poul Arne Nielsen og Claus Wiinblad valgt på generalforsamlingen efter at være blevet nomineret af henholdsvis NEI, SEAS-NVE Holding A/S og ATP i overensstemmelse med vilkårene i 2013-ejeraftalen (Martin Hintze og Claus Wiinblad) og 2014-ejeraftalen (Poul Arne Nielsen). Bortset fra visse sædvanlige bestemmelser, der består efter ophør (forudsat at salgsoptionen, der indgår i 2013-ejeraftalen, ikke udnyttes før gennemførelse, i hvilket tilfælde rettigheder og forpligtelser vedrørende den udnyttede salgsoption først ophører ved afvikling), ophører begge ejeraftaler ved Udbuddets gennemførelse. NEI, SEAS-NVE Holding A/S og ATP kan påvirke Selskabets strategi, udviklingen i aktiviteterne og andre af Selskabets forhold gennem repræsentationen i Bestyrelsen. De øvrige medlemmer af Bestyrelsen er valgt efter nominering fra Majoritetsaktionæren. Det følger af Statens Ejerskabspolitik, at Den Danske Stat som hovedregel ikke vælger embedsmænd i centraladministrationen som bestyrelsesmedlemmer.

Bortset fra Thomas Thune Andersen, Martin Hintze, Poul Arne Nielsen, Claus Wiinblad og Marianne Wiinholt har ingen medlemmer af Bestyrelsen eller Koncernledelsen tilknytning til andre selskaber, der kan føre til en interessekonflikt, enten fordi vi har en kapitalandel i det pågældende selskab, eller fordi vi og det pågældende selskab har en væsentlig forretningsrelation.

Thomas Thune Andersen er senior independent director i Petrofac Limited og minoritetsaktionær samt forhenværende formand for bestyrelsen i DeepOcean Group Holding BV. Petrofac leverer serviceydelser til olie- og gasproduktions- og -forarbejdningsindustrien. DeepOcean Group er leverandør af serviceydelser og teknologi til undervandsindustrien. Petrofac og DeepOcean Group er pt. leverandører til Koncernen. Omfanget af det arbejde, der skal udføres af Petrofac, forventes at være fuldt færdiggjort i 2. kvartal 2016.

Martin Hintze er managing director i Goldman Sachs International, der er en nærtstående part med betydelig indflydelse på os. Vi har løbende forretningsrelationer med Goldman Sachs Group, Inc. ("Goldman Sachs").

Poul Arne Nielsen er bestyrelsesformand for SEAS-NVE Holding A/S, som er et dansk forsyningsselskab og en af vores konkurrenter på det danske forsyningsmarked. Herudover har SEAS-NVE Holding A/S, gennem ejerandele i en af sagsøgerne, interesser i "Elsam"-sagerne, der er i konflikt med vores interesser.

Claus Wiinblad er chef for Danske Aktier hos ATP. Vi lejer vores kontorer på Nesa Allé i Danmark af ATP. ATP er en stor investor i selskaber, der har betydelige forretningsrelationer til Koncernen eller konkurrerer med os.

	Afsnit E—Udbud	
		Marianne Wiinholt forventes valgt som medlem af bestyrelsen i Norsk Hydro ASA den 26. maj 2016. Norsk Hydro ASA er bl.a. Norges næststørste producent af hydroelektrisk el og handler hydro-el på Nord Pool Spot. Dermed opererer Norsk Hydro ASA i en vis udstrækning inden for de samme områder, som vi gør.
	Sælgende Aktionærers lockup-aftaler	De Sælgende Aktionærer har indgået aftale med Joint Global Coordinators om, at de med visse undtagelser i en periode på 180 dage fra prospektdatoen ikke, med undtagelse af de Aktier, der sælges i Udbuddet og med visse andre undtagelser, uden forudgående skriftligt samtykke fra et flertal af Joint Global Coordinators vil udbyde, pantsætte, sælge, indgå aftale om at sælge, sælge nogen option, eller indgå aftale om at sælge, tildele nogen option, ret eller warrant til at købe, udlåne eller på anden måde, direkte eller indirekte, overdrage eller afhænde nogen Aktier eller værdipapirer, der kan konverteres til, udnyttes til eller ombyttes til Aktier, eller indgå nogen swap eller anden disposition, der helt eller delvist overdrager nogen af de økonomiske konsekvenser i forbindelse med ejerskab af Aktierne, uanset om sådanne transaktioner afregnes ved levering af Aktier eller sådanne andre værdipapirer, kontant eller på anden måde. De undtagelser, der gælder for de Sælgende Aktionærer, omfatter bl.a. afhændelse til Majoritetsaktionæren ved udnyttelse af salgsoptionen i 2013-ejeraftalen og overdragelse af Aktier til Selskabet til afregning af Siri-kompensationen.
		Vi har indgået aftale med Joint Global Coordinators om stort set samme begrænsninger som anført ovenfor i en periode på 180 dage fra prospektdatoen med visse undtagelser. Undtagelserne gældende for os omfatter bl.a., at vi har ret til at foretage visse selskabsretlige dispositioner og udstede fondsaktier til dækning af vores forpligtelser i forbindelse med Medarbejderaktieprogrammet og Lederaktieprogrammet.
		Aktionærerne i Koncernledelsen har indgået aftale med Joint Global Coordinators om stort set samme begrænsninger som anført ovenfor i en periode på 365 dage fra prospektdatoen med visse undtagelser. Undtagelserne gældende for Koncernledelsen omfatter bl.a., at de personer, der er underlagt begrænsninger, har lov til at sælge aktier til dækning af eventuelle skattemæssige forpligtelser i forbindelse med afviklingen af Lederaktieprogrammet.
		Herudover har NEI og SEAS-NVE Holding A/S i henhold til 2013-ejeraftalen indgået aftale med Majoritetsaktionæren med virkning fra udløbet af den enkelte Sælgende Aktionærs lockupforpligtelse i henhold til Garantiaftalen, hvorved NEI og SEAS-NVE Holding A/S hver især har accepteret, så længe de ejer mindst 5% af aktierne i Selskabet, at rådføre sig med Majoritetsaktionæren, før de eventuelt måtte sælge flere af deres Aktier.
E.6	Beløb og procentdel for umiddelbar udvanding som følge af Udbuddet	Ikke relevant. Udbuddet vil ikke medføre nogen udvanding.
E.7	Anslåede udgifter, som investor pålægges af Selskabet eller de Sælgende Aktionærer	Ikke relevant. Hverken Selskabet, de Sælgende Aktionærer eller Emissionsbankerne vil pålægge investorerne udgifter. Investorerne skal afholde sædvanlige transaktions- og ekspeditionsgebyrer, der opkræves af deres kontoførende institut.

English Summary

Summaries are made up of disclosure requirements known as "Elements." These Elements are numbered in Sections A–E (A.1–E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer under the Prospectus Regulation no. 486/2012, as amended. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable."

	Section A—Introduction and Warnings	
A.1	Warning to investors	This summary should be read as an introduction to this Offering Circular.
		Any decision to invest in the Offer Shares should be based on consideration of the Offering Circular as a whole by the investor.
		Where a claim relating to the information contained in the Offering Circular is brought before a court, the plaintiff investor might, under the national legislation of the EEA member states, have to bear the costs of translating this Offering Circular before the legal proceedings are initiated.
		Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Offering Circular or it does not provide, when read together with the other parts of the Offering Circular, key information in order to aid investors when considering whether to invest in the Offer Shares.
A.2	Consent for intermediaries	Not applicable. No agreement has been made in regard to use of the Offering Circular in connection with a subsequent resale or final placement of the Offer Shares.

	Section B—Issuer	
B.1	Legal and commercial name	The Company is registered with the legal name DONG Energy A/S. The Company also carries out business under the name Dansk Olie og Naturgas A/S (DONG Energy A/S).
B.2	Domicile, legal form, country of incorporation	The Company was incorporated on March 27, 1972 as a public limited company incorporated in Denmark and has its registered office at Kraftværksvej 53, DK-7000 Fredericia, Denmark.
B.3	Current operations and principal activities	DONG Energy is a focused energy company with a strong profile in renewables. We have activities primarily in Northwestern Europe. We are building a world-class energy company with a renewables portfolio based on leading competences in offshore wind, bioenergy, and energy solutions.

Section B—Issuer

We divide our operations into four businesses: Wind Power, Bioenergy & Thermal Power, Distribution & Customer Solutions, and Oil & Gas. The Bioenergy & Thermal Power and Distribution & Customer Solutions businesses jointly constitute our Danish utility business.

Wind Power

We are a leader in the offshore wind market. We are active in the development, construction, operation and ownership of offshore wind farms, primarily in the UK, Denmark and Germany, where we operate an integrated business model across the entire value chain. We have constructed 22 offshore wind farms with a current installed capacity of 3.0 GW, which represented 27% of Europe's and 26% of the world's operational offshore wind installed capacity at the end of 2015. We have a robust and highly visible build-out plan of 3.7 GW, with six projects currently under construction and one project in an advanced development stage. All seven projects are expected to be commissioned no later than by the end of 2020, which will more than double our current capacity to above our 2020 strategic target of 6.5 GW. For our post-2020 pipeline, we have secured project rights of approximately 8.1 GW, although planning consents, subsidies and grid connections, among other things, must still be secured.

Danish Utility Business

Bioenergy & Thermal Power

We generate and sell heat and power and provide ancillary services. We are the largest producer of heat and power in Denmark. Our heat and power generation primarily takes place at our eight large scale CHP plants in Denmark, the Svanemøllen heat plant and the peak load power plant Kyndby in Denmark with a total capacity of approximately 3.0 GW. Over the past several years, our Bioenergy & Thermal Power business has, as a response to deteriorating market conditions in the Northwestern European power markets, been transformed from a business focusing on generation and sale of power to generation and sale of heat primarily to municipal district heating companies on long-term contracts resulting in a more resilient and stable business. We are now in the process of converting a number of our CHP plants to biomass; two such conversions have been completed, three are under construction and two are under development.

Distribution & Customer Solutions

Distribution & Customer Solutions consists of three main activities: Distribution, Sales and Markets. Within Distribution we own, operate and maintain a power distribution network in the greater Copenhagen and Northeastern Zealand area consisting of approximately 19,000 km cables. Through the power distribution network, we distribute power to approximately 1 million customers. Our power distribution business is subject to regulated returns on the regulatory asset base which is expected to amount to DKK 10.7 billion (as at December 31, 2015).

		Section B—Issuer
		Within Distribution, we also have our Oil Pipeline Business, which consists of an oil pipeline with a total length of 330 kilometers, of which 110 kilometers are onshore and 220 kilometers are offshore and includes the Gorm E platform, Filsø booster station, various valve stations, and our crude terminal and stabilization plant in Fredericia. Within Sales, our activity consists of selling power, gas and energy solutions to our customers through our B2C business in Denmark, and our B2B business in Denmark, Sweden, Germany and the UK. Within Markets, our activity mainly consists of management and optimization of power and gas from a portfolio of internal and third party assets in the Northwestern European energy markets, and execution of the Group's commodity hedging policy. In the course of these activities, we also engage in a limited amount of proprietary trading.
		Oil & Gas
		Our oil and gas portfolio is centered around three key producing assets in Northwestern Europe. At March 31, 2016, we owned 2P reserves of 238 million boe and we produced 40.9 million boe in FY 2015. The above-mentioned three key assets are Syd Arne in Denmark (37% working interest, operated by Hess Denmark ApS), Ormen Lange in Norway (14% working interest, operated by A/S Norske Shell) and Laggan-Tormore in the UK (20% working interest, operated by Total E&P UK Limited). These assets accounted for approximately 75% of our production in FY 2015. Our key development assets are our 20% working interests in the development fields Edradour and Glenlivet adjacent to Laggan-Tormore in the West of Shetlands (operated by Total E&P UK Limited), where production is expected to begin in 2017 and 2018, respectively.
B.4a	Description of the most significant recent trends affecting the Company and the industries in	Offshore wind is the renewable energy technology in the OECD with the highest relative growth rate, with a forecasted installed capacity compound annual growth rate (CAGR) of 25% from 2014 to 2020 according to BNEF.
	which it operates	As an outcome of the Paris Agreement, the energy industry's expansion of local supply chains and reduced costs in the construction of offshore wind farms in the period through 2020, we expect that there will be continued political support for offshore wind markets.
		In general, the EU's 2014 "Guidelines on State aid for environmental protection and energy 2014–2020" require that support for renewable energy generation be determined in competitive tender or auction processes. Certain of the EU countries in which we operate have already implemented regulatory regimes in compliance with these guidelines, while others are in the process of doing so. In the UK, the Secretary of State at the Department of Energy and Climate Change ("Secretary of State") has confirmed that the Government will continue to support offshore wind if the industry meets certain cost reduction conditions.

	Section B—Issuer	
		In recent years, the contribution margin (spreads) within conventional fossil fuel-based power generation has been under pressure due to lower demand during and after the financial crisis, energy optimization and increased capacity, including renewable energy capacity. The low demand and high supply of power has caused power prices to fall more than fuel prices and as a result, the contribution margin has fallen, which makes it challenging for conventional power plants to generate sufficient earnings. However, an opportunity has arisen in certain markets, including Denmark, to convert existing thermal power plants to biomass firing, which has created a new market for the Group.
		Power distribution is a stable and regulated activity where profitability is dependent on the attractiveness of the regulatory framework and the distributor's ability to deliver efficient results within the regulatory framework, for example on operating expenditures. The competition in the European energy markets for the purchase and sale of gas and power has meant that margins in sales activities have been under pressure for a number of years. Focus has therefore shifted from the straightforward sale of energy towards delivering service solutions which can help customers optimize their energy consumption.
		The oil and gas industry has been affected by a decrease of approximately 60% in oil prices since mid-2014 as well as a general market trend of cost overruns and delayed expansion projects. The North Sea, which is a mature hydrocarbon area, has also been affected by increasing unit costs for produced oil and gas. The markedly deteriorated short and mid-term outlook for the oil and gas industry has prompted many companies, including us, to adapt to the new market environment by postponing, down-scaling or cancelling new exploration activities and investments and reducing employee headcount. The focus of our Oil & Gas business going forward will be on developing a business with a portfolio of low-cost, low-risk, long-term assets which is capable of delivering strong returns and positive cash flows in this challenging market environment.
B.5	Description of the Group and the Company's position within the Group	The Company is the parent company of the Group that includes several subsidiaries in Denmark and abroad, including in Norway, the UK, Germany and other countries.
B.6	Persons who, directly or indirectly, have an interest in the issuer's capital or voting rights or have control over the Company	As at the date of this Offering Circular, the Kingdom of Denmark owns 58.76% of our share capital and voting rights, New Energy Investment S.à r.l. ("NEI") owns 17.86% of our share capital and voting rights and SEAS-NVE Holding A/S owns 10.82% of our share capital and voting rights.
		The Shares are not divided into share classes and all Shares have equal rights. Each Share entitles its holder to one vote at general meetings.
		SEAS-NVE Holding A/S is a wholly owned subsidiary of SEAS-NVE A.M.B.A., and NEI is controlled by New Energy I S.à r.l. and New Energy II S.à r.l.

Section B—Issuer

The Selling Shareholders, other than the Majority Shareholder and SEAS-NVE Holding A/S, have agreed to grant an Overallotment Option to the Managers, exercisable in whole or in part by the Stabilizing Manager, to purchase up to 10,925,159 Option Shares at the Offer Price, from the first day of trading in, and official listing of, the Shares until the day 30 calendar days thereafter, solely to cover overallotments or other short positions, if any, incurred in connection with the Offering. The number of Option Shares will be adjusted if less than the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, such that the number of Option Shares will equal 15% of the number of Offer Shares (other than Option Shares).

Pursuant to the Investment Agreement entered into between us, the Majority Shareholder, NEI, Arbeidsmarkedets Tillægspension ("ATP") and PFA Pension, Forsikringsaktieselskab on November 29, 2013 and subsequently acceded to by SEAS-NVE Holding A/S, Insero Horsens, Nyfors Entreprise A/S and SE a.m.b.a. (the foregoing parties, except for the Company and the Majority Shareholder, the "2013 Investors"), the parties agreed to a mechanism whereby the Company would be obliged to indemnify the 2013 Investors or the 2013 Investors would be obliged to compensate the Company in respect of certain then-identified issues related to the Siri platform. The process was finally decided upon by an expert panel on April 11, 2016 and resulted in the 2013 Investors being obliged to compensate us, subject to completion of the Offering, for a total amount of DKK 87 million plus interest from September 30, 2015 until the date of payment (the "Siri Compensation").

According to the Investment Agreement, following completion of the Offering, the Siri Compensation shall be settled, at the choice of each 2013 Investor, by way of either (i) a cash payment to us or (ii) such investor transferring and redelivering to us free of charge such number of Shares that equals a value corresponding to the amount which each 2013 Investor is obliged to compensate us for.

Assuming all 2013 Investors choose to satisfy the Siri Compensation by way of transferring Shares to us and assuming such transfer would be made at a price of DKK 227.5 per Share (equal to the mid-point of the Offer Price Range), this would entail that we would receive a total of 382,418 Shares from the 2013 Investors exclusive of Shares redelivered and transferred to us to settle the interests to which we are entitled.

Other than as set out above, the Company is not aware of any person who directly or indirectly owns an interest in the Company's share capital or voting rights that is notifiable under Danish law.

	Section B—Issuer	
B.7	Selected financial and business information.	The summary consolidated financial data as at and for the financial years ("FYs") ending December 31, 2015, 2014 and 2013 set forth below, is derived from our Audited Consolidated Financial Statements as at and for the FYs ending December 31, 2015, 2014 and 2013 included elsewhere in this Offering Circular. The summary consolidated financial data as at and for the three months ending March 31, 2016 and 2015 set forth below is derived from our unaudited consolidated interim financial statements as at and for the three months ending March 31, 2016 and 2015 included elsewhere in this Offering Circular. The Audited Consolidated Financial Statements as at and for the FYs ending December 31, 2015, 2014 and 2013 have been prepared in accordance with IFRS as adopted by the EU and the unaudited consolidated interim financial statements as at and for the three months ending March 31, 2016 and 2015 have been prepared in accordance with IAS 34 as adopted by the EU. Moreover, the Audited Consolidated Financial Statements and the unaudited consolidated interim financial statements have been prepared in accordance with Danish disclosure requirements for listed companies and state-owned public limited companies.
		As of the date of this Offering Circular, there have been no significant changes to our financial condition and operating results since March 31, 2016, other than (i) the signing of an agreement with Energinet.dk for the divestment of our gas distribution activities, including the Gas Distribution Network, at a price of DKK 2.3 billion, which we currently anticipate will occur in September 2016, (ii) the repurchase of bonds across our four series of senior EUR bonds in a total nominal amount of EUR 524 million from investors at a total cash price of EUR 615 million, (iii) prepayment of long-term bank debt in a principal amount of DKK 1,955 million, and (iv) termination of certain interest rate swaps. To reflect whether an income statement figure is an IFRS or a business performance measure, we write IFRS or business

IFDC	Income	Statement
IFKS	IIICOIIIE	Siarement

	Q1		FY		
	2016	2015	2015	2014	2013
		(D)	KK milli	on)	
Revenue	19,332	16,951	74,387	71,829	72,199
Cost of sales	(7,850)	(12,340)	(45,072)	(43,063)	(47,123)
Contribution margin	11,482	4,611	29,315	28,766	25,076
Other external expenses	(1,571)	(1,167)	(6,237)	(7,147)	(6,955)
Employee costs	(930)	(859)	(3,804)	(3,336)	(3,491)
Other operating income	894	1,406	2,933	2,466	705
Other operating expenses	(994)	(31)	(397)	(323)	(425)
Income from associates and joint					
ventures—core	24	27	112	(93)	(711)
$\mathbf{EBITDA}^{(1)} \dots \dots \dots \dots \dots \dots$	8,905	3,987	21,922	20,333	14,199
Current hydrocarbon tax	(255)	(723)	(2,591)	(3,526)	(1,105)
EBITDA less current hydrocarbon tax	8,650	3,264	19,331	16,807	13,094
Depreciation	(1,765)	(2,091)	(8,701)	(9,242)	(7,955)
Impairment losses ⁽²⁾	750	0	(17,033)	(8,324)	(5,008)
Operating profit (loss) (EBIT)	7,890	1,896	(3,812)	2,767	1,236
Gain (loss) on divestment of enterprises .	(3)	18	16	1,253	2,045
Income from associates and joint					
ventures—non-core	(1)	(3)	(8)	(484)	(57)
Financial income and expenses, net	12	(850)	(2,125)	(1,710)	(3,800)
Profit (loss) before tax	7,898	1,061	(5,929)	1,826	(576)
Tax on profit (loss) for the period	(2,046)	(858)	(3,524)	(4,136)	(1,015)
Profit (loss) for the period	5,852	203	(9,453)	(2,310)	(1,591)

⁽¹⁾ EBITDA is a non-IFRS measure and indicates our operating profit (EBIT) before depreciation, amortizations and impairment losses. We present EBITDA as a supplemental performance measure because we believe that it facilitates operating performance comparisons from period to period by omitting potential differences between periods caused by variations in capital structure, tax positions and the age of, and depreciation expenses associated with, fixed assets. EBITDA should not be considered in isolation or as a substitute for operating profit or other statement of operations or cash flow data prepared in accordance with IFRS as adopted by the EU as a measure of our profitability or liquidity. EBITDA does not take into account our debt service requirements and other commitments, including capital expenditures, and, accordingly, is not necessarily indicative of amounts that may be available for discretionary uses. In addition, EBITDA, as presented in this Offering Circular, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

(2) Includes DKK 2,516 million in FY 2015 and a reversal of DKK 750 million in Q1 2016 regarding onerous contracts relating to the construction of property, plant and equipment.

Our revenue (IFRS) in Q1 2016 was DKK 19,332 million, or a 14% increase compared with Q1 2015, principally due to an increase in revenue from construction contracts, higher wind-based power generation and higher sales of power. In addition, revenue from hedging increased by DKK 3,710 million, from DKK (1,589) million in Q1 2015 to DKK 2,121 million in Q1 2016, mainly due to hedging of British Pound. The increase in revenue was partly offset by lower gas sales and significantly lower power, gas and oil prices.

Our revenue (IFRS) in FY 2015 was DKK 74,387 million, or a 4% increase compared with FY 2014, principally due to an increase in revenue from construction contracts, increased wind-based power generation and sales of Green Certificates. This was partially offset by lower power, gas and oil prices, lower oil and gas production and lower thermal power generation.

Our revenue (IFRS) in FY 2014 amounted to DKK 71,829 million, or a 1% decrease compared with DKK 72,199 million in FY 2013, largely attributable to the decline in oil, gas and power prices in the second half of the year, lower heat and power generation (among other things, due to the divestment of onshore and hydropower activities) and lower gas sales due to warm weather and the resulting decrease in demand, as well as a decrease in revenue from construction contracts. The decline was partially offset by a DKK 6,937 million increase in revenue from hedging (mainly gas hedges including fixed gas price contracts) from DKK (662) million in FY 2013 to DKK 6,275 million in FY 2014, increased oil and gas production resulting from our ownership interest increase in the Ormen Lange field, as well as from increased power generation from new wind farms in operation.

EBITDA (IFRS) for Q1 2016 increased by DKK 4,918 million, or 123%, from DKK 3,987 million in Q1 2015, to DKK 8,905 million in Q1 2016. The increase was driven by the successful renegotiation of gas purchase contracts, Wind Power and market value adjustment of hedges.

EBITDA (IFRS) for FY 2015 increased by DKK 1,589 million, or 8%, from DKK 20,333 million in FY 2014, to DKK 21,922 million in FY 2015, principally as a result of higher power generation from offshore wind due to the commissioning of new offshore wind farms in the UK and Germany, increased revenue from the construction of offshore wind farms for partners, the completed renegotiation of an oil-indexed gas purchase contract and lower costs in the Oil & Gas business. This development was partially offset by lower gas and oil prices, lower production in Oil & Gas and unfavorable market conditions for thermal power generation.

EBITDA (IFRS) for FY 2014 increased by DKK 6,134 million, or 43% compared to FY 2013, from DKK 14,199 million in FY 2013 to DKK 20,333 million in FY 2014. The increase was mainly due to a DKK 6,080 million increase in EBITDA from hedging (mainly gas hedges including fixed gas price contracts), from a loss of DKK 871 million in FY 2013 to a gain of DKK 5,209 million in FY 2014 due to the lower gas prices. The increase was furthermore due to gains of DKK 1.9 billion from the divestment of ownership interests in primarily London Array and Westermost Rough, full year power generation from the Anholt wind farm and record-high production in Oil & Gas, partly offset by lower oil and gas prices and negative effects from oil-indexed gas purchase contracts in Distribution & Customer Solutions which had not yet been renegotiated.

Operating profit (loss) (IFRS) in Q1 2016 increased by DKK 5,994 million, from a gain of DKK 1,896 million in Q1 2015, to a gain of DKK 7,890 million in Q1 2016. This operating gain was significantly affected by the higher EBITDA and lower depreciation. The change of the provision relating to Hejre did not affect EBIT.

Operating profit (loss) (IFRS) in FY 2015 decreased by DKK 6,579 million, from DKK 2,767 million in FY 2014, to a loss of DKK 3,812 million in FY 2015. The operating loss was significantly affected by impairment losses, partially offset by increased EBITDA and lower depreciation.

In FY 2014, operating profit (IFRS) increased by DKK 1,531 million, from DKK 1,236 million in FY 2013 to DKK 2,767 million in FY 2014. The increase was due to the increased EBITDA, partially offset by increased depreciation and impairment losses.

Business Performance Income Statement

The business performance (or BP) result included in this Offering Circular is a non-IFRS measure that supplements the IFRS presentation of the financial performance of the Group's activities in the reporting period. Under the business performance measure, the market value adjustment of contracts (including hedging transactions) is generally deferred and recognized for the period in which the hedged exposure materializes, subject to certain exceptions.

	Q1		FY		
	2016	2015	2015	2014	2013
		(D)	KK milli	on)	
Revenue	18,833	19,267	70,843	67,048	73,105
Cost of sales	(8,167)	(12,642)	(44,966)	(42,226)	(47,224)
Contribution margin	10,666	6,625	25,877	24,822	25,881
Other external expenses	(1,571)	(1,167)	(6,237)	(7,147)	(6,955)
Employee costs	(930)	(859)	(3,804)	(3,336)	(3,491)
Other operating income	894	1,406	2,933	2,466	705
Other operating expenses	(994)	(31)	(397)	(323)	(425)
Income (loss) from associates and joint					
ventures—core	24	27	112	(93)	(711)
EBITDA	8,089	6,001	18,484	16,389	15,004
Current hydrocarbon tax	(255)	(723)	(2,591)	(3,526)	(1,105)
EBITDA less current hydrocarbon tax	7,834	5,278	15,893	12,863	13,899
Depreciation	(1,765)	(2,091)	(8,701)	(9,242)	(7,955)
Impairment losses	750	0	(17,033)	(8,324)	(5,008)
Operating profit (loss) (EBIT)	7,074	3,910	(7,250)	(1,177)	2,041
Gain (loss) on divestment of enterprises .	(3)	18	16	1,258	2,045
Income from associates and joint					
ventures—non-core	(1)	(3)	(8)	(484)	(57)
Financial income and expenses, net	12	(850)	(2,125)	(1,710)	(3,800)
Profit (loss) before tax	7,082	3,075	(9,367)	(2,113)	229
Tax on profit (loss) for the period	(1,866)	(1,331)	(2,717)	(3,171)	(1,222)
Profit (loss) for the period	5,216	1,744	(12,084)	(5,284)	(993)

Our revenue (BP) in Q1 2016 was DKK 18,833 million, or a 2% decrease compared with Q1 2015, principally due lower gas sales and significantly lower power, oil and gas prices. The decrease was partly offset by higher activity from construction contracts and an increase of 6% in power generation from offshore wind due to new wind farms in operation.

Our revenue (BP) in FY 2015 was DKK 70,843 million, or a 6% increase compared with FY 2014, principally due to an increase in revenue from construction contracts, increased wind-based power generation and sales of Green Certificates. This was partially offset by lower power, gas, oil prices and lower oil and gas production and lower thermal power generation.

Our revenue (BP) in FY 2014 amounted to DKK 67,048 million, or an 8% decrease compared with DKK 73,105 million in FY 2013, largely attributable to the decline in oil, gas and power prices in the second half of the year, lower heat and power generation (among other things, due to the divestment of onshore and hydropower activities) and lower gas sales due to warm weather and the resulting decrease in demand, as well as a decrease in revenue from construction contracts. The decline was partially offset by the increased oil and gas production resulting from our ownership interest increase in the Ormen Lange field and from increased power generation from new wind farms in operation.

EBITDA (BP) for Q1 2016 increased by DKK 2,088 million, or 35%, from DKK 6,001 million in Q1 2015, to DKK 8,089 million in Q1 2016. The underlying improvement was driven by a 53% increase in Wind Power, partly offset by lower gas, oil and power prices. In addition to the underlying growth, EBITDA was positively affected by the successful renegotiation of gas purchase contracts in Q1 2016 as well as other non-recurring items, including a provision regarding the Hejre project.

EBITDA (BP) for FY 2015 increased by DKK 2,095 million, or 13%, from DKK 16,389 million in FY 2014, to DKK 18,484 million in FY 2015, principally reflecting higher power generation from offshore wind due to the commissioning of new offshore wind farms in the UK and Germany, increased revenue from the construction of offshore wind farms for partners, the completed renegotiation of an oil-indexed gas purchase contract and lower costs in the Oil & Gas business. This development was partially offset by lower gas and oil prices, lower production in Oil & Gas and unfavorable market conditions for thermal power generation. EBITDA was furthermore positively affected by a total of DKK 1.7 billion from a gain on the sale of Oil & Gas license interests, insurance compensations as well as a settled dispute from 2005 and 2006 concerning CO₂ Certificates, while 2014 was positively affected by gains of DKK 1.9 billion from the divestment of offshore wind farms.

EBITDA (BP) for FY 2014 increased by DKK 1,385 million, or 9% compared to FY 2013, from DKK 15,004 million in FY 2013 to DKK 16,389 million in FY 2014. The increase was mainly due to gains of DKK 1.9 billion from the divestment of ownership interests in, primarily, London Array and Westermost Rough, full year power generation from the Anholt wind farm and record-high production in Oil & Gas, partly offset by lower oil and gas prices and negative effects from oil-indexed gas purchase contracts in Distribution & Customer Solutions which had not yet been renegotiated.

Operating profit (loss) (BP) in Q1 2016 increased by DKK 3,164 million, from DKK 3,910 million in Q1 2015, to DKK 7,074 million in Q1 2016. The increase in operating profit was mainly due to higher EBITDA and lower depreciation. The change of the provision relating to Hejre did not affect EBIT.

Operating profit (loss) (BP) in FY 2015 decreased by DKK 6,073 million, from a loss of DKK 1,177 million in FY 2014, to a loss of DKK 7,250 million in FY 2015. This operating loss was significantly affected by impairment losses, which was only partially offset by the increased EBITDA and the lower depreciation.

In FY 2014, operating profit (loss) (BP) decreased by DKK 3,218 million, from a profit of DKK 2,041 million in FY 2013 to a loss of DKK 1,177 million in FY 2014. The decrease was due to increased depreciation and impairment losses, which was only partially offset by the increased EBITDA.

Balance Sheet

	As at March 31,		As at	Decembe	er 31,	
	2016	2015	2015	2014	2013	
		(DK	K millio	n)		
Property, plant and equipment and intangible assets	81,211	94,556	81,363	87,275	93,689	
investments	1,533 (6,216) (4,719)	1,673 904 (4,288)	1,642 (2,887) (3,772)	1,584 (1,632)	2,323 2,104 (1,551)	
Derivative financial instruments, net Assets classified as held for sale, net	8,970 1,572	(70)	6,111 1,452	2,870	628 278	
Decommissioning obligations Other provisions	(11,645) (7,451) (5,134)	(10,810) (5,645) (6,263)	(11,144) (8,044) (3,700)	(5,566)		
Other receivables and other payables, net	(499)	(188)	(91)	(196)	(333)	
Capital employed	57,622	69,871	60,930	65,511	77,345	
Equity	56,682	62,937	51,736	61,533	51,543	
Shareholders	37,614 13,248 5,820 940	42,768 13,236 6,933 6,934	32,029 13,309 6,398 9,193	41,654 13,318 6,561 3,978	31,527 13,308 6,708 25,803	
Equity and Interest-bearing net debt	57,622	69,871	60,930	65,511	77,345	

Cash Flows and Net Debt

	As at March 31,		As at December 3		31, 2015	
	2016	2015	2015	2014	2013	
		(I	KK mill	ion)		
Cash flow from operating activities	9,782	2,296	13,571	14,958	9,729	
EBITDA (IFRS)	8,905	3,987	21,922	20,333	14,199	
Financial instruments, business						
performance adjustments	(816)	2,014	(3,438)	(3,944)	805	
Financial instruments, other						
adjustments	(557)		(128)		1,324	
Other items	424	(508)	(353)	(1,341)	1,216	
Interest expense, net	(854)	(134)	(659)	(1,065)	(2,872)	
Paid tax	(509)	(931)	(5,091)	(3,835)	(2,856)	
Change in work in progress	1,851	(732)	(1,418)	1,395	(1,592)	
Change in other working capital	1,338	(1,476)	2,736	2,733	(495)	
Gross investments	(4,176)	(4,668)	(18,693)	(15,359)	(21,234)	
Divestments	1,950	57	2,573	10,653	15,332	
Free cash flow $^{(1)}$	7,556	(2,315)	(2,549)	10,252	3,827	
Interest-bearing net debt at January 1	9,193	3,978	3,978	25,803	31,968	
Free cash flow	(7,556)	2,315	2,549	(10,252)	(3,827)	
Capital injection, net	0	0	0	(13,007)	0	
Hybrid capital additions, net	0	0	52	0	(3,399)	
Dividends and hybrid coupon paid	96	144	1,350	1,267	955	
Exchange rate adjustments, etc	(793)	497	1,264	167	106	
Interest-bearing net debt, end of $period^{(2)}$	940	6,934	9,193	3,978	25,803	

⁽¹⁾ Free cash flow is calculated as cash flows from operating activities less gross investments plus divestments.

⁽²⁾ Interest-bearing net debt includes bank loans, issued bonds and other interestbearing debt.

	Section B—Issuer			
B.8	Selected key pro forma financial information	Not applicable. No changes exist requiring pro forma financial information to be included in the Offering Circular.		
B.9	Profit forecast or estimate	We expect business performance EBITDA for FY 2016 to total DKK 20 to 23 billion, and to show a positive development compared to FY 2015, both for reported EBITDA and EBITDA adjusted for non-recurring items.		
		FY 2015 was positively impacted by DKK 4.2 billion from (i) catch-up volumes from Ormen Lange and (ii) one-off items (including gain on sale of oil and gas license interests, insurance compensations as well as a settled dispute concerning CO ₂ Certificates), and FY 2016 is assumed to be positively impacted by the receipt of lump sum payments of around DKK 3.5 billion from renegotiation of gas contracts, and negatively impacted by the above mentioned provision regarding Hejre.		
		Business performance EBITDA in FY 2016 for our reporting segments is expected to develop as follows compared to FY 2015:		
		• Wind Power: Significantly higher. Business performance EBITDA is expected to total DKK 10 to 12 billion, roughly split evenly between (i) wind farm operations (including O&M agreements and PPAs) and (ii) construction contracts and divestment gains;		
		Bioenergy & Thermal Power: Lower;		
		Distribution & Customer Solutions: Significantly higher; and		
		Oil & Gas: Significantly lower.		
		EBITDA guidance for the Group is the prevailing guidance, whereas the directional earnings development per reporting segment serves as a means to support this. Higher/lower indicates the directional guidance for the business segment relative to the previous year in question.		
B.10	Qualifications in the audit report on the historical financial information	Not applicable. The audit report on the Audited Consolidated Financial Statements included in this Offering Circular has been issued without any qualifications.		
B.11	Explanation if the issuer's working capital is not sufficient for the Company's present requirements	Not applicable. The Company believes that, as of the date of this Offering Circular, its working capital is adequate to meet its financing requirements for at least twelve months following the first date of trading in the Shares on Nasdaq Copenhagen, which is expected to be on June 9, 2016.		

	Section C—Securities				
C.1	A description of the type and the class of the Offer Shares, including any security identification number	The Shares are not divided into share classes. The Shares shall be issued in the name of the holder and shall be recorded in the holder's name in our register of shareholders through the holder's custodian bank. Offer Shares (permanent ISIN code): DK0060094928 Nasdaq Copenhagen Symbol: "DENERG"			
C.2	Currency of the Offer Shares	The Offer Shares are denominated in Danish Kroner.			

	Section C—Securities			
C.3	The number of Shares issued and fully paid and issued but not fully paid	As at the date of this Offering Circular, the Company's share capital is DKK 4,177,263,730, divided into 417,726,373 Shares with a nominal value of DKK 10 each. All Shares are issued and fully paid up.		
C.4	A description of the rights attached to the Shares	All Shares rank <i>pari passu</i> with all other Shares, including in respect of voting rights, pre-emption rights, redemption, conversion and restrictions or limitations according to the Articles of Association or eligibility to receive dividend or proceeds in the event of dissolution and liquidation.		
		Each Share entitles its holder to one vote at general meetings of shareholders of the Company and to receive distributed dividends.		
		Every shareholder is entitled to have specific business considered at our annual general meeting, provided that a written request to that effect is submitted to our Board of Directors no later than six weeks prior to the general meeting. At general meetings, the attending shareholders are able to ask questions to our Board of Directors and our Executive Board concerning the items on the agenda.		
C.5	A description of any restrictions on the free transferability of the Shares	Not applicable. The Shares are negotiable instruments and no restrictions under our Articles of Association or Danish law apply to the transferability of the Shares.		
C.6	Admission to trading on a regulated market	Prior to the Offering, there has been no public market for the Shares. Application has been made for the Shares to be admitted to trading and official listing on Nasdaq Copenhagen. Subject to approval of Nasdaq Copenhagen, the first day of trading in and official listing of the Shares registered in the permanent ISIN on Nasdaq Copenhagen is expected to be on June 9, 2016. The admission to trading and official listing of the Shares on Nasdaq Copenhagen is subject to, among other things, Nasdaq Copenhagen's approval of the distribution of the Offer Shares on the first day of trading (expected to be June 9, 2016), to the Offering not being withdrawn prior to settlement (expected to be June 13, 2016) and to us making an announcement to such effect.		
C.7	A description of dividend policy	We expect to pay a dividend of DKK 2.5 billion for FY 2016. For subsequent years towards 2020, our target, supported by expected cash flow growth from new offshore wind farms coming into operation, is to increase the dividend annually by a high single digit rate compared to the dividend for the previous year. Our dividend policy is subject to our commitment to maintain a BBB+/Baa1 rating profile.		

	Section D—Risks				
D.1	Key information on the key risks that are specific to the Company or its industry	The risks and uncertainties discussed below are those that our management believes could be material, but these risks and uncertainties are not the only ones that we face. Additional risks and uncertainties, including risks which are not known to us at present or which our management currently deems immaterial, may also arise or become material in the future and result in decreased revenues, increased expenses or other events that could lead to a decline in the value of the Offer Shares and a loss of part or all of your investment. The following risk factors are not listed in any particular order of priority.			

Section D—Risks

- 1.1 We are exposed to risks relating to fluctuations in commodity prices, certificate prices, currency exchange rates, interest rates, inflation rates, including increases in inflation in Denmark relative to inflation in the UK, and general developments in the securities markets.
- 1.2 Risks Relating to Wind Power
 - We are exposed to reductions in, or abandonment of, national support for power produced by current or future offshore wind farms or other changes in laws or policies.
 - We rely on divestments of ownership interests in our offshore wind farms to investors.
 - We are subject to certain risks relating to the need to reduce the cost of electricity for offshore wind.
 - We are subject to certain risks relating to acquiring and securing project rights for new development projects, securing subsidies for development projects and maturing our development projects that may be delayed or terminated due to delays in, or lack of, the necessary consents, permits or other rights or agreements as well as delays in or lack of grid connections and other infrastructure necessary for our development projects.
 - We are subject to certain risks relating to wind conditions.
 - Our power generation from offshore wind farms is heavily dependent on the availability of offshore wind farms, the availability of the grid connections and the operating performance of the equipment we use in the operation of such wind farms.
 - We purchase turbines for our offshore wind farms from a limited number of suppliers, which could result in increased prices or an inability to secure our supply of turbines.
 - We are subject to risks arising from contractual obligations under our share purchase agreements, shareholders' agreements, constructions agreements, construction management agreements, O&M agreements and PPAs or other material agreements in connection with divestments of ownership interests in our offshore wind farms.
 - We are subject to certain risks related to changes in the regulated value, the recycle value and fluctuations in the market sales price of ROCs.
 - We are exposed to fluctuations in the price of power.
 - We are subject to certain risks relating to technology.
- 1.3 Risks Relating to Bioenergy & Thermal Power
 - We are exposed to decreases in the price of power.
 - We are exposed to fluctuations in the prices of biomass, coal, gas and CO₂ Certificates.

Section D-Risks

- We face certain risks related to a reduction, change or abandonment of financial support for biomass.
- We face regulatory risks related to district heating.
- We may encounter challenges in connection with building and operation of our first full-scale REnescience production plant in Northwich in the UK.

1.4 Risks Relating to Distribution & Customer Solutions

- Our Distribution & Customer Solutions business is subject to various regulatory uncertainties.
- We are exposed to fluctuations in the prices of crude, oil products, gas products including LNG, power and certain other commodities, certificates or indices.
- We are subject to certain risks related to renegotiation of our long-term gas purchase contracts, including our long-term LNG purchase contract.
- We face certain risks related to significant overcapacity under our LNG regasification capacity agreement.
- We face certain risks related to decreases in seasonal gas price differences in relation to our gas storage capacity agreements.
- We are exposed to changes in the volumes of produced gas and oil in the Danish North Sea.

1.5 Risks Relating to Oil & Gas

- We are exposed to decreases in the prices of oil and gas.
- We face certain risks with regard to the Hejre project and our current provision may prove to be insufficient.
- We face certain risks related to any second redetermination relating to the Ormen Lange field.
- Oil and gas reserves and resources data and field production expectations are only estimates and are inherently uncertain, and the actual size of deposits and production may differ materially from these estimates and expectations.
- If we carry out our oil and gas exploration activities, we may be unsuccessful in finding commercially viable reserves.
- We are subject to risks related to the hazardous nature of the activities in our Oil & Gas business.

1.6 Risks Relating to Multiple Businesses or to the Group

 Our investment projects for which we have taken, or in the future will take, the FID may be delayed, exceed the budget, may not be carried out at all or may fail to meet expected returns.

Section D-Risks

- We are subject to certain risks related to the lack of supply of the fuels, materials, equipment and services that we need for our business activities, including with respect to our investment projects or opportunities, or cost increases in relation to such fuels, materials, equipment and services.
- We face competitive pressure in the markets in which we operate.
- The price competitiveness of producing power from renewable energy sources such as offshore wind and biomass may be negatively affected by a reduction in demand for renewable energy, or we may face increasing competition from producers of power from other sources of renewable energy.
- We face risks relating to a referendum on the UK's continued membership in the EU.
- We face risks related to recruiting or retaining senior management and skilled and experienced personnel for our business activities, or cost increases in relation to the attraction or retention of such personnel.
- Failure by a contractor to meet its obligations under a supply or service agreement could result in significant cost overruns or delays in the completion of our investment projects.
- We rely on third parties to provide infrastructure assets necessary for our operations to the extent that we do not own or control such assets ourselves.
- We are subject to risks relating to seasonality, weather fluctuations, and long-term shifts in climate that may affect the demand for heat and power as well as our sales and storage of gas.
- We face risks related to our ability to forecast the amount of power we produce.
- We face risks related to lack of control over some of the assets in which we hold a joint interest and in some cases where we own a majority interest but have ceded some control.
- We are subject to risks related to disruptions to our operations.
- Natural and catastrophic events may damage our assets.
- Our business activities may infringe third-party intellectual property rights, or third parties may infringe our intellectual property rights.
- We are subject to certain maritime risks.
- We have been, are, and will continue to be subject to laws and regulations which are subject to change and may be negatively affected by related legal proceedings.

Section D—Risks

- We may incur material costs to comply with, or as a result of, health, safety, and environmental laws and other related national and international regulations, in particular those relating to the release of carbon dioxide and other emissions.
- The complexity and development of local and international tax rules and the complexity of our business, together with increased international focus and scrutiny of multinational companies' tax payments, may expose us to financial and reputational risks.
- Our trading and hedging activities may result in losses.
- We may not be able to effectively manage our exposure to counterparty risk.
- Cost estimates and reserve provisions for decommissioning are subject to changes in regulatory requirements, the costs of goods and services necessary to carry out decommissioning and, as such, the Group's current cost estimates and reserves may be insufficient.
- We may be adversely affected by restrictions on borrowing and debt arrangements, changes to our credit ratings, volatility in the global credit markets, provision of collateral or the repayment of our indebtedness due to a change of control and other factors.
- We face reputational risks.
- The prospective financial information and the targets included in this Offering Circular may differ materially from our actual results.
- We may enter into new markets that we have not operated in before, which will require us to successfully meet new regulatory, technical, legal, cultural and other challenges.
- We are involved and may in the future become involved in disputes and legal proceedings.
- Our insurance may not be sufficient to cover all potential losses and it is not possible to insure against all potential risks, whether in the context of a catastrophic event or otherwise.
- Security breaches, criminal activity, employee errors and other disruptions to our information technology infrastructure could directly or indirectly interfere with our administrative and/or industrial operations, could expose us or our customers or employees to loss, and could expose us to liability, regulatory penalties and reputational damage.
- We are subject to risks related to ethical misconduct or breaches of applicable laws by our employees, suppliers, agents or other third parties.
- We have, or may retain, liabilities for certain matters in connection with divestments.

	Section D—Risks				
		 If the Kingdom of Denmark ceases to hold a majority ownership interest in us, we would be subject to a legal requirement to sell the Gas Distribution Network and we may face changes in the terms and conditions applicable to certain of the consents, permits and licenses under which we operate. 			
D.3	Key information on the key risks relating to the Offer Shares	 The Kingdom of Denmark will, following the completion of the Offering, continue to hold a majority ownership interest in us and may in that capacity control or otherwise influence important actions we take. 			
		 There is no existing market for the Offer Shares, and their price may be volatile and fluctuate significantly in response to various factors. 			
		 Future equity offerings by us or sale of shares by shareholders may adversely affect the market price of the Offer Shares. 			
		 Differences in exchange rates could have a material adverse effect on the value of shareholdings or dividends paid. 			
		 We are governed by Danish law, and it may be difficult or impossible for investors outside of Denmark to serve process on or enforce judgments against us. 			
		 Certain shareholders outside Denmark may not be able to exercise preemptive rights. 			
		• There is a limited free float in the shares.			
		The Offering may be withdrawn after the first day of trading and until settlement of the Offering.			

	Section E—Offer			
E.1	Total net proceeds of the Offer and estimated expenses	The Company will not receive any portion of the proceeds from the sale of the Offer Shares by the Selling Shareholders in the Offering, except that if and to the extent there are any profits earned from any stabilization transaction, any such profits will be remitted to the Company after deduction of reasonable and documented costs.		
		Certain expenses in relation to the Offering, including commissions and fees (fixed and discretionary) to be paid to the Managers, are payable by the Selling Shareholders.		
		Each Danish account holding institution that is not a Manager, will receive a commission of 0.125% of the Offer Price of any Offer Shares (excluding the Option Shares) allocated to retail investors in respect of orders submitted through that account holding institution.		
		Certain expenses in relation to the Offering, admission to trading and official listing of the Shares on Nasdaq Copenhagen are payable by the Company. The expenses payable by the Company in connection with the Offering are estimated to amount to approximately DKK 103 million of which DKK 23 million was recorded on the Company's consolidated income statement for the three months ended March 31, 2016.		

	Section E—Offer			
E.2a	Reasons for the Offer and use of proceeds, estimated net amount of the proceeds	In connection with the capital injection in the Company in February 2014, it was agreed between the main shareholders to work towards an initial public offering and admission to trading and official listing of the Company's Shares on a regulated market. Furthermore, it was agreed that the Kingdom of Denmark, NEI and ATP would co-operate in good faith to develop an IPO roadmap together with the Company, which should include a strategic review of all the businesses of the Group. On September 18, 2015, we announced the completion of the IPO roadmap, including, in particular, that the Company would work towards an IPO and admission to trading and listing of the Shares on Nasdaq Copenhagen before the end of the first quarter of 2017.		
		The admission to trading and official listing of the Shares on Nasdaq Copenhagen in connection with the Offering is expected to support our future growth and operational strategy, advance our public and commercial profile internationally and provide us with improved access to public capital markets and a diversified base of new Danish and international shareholders.		
E.3	Terms and conditions of the Offer	The Selling Shareholders are offering in aggregate up to 72,834,393 Offer Shares, excluding the Option Shares. The number of Offer Shares being sold in the Offering will not be less than 63,248,753 Offer Shares, excluding the Option Shares. The number of Offer Shares (other than the Option Shares) being sold in the Offering will be determined by the Selling Shareholders in consultation with the Board of Directors and the Joint Global Coordinators.		
		The Selling Shareholders, other than the Majority Shareholder and SEAS-NVE Holding A/S, have agreed to grant an Overallotment Option to the Managers, exercisable in whole or in part by the Stabilizing Manager, to purchase up to 10,925,159 Option Shares at the Offer Price, from the first day of trading in, and official listing of, the Shares until the day 30 calendar days thereafter, solely to cover overallotments or other short positions, if any, incurred in connection with the Offering. The number of Option Shares will be adjusted if less than the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, such that the number of Option Shares will equal 15% of the number of Offer Shares (other than Option Shares).		
		The Offering consists of (i) a public offering to retail and institutional investors in Denmark, (ii) a private placement in the United States only to persons who are qualified institutional buyers or QIBs in reliance on Rule 144A under the US Securities Act and (iii) private placements to institutional investors in the rest of the world. The Offering outside the United States will be made in compliance with Regulation S.		

Section E-Offer

The Offer Price is expected to be between DKK 200 and DKK 255 per Offer Share and will be determined through a book-building process. The number of Offer Shares and the Offer Price will be determined by the Selling Shareholders in consultation with the Company's Board of Directors and the Joint Global Coordinators, and is expected to be announced together with the number of Option Shares through Nasdaq Copenhagen no later than 8:00 a.m. (CET) on June 9, 2016. The Offer Price Range may be amended during the book-building process. It is expected that the result of the Offering, the number of Offer Shares, number of Option Shares and the Offer Price and the basis of the allocation will be announced through Nasdaq Copenhagen no later than 8:00 a.m. (CET) on June 9, 2016. If the Offer Period is closed before June 8, 2016, the announcement of the Offer Price, the number of Offer Shares, number of Option Shares and allocation will be brought forward accordingly.

If the Offer Price Range is amended, the Company will make an announcement through Nasdaq Copenhagen and publish a supplement to this Offering Circular. Following the publication of the relevant supplement, investors who have submitted orders to purchase Offer Shares in the Offering will have two trading days to withdraw their order, in its entirety. In such circumstances, the announcement of the Offer Price will not be published until the period for exercising such withdrawal rights has ended.

The Offer Period will commence on May 26, 2016 and will close no later than June 8, 2016 at 4:00 p.m. (CET). The Offer Period may be closed prior to June 8, 2016; however, the Offer Period will not be closed in whole or in part before June 4, 2016 at 00:01 a.m. (CET). If the Offering is closed before June 8, 2016, the first day of trading in and official listing of the Shares on Nasdaq Copenhagen and the date of payment and settlement will be moved forward accordingly. The Offer Period in respect of applications for purchases of amounts up to, and including, DKK 3 million may be closed before the remainder of the Offering is closed, if it is deemed the orders received are sufficient to close the book-building process. Any such earlier closing, in whole or in part, will be announced through Nasdaq Copenhagen.

The minimum purchase amount is one Offer Share. No maximum purchase amount applies to the Offering. However, the number of shares is limited to the number of Offer Shares in the Offering.

Section E-Offer

Applications by Danish investors to purchase amounts of up to and including DKK 3 million should be made by submitting the application form enclosed in the English Language Offering Circular or the Danish Offering Circular to the investor's own account holding bank during the Offer Period or such shorter period as may be announced through Nasdaq Copenhagen. Applications are binding and cannot be altered or cancelled. Applications may specify a maximum price per Offer Share in Danish Kroner. If the Offer Price exceeds the maximum price per Offer Share specified in the application form, then no Offer Shares will be allocated to the investor. Where no maximum price per Offer Share has been indicated, applications will be deemed to be made at the Offer Price. All applications made at a price equivalent to the Offer Price, or a higher price, will be settled at the Offer Price following allotment, if any. Applications should be made for a number of Offer Shares or for an aggregate amount rounded to the nearest DKK amount. Only one application will be accepted from each account in VP Securities. For binding orders, the application form must be submitted to the investor's own account holding bank in complete and executed form in due time to allow the investor's own account holding bank to process and forward the application to ensure that it is in the possession of Nordea Bank Danmark A/S or Danske Bank A/S, no later than 4:00 p.m. (CET) on June 8, 2016, or such earlier time at which the Offering is closed.

Investors who wish to apply to purchase amounts of more than DKK 3 million can indicate their interest to one or more of the Managers during the Offer Period. During the Offer Period, such investors can continuously change or withdraw their declarations of interest, but these declarations of interest become binding applications at the end of the Offer Period.

In the event that the total number of Shares applied for in the Offering exceeds the maximum number of Offer Shares being sold in the Offering, reductions will be made as follows:

- With respect to applications for amounts of up to and including DKK 3 million, reductions will be made mathematically.
- With respect to applications for amounts of more than DKK 3
 million, individual allocations will be made. The Joint Global
 Coordinators will allocate the Offer Shares as determined by
 the Selling Shareholders, in consultation with the Joint Global
 Coordinators and the Company's Board of Directors.

Following the expiration of the Offer Period, investors will receive a statement indicating the number of Offer Shares allocated, if any, and the equivalent value at the Offer Price, unless otherwise agreed between the investor and the relevant account holding bank.

The Offer Shares are expected to be delivered in book-entry form through the facilities of VP Securities, Euroclear and Clearstream on or around June 13, 2016 against payment in immediately available funds in Danish Kroner. If pricing and allocation of the Offering takes place before June 9, 2016, the first date of trading in and official listing of the Shares on Nasdaq Copenhagen and the date of payment and settlement will be brought forward accordingly. All dealings in the Offer Shares prior to settlement will be for the account of and at the sole risk of the parties involved.

Section E—Offer The Joint Global Coordinators may, subject to certain limitations and under certain exceptional circumstances outside their control, terminate the Offering (and the arrangements associated with it) prior to pricing and after pricing and prior to settlement of the Offering, including on or after the first day of trading in the Offer Shares, including due to force majeure events and material changes in the financial conditions of our business. Each of the Kingdom of Denmark (including on behalf of all Selling Shareholders, except for NEI), NEI and the Company has the right to terminate the Offering with or without cause prior to pricing. Furthermore, the Kingdom of Denmark (including on behalf of all Selling Shareholders, except for NEI) acting jointly with NEI and after consultation with the Company and the Joint Global Coordinators has the right subject to certain limitations and under certain exceptional circumstances outside their control, to terminate the Offering after pricing of the Offering has occurred (including after admission of the Offer Shares to trading and official listing on Nasdaq Copenhagen) and before settlement of the Offering. Such circumstances include force majeure events, among others the occurrence of: (i) a material adverse change in the condition or the earnings, business affairs or prospects of the Company and its material subsidiaries, taken as a whole, (ii) certain material breaches of the obligations of the parties to the Underwriting Agreement, and (iii) disruption of the financial or trading markets generally or for our securities. The termination rights of the parties to the Underwriting Agreement will lapse upon settlement of the Offering, currently expected to take place on June 13, 2016, except in respect of the Option Shares. The termination rights of the parties to the Underwriting Agreement shall lapse, in respect of the Option Shares, upon settlement of the sale of the Option Shares, if the Overallotment Option is exercised. We strive to ensure that our Board of Directors, the Group E.4 Material interests in the Offer including conflicts Executive Management and organization as a whole possesses relevant knowledge and experience concerning our principal of interest business activities, the social, cultural, political and business matters in the geographic markets in which our principal activities are conducted and the functional areas relevant to DONG Energy. This combined with the nature of our business, where all our businesses continually enter into a large number of contracts with multiple suppliers, customers and other third parties as well as our position in the Danish and other geographic markets in which we operate, makes it unavoidable that we from time to time enter into agreements or have relationships with third parties in which one or more of our directors, officers or employees is or subsequently becomes involved (for example due to directorships, ordinary investments in listed securities or ordinary business relations). In such situations, we take all precautionary measures to ensure that decisions made in our Group observe applicable conflict of interest rules and are not influenced by undue conflicting interest or

Management.

otherwise unrelated interests. This includes in particular decisions rendered by our Board of Directors and Group Executive

Section E-Offer

There are no family ties among the members of our Board of Directors or the Group Executive Management. The members of our Board of Directors elected by the general meeting have been appointed based on recommendations from our Nomination Committee. Certain of our shareholders have a right under the 2013 Shareholders Agreement and the 2014 Shareholders Agreement to nominate board members. Accordingly, Martin Hintze, Poul Arne Nielsen and Claus Wiinblad have been elected by the general meeting upon nomination of NEI, SEAS-NVE Holding A/S and ATP, respectively, in accordance with the terms of the 2013 Shareholders Agreement (Martin Hintze and Claus Wiinblad) and the 2014 Shareholders Agreement (Poul Arne Nielsen). Except for certain customary provisions surviving termination (assuming the put option included in the 2013 Shareholders Agreement is not exercised prior to completion of the Offering, in which case the rights and obligations for such exercised put option shall only terminate upon settlement), both shareholders agreements will terminate upon completion of the Offering. NEI, SEAS-NVE Holding A/S and ATP may be able to influence the strategy, direction of operations and other affairs of the Company through the representation on the Board of Directors. The other members of our Board of Directors have been elected upon nomination by our Majority Shareholder. It follows from the State Ownership Policy that, as a main rule, the Kingdom of Denmark will not elect civil servants from the central administration to serve as board members.

Except for Thomas Thune Andersen, Martin Hintze, Poul Arne Nielsen, Claus Wiinblad and Marianne Wiinholt, none of the members of our Board of Directors or Group Executive Management has affiliations with other companies that could result in a conflict of interest, either because we have an equity interest in such company or because we and the company concerned have a material business relationship.

Thomas Thune Andersen is senior independent director at Petrofac Limited and minority shareholder of and former chairman of the board of DeepOcean Group Holding BV. Petrofac is a service provider to the oil & gas production and processing industry. DeepOcean Group is a provider of services and technologies for the subsea industry. Petrofac and DeepOcean Group are currently suppliers to the Group. The scope of work to be performed by Petrofac is expected to be fully completed in Q2 2016.

Martin Hintze holds the position as Managing Director of Goldman Sachs International, which is a related party with a significant influence over us. We have ongoing business relations with The Goldman Sachs Group, Inc. ("Goldman Sachs").

Poul Arne Nielsen holds the position of chairman of the Board of Directors of SEAS-NVE Holding A/S, which is a Danish utility company and one of our competitors in the Danish utility market. SEAS-NVE Holding A/S furthermore, via shareholdings in one of the claimants, has interests in the "Elsam" legal proceedings that conflict with our interests.

Claus Wiinblad holds the position as Head of Danish Equities at ATP. We lease our offices at Nesa Allé in Denmark from ATP. ATP is a sizeable investor in companies having significant business relations with the Group or competing with us.

Section E—Offer		
		Marianne Wiinholt is expected to be elected as a member of the board of directors of Norsk Hydro ASA on May 26, 2016. Norsk Hydro ASA is, among other things, Norway's second largest producer of hydroelectric power and trades hydro-power on the Nord Pool Spot. As such, Norsk Hydro ASA, to some extent, operates within the same fields as we do.
E.5	Selling Shareholders and Lock-up Arrangements	The Selling Shareholders have agreed with the Joint Global Coordinators that, subject to certain exceptions, for a period of 180 days from the date of this Offering Circular, they will not, except for the Shares to be sold in the Offering and subject to certain other exceptions, without the prior written consent of a majority of the Joint Global Coordinators, offer, pledge, sell, contract to sell, sell any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transactions are to be settled by delivery of the Shares or such other securities, in cash or otherwise. The exceptions applicable to the Selling Shareholders include <i>inter alia</i> disposals to the Majority Shareholder pursuant to the exercise of the put option contained in the 2013 Shareholders' Agreement and transfer of Shares to the Company in settlement of the Siri Compensation.
		We have agreed with the Joint Global Coordinators to substantially the same restrictions set forth above for a period of 180 days from the date of this Offering Circular, subject to certain exceptions. The exceptions applicable to us include <i>inter alia</i> that we are entitled to undertake certain corporate actions and issue bonus Shares to settle our obligations under the Employee Share Program and the Leader Share Program.
		The shareholders in Group Executive Management have agreed with the Joint Global Coordinators to substantially the same restrictions set forth above for a period of 365 days from the date of this Offering Circular, subject to certain exceptions. The exceptions applicable to the Group Executive Management include <i>inter alia</i> that the restricted persons are allowed to sell shares to settle any tax liabilities incurred in connection with the settlement of the Leader Share Program.
		Further, pursuant to the 2013 Shareholders Agreement, NEI and SEAS-NVE Holding A/S have entered into an agreement with the Majority Shareholder effective as from expiry of the lock-up undertaken by such Selling Shareholders pursuant to the Underwriting Agreement whereby each of NEI and SEAS-NVE Holding A/S agreed, for so long as it holds at least 5% of the shares in the Company, to consult with the Majority Shareholder prior to any further sale of its Shares.
E.6	The amount and percentage of immediate dilution resulting from the Offering	Not applicable. This Offering will not result in any dilution.

Section E—Offer		
E.7	Estimated expenses charged to the investor by the Company or the Selling Shareholders	Not applicable. None of the Company, the Selling Shareholders or the Managers will charge expenses to investors. Investors will have to bear customary transaction and handling fees charged by their account-keeping financial institution.

1. RISK FACTORS

An investment in equity shares such as the Offer Shares involves a high degree of financial risk. You should carefully consider all information in this Offering Circular, including the risks described below, before you decide to buy the Offer Shares. This section addresses general risks associated with the industry in which we operate and the specific risks associated with our business. The actual occurrence of any of such risks could have a material adverse effect on our business, results of operations, cash flows or financial condition resulting in a decline in the value of the Offer Shares. Further, this section describes certain risks relating to the Offering which could also adversely impact the value of the Offer Shares.

The risks and uncertainties discussed below are those that our management believes could be material, but these risks and uncertainties are not the only ones that we face. Additional risks and uncertainties, including risks which are not known to us at present or which our management currently deems immaterial, may also arise or become material in the future and result in decreased revenues, increased expenses or other events that could lead to a decline in the value of the Offer Shares and a loss of part or all of your investment. The following risk factors are not listed in any particular order of priority.

- 1.1 Risks relating to commodity prices, certificate prices, currency exchange rates, interest rates, inflation rates and general developments in the securities markets
- 1. We are exposed to fluctuations in the prices of commodities, certificates, currency exchange rates, interest rates, inflation rates and general developments in the securities markets.

Our revenue, profitability and cash flows are materially affected by the development of, and short- and long-term fluctuations in, market prices of oil, oil products (such as fuel oil and gas oil), gas, power, biomass (which includes wood pellets, wood chips, straw and other similar fuel sources), coal and other fuels, certificates awarded to environment-friendly power generators ("Green Certificates") and certificates for the emission of carbon dioxide ("CO₂ Certificates"), as well as currency exchange rates, in particular exchange rates between the Danish Krone, British Pound, US Dollar, Norwegian Krone and Euro, interest rates and inflation rates. The prices of certain of such commodities, certificates, currency exchange rates, interest rates and inflation rates have historically been volatile. However, the exchange rate of the Euro to the Danish Krone would only be volatile if Denmark were to abandon its fixed exchange rate to the Euro. We may be unable to pass through adverse developments in the prices of these commodities, certificates, currencies, interest rates and inflation rates in the prices of the products and services we offer or we may be unable to hedge, or may choose not to hedge, such adverse developments.

Our risk exposure to fluctuations in commodity prices, certificate prices, currency exchange rates, interest rates and inflation rates is complex and for instance, the results of some of our operations may benefit from an increase in the price of a commodity or value of a currency while the results of other operations may be adversely affected by the same increase. In addition, movements in one commodity price or currency value may be correlated at times with movements in prices of other commodities or currencies that are important to us, whereas at other times there will be no meaningful correlations.

For additional information on the exposure of our businesses to commodity prices, see the risk factors below primarily relating to each of our businesses. For additional information on our exposure to fluctuations in currency exchange rates, interest rates and inflation rates, see the other risk factors in this sub-section "Risks relating to commodity prices, certificate prices, currency exchange rates, interest rates, inflation rates and general developments in the securities markets."

Our risk management strategies seek to ensure stable financial ratios and to reduce our after-tax cash flow volatility caused by fluctuations in market prices for commodities, certificates, currency exchange rates or interest rates within a risk management horizon of three to five years. We do not seek, nor are we able, to eliminate our market exposure and we remain significantly exposed to fluctuations in commodity prices, certificate prices, currency exchange rates and interest rates, whether during or after our risk management horizons. For additional information, see Section 16.12 "Risk management." In addition, we would be further exposed if we were unable to execute our hedging strategies successfully. See also Risk Factor 51 "Our trading and hedging activities may result in losses."

We invest our liquidity reserve in short-term deposits and liquid assets, primarily including AAA – rated Danish mortgage bonds and Danish government bonds, as well as minor holdings of investment-grade (i.e. rated BBB –/Baa3 or higher) corporate bonds, including hybrid bonds, and are therefore exposed to general fluctuations in the securities markets.

As a result of the above, fluctuations in the prices of these commodities and certificates and inflation rates and general developments in the securities markets could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

2. We are exposed to fluctuations in currency exchange rates.

Many of the commodities, materials and services we buy or sell are quoted in foreign currency, including, in particular British Pounds but also US Dollars, Norwegian Kroner and Euros. Some of the exchange rates of these currencies relative to Danish Kroner have historically been volatile. However, the exchange rate of the Euro to the Danish Krone would only be volatile if Denmark were to abandon its fixed exchange rate to the Euro. An adverse development in these exchange rates may result in financial losses for us. If we expand our activities into new geographic areas, our exposure to additional currencies will increase. In addition, since we present our financial statements in Danish Kroner, negative exchange rate movements, in particular to the British Pound, US Dollar, Norwegian Krone and Euro, could have a negative effect on our results of operations and financial position. With our significant presence and planned expansion of business activities in the UK, in particular in our Wind Power business, our exposure to fluctuations in British Pounds is significant and is projected to increase. An adverse development in the exchange rate between the British Pound and the Danish Krone could have a material adverse effect on the value in Danish Kroner of our revenue generated in the UK and adversely affect the economic attractiveness in Danish Kroner of investments, in particular in new wind farms under construction or to be constructed in the UK.

In the case of certain currencies, a rising exchange rate can have a beneficial impact upon some of our business activities and a negative impact upon others. For example, our sales of crude are made in US Dollars and hence a rise in the US Dollar exchange rate relative to the Danish Krone would increase revenue and EBITDA for our oil production activities. In contrast, for our coal and biomass-fueled power generation activities, a rise in the US Dollar exchange rate relative to the Danish Krone would produce an adverse financial effect, as prices at which we purchase our coal and biomass are to a large extent denominated in US Dollars.

As a result of the above, fluctuations in currency exchange rates could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

3. We are exposed to fluctuations in interest rates.

We are exposed to fluctuations in interest rates as we incur significant debt to finance our investments. An interest rate increase would cause an increase in the cost of our existing floating rate debt and potentially of maturing debt which may have to be refinanced at higher interest rates. Also, to the extent new debt is raised, this may be at rates that are higher than recent rates. At the end of March 2016, 21% of our interest-bearing debt, excluding hybrid capital, was floating rate debt; this percentage may increase in the future. We may also invest a portion of our liquidity reserve for shorter or longer periods of time in interest-bearing assets such as deposits with banks, fixed income securities, AAA-rated Danish mortgage bonds and Danish government bonds, as well as minor holdings of investment-grade corporate bonds, including hybrid bonds. We may also enter into financial hedging contracts with floating rate interest rates. Furthermore, if excess cash flow is invested in fixed income securities or other assets with a market value dependent upon the interest rate level, in the event that the interest rates rise, this could result in an unrealized loss on the market value of the asset and a realized loss if the asset is sold before maturity.

In addition, our currency hedging program uses instruments such as cross currency swaps involving the exchange of interest payments—in particular paying a LIBOR rate, or another similar short-term UK interest rate, and receiving a CIBOR rate, or similar short-term Danish interest rate, which in case of a widening interest rate differential between Danish and UK interest rates may lead to significantly increased net interest payments related to our currency hedge portfolio. For additional information, see Section 16.12 "Risk management."

Higher interest rates may also adversely affect our ability to pursue our strategy of divesting our ownership interests in our offshore wind farms (see Risk Factor 6 "We rely on divestments of ownership interests in our offshore wind farms to investors").

Interest rate developments also affect the allowed return on certain regulated distribution assets. For example, in our power distribution activities, the allowed return is affected by long-term interest rates. A

decrease in interest rates could therefore adversely affect the revenue from these assets. See Section 15.7.2.1.6.2 "Current economic regulation" for additional information.

As a result of the above, fluctuations in interest rates could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

4. We are exposed to increases in inflation in Denmark relative to inflation in the UK.

Revenue from subsidies received in the UK through Renewable Obligation Certificates ("ROCs") or Contracts for Difference ("CfD") in relation to our UK wind farms are indexed to developments in the UK retail price index. As a significant portion of the Group's costs are denominated in Danish Kroner, domestic inflation in Denmark that is persistently higher than domestic inflation in the UK and that is not offset by an equal, opposite increase in the British Pound relative to the Danish Krone will adversely affect the value in Danish Kroner of the operating margin from our UK wind farms. We do not actively manage the risk posed by a difference in the inflation rates in Denmark and the UK. As a result of the above, an increase in inflation in Denmark relative to inflation in the UK could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

1.2 Risks relating to Wind Power

5. We are exposed to reductions in, or abandonment of, national support for power produced by current or future offshore wind farms or other changes in laws or policies.

The development and profitability of our operational offshore wind farms and our future offshore wind power projects rely, in large part, on financial support for offshore wind power. Approximately 62% of the revenue from our operational offshore wind farms in FY 2015 was derived from subsidies and other financial support such as Green Certificates and tax levy exemptions, and we anticipate that a significant portion of the revenue from our future offshore wind power projects will also come from subsidies and other financial support.

All of the countries in which we have operational offshore wind farms have long-standing support schemes in place for offshore wind power. Such schemes include, among other things, subsidies, tax or levy exemptions, feed-in premiums, feed-in tariffs and/or tradeable Green Certificates. For additional information on the regulatory framework for our Wind Power business, see Section 18.2 "Wind Power."

However, current support schemes or other financial benefits may expire, be suspended or be phased out over time, cease upon exhaustion of allocated funding or be subject to cancellation, non-renewal or change.

Future offshore wind farms which have not yet been accredited

At present, while the mechanisms for allocation of financial support for the offshore wind power industry after 2020 in our core European markets are generally established (albeit subject to change), there is uncertainty regarding the support level for individual wind farms post-2020, as there is a growing trend for governments to use tenders or auction processes to allocate subsidies and to award licenses for project rights to large-scale offshore wind farms. Combined with increased competition, this is expected to result in lower subsidies.

If the governments in the jurisdictions in which we operate, or plan to operate, were to decrease or abandon their support for offshore wind power, future offshore wind projects could become less profitable than anticipated or cease to be economically viable. In addition, governments could offer fewer project rights for offshore wind farms and/or offer fewer tenders (e.g. to secure project rights and subsidies) or auctions (e.g. to secure subsidies for projects where project rights have already been secured). Such an outcome could lead us to modify or reduce our development plans and adjust or downscale our organization.

At the EU level and in the countries in which we have operational offshore wind farms, the current status of support for offshore wind farms is as follows:

EU

In June 2014, the European Commission published "Guidelines on State Aid for environmental protection and energy 2014–2020," outlining, among other things, the general conditions for investment and aid to energy from renewable sources. In the guidelines, the European Commission states that it expects that,

between 2020 and 2030, established renewable energy sources will become grid-competitive, implying that subsidies and exemptions from balancing responsibilities should be phased out in a degressive way, and that the guidelines, consistent with that objective, will ensure the transition to a cost-effective delivery through marked-based mechanisms. In addition, driven by EU regulation, national subsidy regimes must put measures in place to ensure that power producers have no incentive to generate power at times of negative prices. As periods of negative prices are likely to occur with increased frequency in the future, in part due to volatility in certain forms of renewable energy production, this may lead to lost or delayed revenues, or to a loss of subsidies or the curtailment of power production.

In October 2014, the European Council agreed on a new 2030 framework for climate and energy, which includes a target requiring 27% of the EU's overall energy consumption to come from renewable sources by 2030. Unlike the 20% renewable energy target agreed as part of the 2020 climate and energy package, this new target will not be binding on a national level. It remains to be seen how and to what extent member states will implement the 2030 framework.

Denmark

In March 2012, the Danish Government and a broad majority of the Danish Parliament entered into an agreement on the development of Danish energy supply, under which a key target is to ensure that 50% of Danish power consumption is supplied by wind power by 2020. As part of this agreement, it was decided to establish the offshore wind farm Horns Rev 3 in the Danish North Sea and Kriegers Flak in the Baltic Sea. The Danish Government also decided to establish an energy commission to consider energy policy targets and measures for the period from 2020 to 2030 with a view to ensuring that Denmark meets its international climate commitments in a cost efficient and market-based manner. The Danish Energy Commission was established on March 31, 2016; however, as of the date of this Offering Circular, the conclusions and recommendations of the energy commission remain unknown, and no new offshore wind farm tenders have been announced in Denmark other than the Horns Rev 3 and Kriegers Flak offshore wind farms.

On May 10, 2016, the Danish Government published parts of a tax and levy analysis in relation to the green transition performed as part of the 2012 Energy Agreement. Based on the results of the analysis, the Danish Minister for Utilities, Energy and Climate at the same time announced that the Danish Government intends to discontinue the PSO and substitute the financial support by alternative financing, for example over the national budget as an income tax. The Danish Government also announced an intention to seek required political support for introducing a 0.8 DKK/kWh cap for the fixed feed-in tariff available for the Kriegers Flak offshore wind farm which is currently being tendered. The decision as to whether or not the PSO will be abolished and substituted by alternative financing and as to whether or not a cap as described will be introduced ultimately lies with the Danish Parliament.

UK

In November 2015, the Secretary of State at the Department of Energy and Climate Change ("DECC") announced a new direction for UK energy policy, including plans to support the installation of 10 GW of offshore wind power projects by 2020. However, DECC also stated that it continues to consider offshore wind currently to be too expensive, and that further support for the industry would be strictly conditional on the cost reductions already seen accelerating. If these conditions are met, DECC announced that it could support up to 10 GW of new offshore wind projects in the 2020s. The UK Government intends to award CfD contracts for offshore wind power projects by way of a competitive auction process, which would likely decrease subsidy levels.

In March 2016, the UK Chancellor of the Exchequer announced the 2016 Budget, setting aside up to 730 million British Pounds for the support of offshore wind and other less established renewable technologies for projects generating electricity in 2021 to 2026. This is estimated to be equivalent of up to 4 GW of the 10 GW announced in November 2015. The UK Government will continue to control costs on consumer bills, with further details to be announced in the second half of 2016. For additional information, see Section 18.2.2.2 "Legislation relevant to offshore wind power generators in England and Wales."

Germany

In Germany, the Federal Ministry for Economic Affairs and Energy has announced a change from the current financial support regime under the German Renewable Energy Sources Act (the "EEG") which operates on a feed-in tariff model for offshore wind power. The change is expected to be enacted by the

so-called "Offshore Wind Power Act" in 2016 as an amendment to the EEG 2014 which is further described in Section 18.2.3 "Regulation of our Wind Power activities in Germany" and will apply a tender model to offshore wind power projects which are operational by 2020. The Federal Ministry for Economic Affairs and Energy has indicated that there will be subsidies available under the new tender model. The Federal Ministry for Economic Affairs and Energy is expected to, for the most part, maintain the so-called "deployment corridor" from 2014, which sets out targets for offshore wind expansion of 7.7 GW by 2020 and 15 GW by 2030. The capacity volumes auctioned per year will be in line with these targets and are expected to be between 600 and 900 MW (on average 730 MW per year) as of 2021. However, the allocation of subsidies to projects tendered will not be known until at the earliest when the "Offshore Wind Power Act" is enacted in 2016. See Section 18.2.3 "Regulation of our Wind Power activities in Germany."

Existing offshore wind farms or offshore wind farms under construction which have been accredited

We cannot guarantee that retrospective changes to support schemes for accredited offshore wind farms will not occur. For example, prior to July 31, 2015, power generated from qualifying renewable energy sources in the UK was exempt from a carbon tax called the climate change levy ("CCL"). Levy exemption certificates ("LECs") were issued as evidence that a generator had produced eligible renewable source power and LECs could then be used to claim the CCL exemption. In July 2015, the CCL exemption for renewable power was removed, and no LECs have been, nor will be, issued for any power generated on or after August 1, 2015.

Furthermore, the Renewable Obligation ("RO") regime is scheduled to close to new capacity on March 31, 2018. As a result, after this date the CfD support scheme will be the principal support scheme available for new offshore wind power projects. From March 31, 2018, a closed pool of RO-supported energy projects will be created which will diminish over time until the end date for the RO on March 31, 2037. The UK Government has stated that it intends to grandfather support for all RO-accredited technologies on the basis of the support rates applicable on March 31, 2017. It is contemplated that as of 2027, ROCs would have a fixed value (the ROC buy-out price plus 10%) that would be inflation-linked. For additional information, see Risk Factor 13 "We are subject to certain risks related to changes in the regulated value, the recycle value and fluctuations in the market sales price of ROCs."

Changes in national support for offshore wind power produced by current or future wind farms or other changes in laws or policies could therefore have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

6. We rely on divestments of ownership interests in our offshore wind farms to investors.

Our partnership strategy involves selling a significant portion of our ownership interest, typically 50%, in offshore wind farms to investors. See Section 15.5.8 "Partnerships."

In the future, such divestments may be delayed, may not be completed on economically attractive terms or may not be completed at all.

Among other things, this could be due to:

- lack of potential investors or a lack of financing available to such investors;
- investors' expectation for higher returns as a result of increased market interest rates;
- changes to the current view on the risk profile of offshore wind investment;
- changes to regulatory or tax regimes, producing lower or less predictable returns for investors, making it more difficult to reach agreement with potential investors on the terms of future divestments;
- regulatory or contractual restrictions preventing us from divesting ownership interests; or
- competition from investment opportunities provided by third parties, including investment opportunities in offshore wind farms provided by other market participants.

Under our investment program, we have significant capital expenditure in the coming years, the majority of which has already been committed (see Section 16.7 "Anticipated future capital expenditure"). To fund our investment program, our current financial planning assumes, among other things, that we will divest ownership interests amounting to 50% in each of the Race Bank, Walney Extension, Hornsea 1 and Borkum Riffgrund 2 offshore winds farms in the future. We can provide no assurance that the relatively high number of divestments in process over a relatively short time period will not increase the risk of

divestments being delayed compared to our scheduled financial planning objectives, not being completed on economically attractive terms or not being completed at all. If we are unable to complete scheduled divestments, whether on a timely basis or at all, it may lead to an adverse development in our key credit metrics, which may negatively affect our current credit rating (see Risk Factor 54 "We may be adversely affected by restrictions on borrowing and debt arrangements, changes to our credit ratings, volatility in global credit markets, provision of collateral or the repayment of our indebtedness due to a change of control and other factors"). Discontinuing investment projects for which FIDs have been taken will in such a scenario typically not be an attractive means to reinforce our capital structure. Discontinuing investment projects for which FIDs have been taken could result in a write-off of up to the full capital expenditure amount plus additional costs for terminating the project, which could potentially be substantial.

If divestments are not realized as planned, this could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

7. We are subject to certain risks relating to the need to reduce the cost of electricity for offshore wind.

The offshore wind power industry remains in a phase where the level of industrialization is relatively low and there is a risk that new technologies, improvements in the supply chain and increased competitive pricing among suppliers will not be developed or materialize at the pace necessary to reduce costs to the required levels. Post-2020, offshore wind farm operations may become more complex, due to increased water depth and increased distance to shore, which further highlights the importance of reducing the cost of electricity.

In addition, lower subsidies and other financial incentives may also inhibit the development and construction of additional offshore wind farms and decelerate the growth of the industry's total generating capacity, which could have a negative effect on know-how and supply chain development with respect to reducing the cost of electricity from offshore wind farms. This is because cost reductions depend in part on the number of offshore wind farms constructed and operated as knowledge regarding implementation of cost efficiency measures is significantly increased with each farm.

The general need for continuous cost reductions in offshore wind technologies is emphasized by official statements from various governments. For instance, reducing the cost of electricity from offshore wind is a priority for the industry in the UK. In 2012, the UK Government challenged the offshore wind industry to reach a target of 100 GBP/MWh by 2020, representing a reduction of 30% to 40%. Moreover, in November 2015, DECC stated that it continues to consider offshore wind to be too expensive, and that further support for the industry would be strictly conditional on the cost reductions already seen accelerating (see Risk Factor 5 "We are exposed to reductions in, or abandonment of, national support for offshore wind power produced by current or future wind farms or other changes in laws or policies"). Therefore, the industry's effort and success in reducing the cost of electricity for offshore wind is essential to making offshore wind less dependent on the policies, subsidies and measures that have been designed to support it. If the offshore wind industry in general fails to succeed in reducing the cost of electricity, or otherwise fails to reduce the cost of electricity for offshore wind to the extent necessary to compete effectively with other renewable or non-renewable energy sources, this could have a material adverse effect on the offshore wind industry in general and our Wind Power business due to loss of political and financial support for offshore wind.

While we aim to continue our progress in lowering our cost of electricity for offshore wind, and even if the offshore wind power industry in general succeeds in reducing the cost of electricity, we cannot provide any assurance that we will be able to reduce our cost of electricity for offshore wind to the extent necessary to compete effectively with other offshore wind farm developers or with other renewable or non-renewable energy sources.

For information on our initiatives to reduce the cost of electricity, see Section 15.5.7 "Cost of electricity reduction initiatives."

Materialization of any of the above risks could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

8. We are subject to certain risks relating to acquiring and securing project rights for new development projects, securing subsidies for development projects and maturing our development projects that may be delayed or terminated due to delays in, or lack of, the necessary consents, permits or other rights or agreements as well as delays in or lack of grid connections and other infrastructure necessary for our development projects.

Acquiring and securing project rights for new offshore wind development projects for installation and commissioning where we have not yet taken FID, securing subsidies for such existing and potential new offshore wind development projects and successful advancement of such projects are essential to expand our Wind Power business; however, we are subject to challenges in obtaining necessary projects rights, subsidies, consents, permits, licenses, grid connections and/or other commercial agreements. The challenges we are facing include, among other things, the following:

Tenders and auctions for project rights and/or subsidies

We participate in tenders and auctions to acquire and secure project rights and/or subsidies for offshore wind development projects where we have not yet taken FID and may otherwise seek to acquire or secure such project rights and/or subsidies.

Failure to win tenders and auctions or otherwise acquire or secure project rights and/or subsidies might lead to us being unable to expand our Wind Power business, including the satisfaction of our aspiration of constructing 1 GW of additional installed offshore wind capacity per annum for the period 2021 to 2025. For additional information on some of the challenges we face, see Risk Factor 7 "We are subject to certain risks relating to the need to reduce the cost of electricity for offshore wind" and Risk Factor 35 "We face competitive pressure in the markets in which we operate."

Dependence on obtaining construction and operating consents, permits and licenses

In order to build and operate an offshore wind farm, a number of consents, permits and licenses must be obtained from the relevant authorities. The comprehensiveness and the procedures for obtaining such consents, permits and licenses may vary across countries. Such consents, permits and licenses may be necessary for both onshore and offshore construction and operation activities.

The granting of such consents, permits and licenses may be subject to hearings by both the public and by authorities. Moreover, after having obtained such consents, permits and licenses we are required to comply with the conditions included, and failure to do so may result in fines, sanctions and/or revocation or suspension of the consents, permits or licenses granted to us. We can provide no assurance that all necessary consents, permits and licenses will be obtained and renewed if/when required.

Failure to obtain or delay in obtaining the necessary consents, permits and licences could result in termination or delay of such projects (including in write downs of the development costs incurred).

Grid connection

Obtaining connection to the electrical grid is crucial in securing distribution of the power generated by the wind farm. Successful connection to the grid depends on several factors, which vary from one country to another. These factors include among others scope of the transmission infrastructure construction for which we are responsible, the reliability and presence of local transmission infrastructure as well as the relevant transmission systems operator (the "TSO"). In the UK, we construct the entire transmission infrastructure ourselves. In Denmark and Germany most or parts of the infrastructure is constructed by the local TSO which may increase the risks of not being able to obtain a grid connection agreement in due time. Further, in Germany a grid connection already granted can be lost, if we do not adhere to certain construction-based milestones. For additional information, see Risk Factor 40 "We rely on third parties to provide infrastructure assets necessary for our operations to the extent that we do not own or control such assets ourselves."

Failure to obtain, delay in obtaining or losing the necessary grid connection for our development projects could result in termination or delay of such projects (including in write downs of the development costs incurred).

Other key commercial agreements

Developing an offshore wind farm may be affected by agreements relating to proximity constraints and cable crossings (onshore and offshore) as well as other commercial agreements such as agreements with local fishermen or others affected by the offshore wind farm.

For example:

- we have entered into agreements to provide technology that mitigates the effects of radar interference caused by the proximity of turbines to air traffic surveillance systems in the area around the wind farm. If we fail to mitigate such effects, our offshore wind farm consents may be revoked, we may be required to implement temporary shut-downs of our offshore wind farms, or we may be required to pay the relocation expenses of affected aircraft operations; and
- our cables may conflict with existing cables, such as telecom cables, subsea oil and gas pipelines or other infrastructure projects and may inflict damage or breach these during deployment or operation. Additionally, our cables are at risk of being damaged or breached by other cables or vessels. We seek to obtain crossing agreements with other cable owners but we cannot provide any guarantees to obtain these.

Failure to locate, obtain and secure real estate interests, crossing and proximity agreements and other relevant commercial agreements or delay in securing such interests and agreements for our development projects can result in termination or delay of such projects (including in write downs of the development costs incurred).

The materialization of any of the risks above could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

9. We are subject to certain risks relating to wind conditions.

The power produced and revenue generated by our offshore wind farms are highly dependent on wind conditions at the particular offshore wind farm site.

Risks related to predictions of long-term wind conditions

During the development phase and prior to taking a FID to construct an offshore wind farm, we carry out studies to predict long-term wind conditions.

However, we cannot guarantee the accuracy of our predictions of long-term wind conditions of any offshore wind farm site. Long-term predictions are subject to uncertainties due to, among other things, the placement of wind measuring equipment, the amount of data available, the extrapolation and forecasting methods used to estimate wind speeds and differences in atmospheric conditions and errors in meteorological measurements. Moreover, long-term climate changes may make our long-term predictions incorrect.

If actual long-term wind conditions of an offshore wind farm site do not correspond to our predictions, by way of negative variance, this would result in the production of lower power volumes from that offshore wind farm than anticipated.

Risks related to natural wind fluctuations

Even if the actual wind conditions at an offshore wind farm site are consistent with our long-term predictions, wind conditions over a limited period of time may substantially deviate from the long-term average due to natural wind fluctuations.

If the wind conditions at an offshore wind farm site are materially below the average levels we expect for a particular period, the generation of wind power from the offshore wind farm during that period could correspondingly be materially less than expected.

Risks related to meteorological correlations

Our Wind Power business is currently involved in the operation of offshore wind farms only in Denmark, the UK and Germany, and meteorological performance in these areas are highly correlated. Consequently, if wind conditions in one of these areas is low, this could potentially affect all of our offshore wind farms, which could negatively affect the generation of wind power in a given period.

Risk related to man-made obstructions

Wind conditions at any offshore wind farm site may also be adversely affected by man-made obstructions constructed in the vicinity of an offshore wind farm, including other offshore wind farms or oil and gas platforms. While we normally seek to take this factor into account in our FIDs where we have sufficient information to do so, we may not know of any potential future wind farms or other man-made obstructions to be constructed in the vicinity of the relevant offshore wind farm at the time of any FID and thus cannot guarantee that none will be constructed following our FID. In addition, if a new offshore wind farm is constructed in the same area as an existing offshore wind farm in which we have partners which negatively affects the wind flow, and therefore the power production of such existing wind farm, we may be required under the terms of certain of our partnership agreements to compensate our partners for this loss.

In addition, fluctuations in wind could result in fluctuations in profitability from offshore wind farms since revenue from offshore wind power sales depends on wind conditions while related expenses generally do not. Additionally, certain of our construction agreements and O&M agreements contain certain variable compensation components based on the performance of our wind farms. Fluctuations in wind could reduce our potential earnings under these agreements if, as a result of such fluctuations, we fail to achieve certain performance metrics.

If any of the risks relating to predictions of long-term wind conditions, natural wind fluctuations, meteorological correlations or man-made obstructions materialize, this could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

10. Our power generation from offshore wind farms is heavily dependent on the availability of offshore wind farms, the availability of the grid connections and the operating performance of the equipment we use in the operation of such wind farms.

Our Wind Power business depends heavily upon the operational performance of our offshore wind farms and of the grid connections, which in turn may be affected by, among other things, component failures and breakdowns, including turbines, substations, export cables and array cables and the time required to repair such failures and breakdowns, which may be affected by weather conditions and the availability of skilled personnel, vessels and spare parts. The occurrence of any of the above could cause turbines to be de-energized for a period of time that in certain circumstances may last several weeks or even months or years in the case of infrastructure with long lead times to replace or repair, such as with export cables or substations

The operation and maintenance, and thus the production of power, of our wind farms depends in part on weather conditions as weather may cause blade erosion or other damage to the turbines, foundations, array cables and other key components. Furthermore, adverse weather conditions may make such key components inaccessible for unscheduled maintenance and repair work.

Minor equipment failures are the most common cause of turbine downtime and although a single failure may have limited impact, such failures may occur frequently and be disruptive to our wind farm operations. In addition, certain of our O&M agreements contain certain variable compensation components based on the performance of our wind farms, including, for example, the number of hours during which certain key components of the wind farms are functioning properly. Frequent or prolonged breakdowns could reduce our potential earnings from a particular O&M agreement if, as a result of such breakdowns, we fail to achieve certain performance metrics.

Although we may be entitled to receive liquidated damages from the turbine and service and maintenance suppliers for performance and availability shortfalls, there can be no assurance that such liquidated damages will fully compensate us for the shortfall, concurrent decrease in wind power revenues or claims against us resulting from disruptions. Warranties in turbine supply agreements ("TSAs") may have certain carve-outs for which the supplier is not responsible and will typically exclude other causes of non-availability, such as scheduled and unscheduled grid outages, and maritime costs related to repair. Finally, the time and expense required to enforce any warranties may result in cash flows being delayed across financial periods or in net income being lower than anticipated or not received at all.

In addition, warranties typically apply only for a limited period (generally five years). Our turbines have an expected operational life of up to 24 years from the date of commissioning, and any losses from downtime, underperformance or non-performance because of mechanical or electrical failures or other defects will therefore generally be at our expense for the remainder of each turbine's life after the warranties expire. Should turbines or other equipment malfunction or not perform adequately after the expiry of the relevant

warranty period, we may need to repair or replace that equipment at our own expense, which could be costly.

Moreover, we have entered into agreements to provide technology that mitigates the effects of radar interference caused by the proximity of turbines to air traffic surveillance systems in the area around the wind farm. If we fail to mitigate such effects, our offshore wind farm consents may be revoked, we may be required to implement temporary shut-downs of our offshore wind farms, or we may be required to pay the relocation expenses of affected aircraft operations.

The materialization of any of the risks detailed above could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

11. We purchase turbines for our offshore wind farms from a limited number of suppliers, which could result in increased prices or an inability to secure our supply of turbines.

There are only a limited number of suppliers of large-scale turbines for offshore wind farms.

As of December 31, 2015, Siemens Wind Power had supplied the significant majority of our total installed offshore wind capacity. Agreements with Siemens Wind Power and/or the Mitsubishi Heavy Industries Vestas Offshore Wind Joint Venture ("MHI Vestas") have been entered into for the supply of turbines for offshore wind farms currently under construction.

Our high degree of reliance on two turbine suppliers exposes us to certain risks, including, in particular, delays, increased prices for turbines, turbine maintenance services or spare turbine parts due to limited supply, the loss of either of our existing turbine suppliers, the inability to find replacement turbine suppliers, or a change in the terms of our existing turbine supply agreements. Furthermore, there can be no assurance that we will benefit from similar levels of prices and services from our existing or new turbine suppliers in new geographic markets that we may enter in the future.

The materialization of any of the risks above could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

12. We are subject to risks arising from contractual obligations under our share purchase agreements, shareholders' agreements, construction agreements, construction management agreements, O&M agreements and PPAs or other material agreements in connection with divestments of ownership interests in our offshore wind farms.

Our partnership strategy involves selling a significant portion of our ownership interest, typically 50%, in offshore wind farms to investors. See Section 15.5.8 "Partnerships."

In connection with these partnerships, we typically enter into the following agreements:

Share purchase agreements

As of the date of this Offering Circular, we have divested ownership interests in 10 of our offshore wind farms to financial or institutional investors. We also expect to enter into such agreements in respect of divestments of ownership interests in future offshore wind power projects. We face risks, including, but not limited to, risks such as those relating to contractual obligations and representations and warranties undertaken in share purchase agreements.

Shareholders' agreements

We enter into a shareholders' agreement ("SHA") with the investors of each wind farm which sets out the governance and voting arrangements between the parties. In the majority of our partnerships, we and the investor have equal shareholder voting rights except in specific commercially negotiated instances. Each partner is obligated to fund the project pro rata based on its partnership interest, up to an agreed cap. If the project is not completed prior to a pre-determined date, the partnership may be terminated and we may be required to repurchase the partner's interest in the project, refund certain capital invested by the partner and/or pay certain compensation.

Construction agreements

We have entered into construction agreements in relation to the Anholt, Borkum Riffgrund 1, Gode Wind 1, Gode Wind 2 and Burbo Bank Extension offshore wind farms. We may also enter into such

agreements in respect of divestments of ownership interests in future offshore wind power projects. Under our construction agreements, we generally assume the majority of risks related to engineering, procurement, construction, cost overruns and delays, and in certain partnerships, we assume risks relating to power generation during a portion of the early operational phase. As such, we may be exposed to a significantly larger risk in connection with construction of the offshore wind farms than our ownership interests would imply. Risks relating to the delivery and installation of turbines are, to some extent, shared with partners in our projects. Certain other risks beyond our control are also typically shared with our partners, such as force majeure, changes in law, delayed provision of grid connection and extreme weather below a certain probability.

If we enter into a construction agreement for a UK wind farm, the project may also involve the construction of transmission infrastructure which would subsequently be divested to the Offshore Transmission Owner ("OFTO"). In the construction agreement, we assume the risk that when we divest the transmission infrastructure to the OFTO, we will not be permitted to recover costs incurred by us that the Office of Gas and Electricity Markets ("Ofgem") disallows. However, as the transmission tariffs we pay to the UK grid operator during the first 20 years of the wind farm are determined primarily by the price paid for the transmission asset, the transmission tariff we pay in proportion to our ownership interests will be lower if such costs incurred were disallowed.

Construction management agreements

We may enter into construction management agreements as an alternative to construction agreements in respect of divestment of ownership interests in existing or future offshore wind power projects. As of the date of this Offering Circular, in the instances where we have entered into construction management agreements, we share construction risks equally with our partners. However, in the future, we may decide to assume risk that is greater than our ownership interest.

O&M Agreements

We enter into O&M agreements with the investors of most wind farms in which we have divested a portion of our ownership interests, which set out the services to be provided. The O&M agreements typically have a term of 15 years. Under such agreements, we generally offer to perform preventative operation and maintenance services for a fixed fee and assume the risk that the costs of performing such services exceed our expectations while risks regarding corrective maintenance are shared equally with investors. For further information, see Section 15.5.6.3.1 "Operations Phase."

Power Purchase Agreements

Distribution & Customer Solutions has entered into long-term power purchase agreements ("PPAs") with our partners in the UK and in Germany. In the UK and Germany, we purchase power at the applicable market rate less certain fees. In the UK under the RO support scheme, our PPAs include a minimum and maximum guaranteed power purchase price. We therefore bear the risk of the price of power falling below the minimum guaranteed price (see Risk Factor 14 "We are exposed to fluctuations in the price of power"). In the UK under the RO support scheme, we purchase ROCs from our partners at a pre-determined portion of the ROC buy-out price. We therefore bear the risk of any inability to sell the ROCs or to do so only at a price below the price at which we purchased the ROCs from our partners (see Risk Factor 13 "We are subject to certain risks related to changes in the regulated value, the recycle value and fluctuations in the market sales price of ROCs").

The materialization of any of the risks above could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

13. We are subject to certain risks related to changes in the regulated value, the recycle value and fluctuations in the market sales price of ROCs.

With respect to our UK wind farms that are subject to the RO support scheme, the income from the sale of ROCs is determined by a price set for the ROC by the regulator, which is the ROC buy-out value (typically 90% to 100% of the total ROC income), and a recycle value (typically 0% to 10% of total ROC income). The ROC buy-out value is currently set by the regulator and adjusted each year based on the consumer price index, although this may change in the future. For additional information, see Section 15.5.9.2 "England and Wales." An adverse development in the price set by the regulator or the recycle value of ROCs will negatively affect the income derived from our UK wind farms that are subject to the RO support scheme.

We sell our ROCs to power suppliers who do not generate their required proportion of renewable energy. However, such power suppliers may also pay the ROC value in cash into a recycle fund rather than purchase the ROC from renewable energy suppliers. Any decrease in demand for ROCs sold by renewable energy suppliers, or any decrease in the market value of the ROCs we sell, would negatively affect the income derived from our wind farm activities. In addition, we have agreed under certain of our PPAs to purchase our investment partners' share of the ROCs at a pre-determined portion of the regulated ROC value.

If we are unable to sell our ROCs, if the ROCs decrease in market value or if we are only able to sell our ROCs at a price below the price we have agreed to pay our investment partner, this could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

14. We are exposed to fluctuations in the price of power.

Fluctuations in the market price of power can be caused by changes in demand and supply, fluctuations in temperature, wind and other weather conditions, and changes in commodity prices. Negative power prices can occur when supply temporarily exceeds demand for power in a particular area. At present, the regulatory regimes applicable to wind power in the countries in which our Wind Power business operates provide us with substantial protection from changes in the market price of power for the subsidy period which vary by country (see Section 18.2 "Wind Power." However, we expect to sell power at market prices following this initial period. For example, the income from Danish wind farms where the period in which we benefitted from subsidies has ended, is exposed to Danish power prices and any adverse development in the price of Danish power will negatively affect the revenue from such wind farms. Future regulatory regimes may not allow the same level of insulation from market prices, which would increase our exposure to fluctuations in the market price of power.

In addition, our UK wind farms which are subject to the RO support scheme currently receive approximately 25% of their revenue from the sale of power production in the market. This percentage fluctuates depending on market prices for power, among other factors. In addition, we have agreed under certain of our PPAs to pay our investment partners a minimum guaranteed purchase price for power. See Risk Factor 12 "We are subject to risks arising from contractual obligations under our share purchase agreements, shareholders' agreements, constructions agreements, construction management agreements, O&M agreements and PPAs or other material agreements in connection with divestments of ownership interests in our offshore wind farms." If there is a significant decrease in the market prices, Distribution & Customer Solutions would be required to purchase power from such partners at prices above market prices.

Our exposure to market power prices in respect of offshore wind farms where subsidies will terminate in the future will increase when the initial subsidy periods end for more of such wind farms. Such exposure may also increase due to the features of potential long-term support schemes for offshore wind.

As a result of the above, fluctuations in the price of power could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

15. We are subject to certain risks relating to technology.

Our Wind Power business may face problems with the technologies used in the offshore wind power industry given the relatively recent development of these technologies and the continual rapid pace of technology development. Among other things, such problems may be caused by the following factors:

- we are often the first adopter of certain technologies; for example, the Burbo Bank Extension will be the first offshore wind farm in the world to use the 8.0 MW turbine from MHI Vestas;
- with the exception of Vindeby, no turbines or other equipment used in our offshore wind farms have accumulated the number of operating hours equivalent to their expected operational lifetime, which is up to 24 years, and in the harsh weather conditions faced by offshore wind farms; or
- turbines and other equipment may suffer from design defects, which may only become apparent following the expiry of the relevant warranty periods.

The problems may include serial defects affecting a number of turbines or other equipment.

There can be no assurance that the remedies under the relevant supply agreement compensate us for such problems, because the problems may not be the responsibility of the supplier, the problems may occur only after the expiry of the relevant defect notification period or the loss associated with the problem is otherwise not fully recoverable under the contract.

We have identified erosion on the leading edge of the blades for some of our offshore wind farms. If not remedied, leading edge erosion negatively affects the performance of the blades and could over time also affect the structural integrity of the blades. Our turbine suppliers have designed solutions to mitigate leading edge erosion, including solutions for operational wind farms which, according to our suppliers, can be applied offshore. The solutions developed by the suppliers to mitigate leading edge erosion may however be unable to fully prevent leading edge erosion for the remaining part of the wind farms' expected operational lifetime. We generally believe that mitigation of leading edge erosion is the responsibility of our suppliers, but the supplier may take a different view. Recently, Siemens Wind Power A/S has taken the view that a certain leading edge erosion issue is to be considered normal wear and tear and therefore not covered by their warranty. The dispute remains unsolved and we may incur costs related to the repair-work and future maintenance work. There can be no assurance that we will not be liable to the investors in our wind farms for the leading edge blade erosion issues under the construction agreements we have entered into with such investors, even if the supplier is not held to be liable to us. Any repair work needed due to such erosion issues will cause down-time at our wind farms and adversely affect the power output, and thereby our profits if and to the extent such power loss is not covered by our suppliers' warranties.

Problems with one or more turbines, turbine components, blades or other equipment to perform over the expected lifetime of our offshore wind farms could have a material adverse effect on our business, cash flows, financial condition and/or results of operation.

1.3 Risks relating to Bioenergy & Thermal Power

16. We are exposed to decreases in the price of power.

Power generated by our Bioenergy & Thermal Power business uses a variety of technologies and different fuels (biomass and fossil fuels) which result in different cost structures. Also, critically, unlike fuels, power cannot be stored economically once generated and transported to different markets at different times. As a result, our power prices are driven largely by fluctuations in supply and demand at the time of generation. Our power prices are subject to significant fluctuations resulting from a variety of factors having both short- and long-term effects. Demand is principally affected by consumer and industrial demand for power, which can fluctuate considerably during the day, on a seasonal basis and on an annual basis. Supply is principally affected by the availability of power generation capacity and marginal production cost of such generation capacity, which are in turn affected by factors such as scheduled and unscheduled generation downtime, fuel and operating costs, the cost of CO₂ Certificates, weather conditions (such as temperature, precipitation and wind conditions), transmission capacity within our markets and changes in the regulatory environment. In particular, long-term power prices could decrease due to unforeseen increases in the number of power producing wind farms, solar energy installations or other power producing technologies with low marginal production cost. In addition, limited access to the current interconnector capacity between markets or delays or cancellation of new interconnector capacity build-out could decrease the price of power in both the short and the long-term.

Decreases in the price of power could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

17. We are exposed to fluctuations in the prices of biomass, coal, gas and CO_2 Certificates.

The power plants in our Bioenergy & Thermal Power business use a variety of fuels including biomass, coal and gas to generate heat and power.

The profitability of our biomass-based power production depends on our gross margin between the price of power we sell plus the relevant subsidy available to biomass-based power, and the cost of the biomass that we purchase for the production of biomass-based power. We source our biomass from the wholesale markets on which it is traded and on a bilateral basis under agreements with suppliers. Fluctuations in the market price of biomass, including as a result of fluctuations in supply and demand, could affect the cost of our operations. Most of our biomass is sourced through contracts with terms of one to three years. We have currently entered into one long-term "take or pay" wood pellet agreement with a US-based supplier, which means that we are required to purchase certain minimum amounts of wood pellets regardless of whether such amounts are needed or wanted. Our wood pellet requirements may decrease and we may be unable to sell the surplus wood pellets on the market at a price at or above the purchase price under the agreement.

The profitability of our coal and gas-based power production depends on our gross margin between the price of the power we sell and the cost of the coal, gas and CO₂ Certificates that we purchase for the

production of coal and gas-based power. The market price for coal is influenced by, for example, fluctuations in the price of crude and gas as coal serves globally as an alternative fuel to crude and gas for several uses, including the generation of power. The market price of crude and gas is in turn influenced by various factors, including those discussed in Risk Factor 22 "We are exposed to fluctuations in the prices of crude, oil products, gas products including LNG, power and certain other commodities, certificates or indices." The market price for CO₂ Certificates is influenced by developments in demand and supply for CO₂ Certificates, which are in turn affected by various factors, including conditions in the power market, general economic trends, EU regulation and political support for renewable energy.

In addition, the prices of our fuels are also influenced by transportation costs and by regulatory efforts to reduce CO_2 and other emissions, such as sulfur dioxide (" SO_2 ") and nitrogen oxides (" NO_x ") or to promote alternative fuel sources.

Changes in the prices of coal, gas, CO₂ Certificates and biomass, including changes to the relative fuel prices, could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

18. We face certain risks related to a reduction, change or abandonment of financial support for biomass.

In Denmark, power producers receive a subsidy of DKK 0.15 per kWh for biomass-based power. In addition, fossil-based heat generation in Denmark is subject to energy tax, together with CO₂ tax and environmental taxes on SO₂ and NO_x emissions. Biomass-based heat production is exempt from energy and CO₂ taxes, but are subject to tax liabilities for SO₂ and NO_x emissions to the same extent as fossil fuel-based heat production. Subject to certain conditions, the heat customer is allowed to share the tax advantage of using biomass fuels instead of fossil fuels with us as the heat producer. This incentivizes conversion from coal and gas to biomass in combined heat and power ("CHP") plants. Sharing of the tax advantage, and accruals of the pre-payments for the investment by the heat customer, are the two elements of the heat EBITDA that are key parts of the long-term district heating agreements we have entered into in connection with the bio-conversion and life-time extensions of our CHP plants. For additional information, see Section 18.3.1 "Regulation of our Bioenergy & Thermal Power activities in Denmark." However, there can be no assurance that biomass-based heat generation will continue to be exempt from such taxes in the future.

In the UK, we are currently constructing our first full-scale commercial REnescience plant in Northwich, which will be eligible for accreditation under the RO support scheme. See Risk Factor 20 "We may encounter challenges in connection with building and operation of our first full-scale REnescience production plant in Northwich in the UK."

Any reduction, change or abandonment of the above financial incentives or in any financial incentives applicable to future bioenergy activities could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

19. We face regulatory risks related to district heating.

The supply of district heating from the larger centralized CHP plants that we operate is regulated. For further information on the regulation, see Section 18.3.1.4 "The Heat Supply Act."

The cost distribution between heat and power production is subject to the supervision of the Danish Energy Regulatory Authority (the "**DERA**"), and the DERA may change the cost distribution based on the DERA's fairness assessment. The DERA has the authority to initiate investigations on an ex officio basis within its capacity as regulatory authority. The DERA's decisions may have retroactive effect and its decisions therefore may lead to price adjustments in favor of the heat customers, which may materially and adversely affect our business and results of operation.

In 2015, the DERA began an investigation relating to our method used in respect of notification and verification of depreciation costs. This case has been put on hold by the DERA due to expected changes to the district heating regulation. Depending on the future changes to the regulation regarding heat-related depreciations, the case may be taken up again by the DERA in which case this could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

20. We may encounter challenges in connection with building and operation of our first full-scale REnescience production plant in Northwich in the UK.

We are currently building the first full-scale REnescience production plant in Northwich in the UK with a construction cost of approximately DKK 600 million. We may encounter construction and operational delays and/or unanticipated expenses caused by design errors, budget overruns, underutilized processing capacity and we will be depending on external suppliers of household waste. In addition, the plant may be unable to generate the anticipated levels of biogas-to-power and/or other by-products, and the prices and marketability of the by-products may be lower than expected.

The Northwich REnescience plant is eligible for the current RO support scheme in the UK, which will end for new projects in March 2017. If the Northwich plant does not satisfy the necessary criteria by the time the RO support scheme ends, the Northwich plant would be unable to benefit from the RO support scheme and would seek to qualify for other renewable energy support mechanisms in the UK, such as the small-scale feed-in tariff.

The small-scale feed-in tariff would provide a fixed level of support to the Northwich plant for 20 years, and the support would be in the form of top-up payments for renewable power, as with the RO support scheme. The feed-in tariff is offered on a first-come, first-served basis to new projects (of less than 5 MW) with a limit on the amount of new capacity that can begin receiving a subsidy in a given quarter. The available feed-in tariff for new projects is set to decline over time as other projects are realized; as a result, the level of subsidy under the feed-in tariff would therefore be uncertain.

If the risks outlined above related to the Northwich REnescience plant materialize, this could have an adverse effect on our business, cash flows, results of operation and/or financial condition.

1.4 Risks relating to Distribution & Customer Solutions

21. Our Distribution & Customer Solutions business is subject to various regulatory uncertainties.

Our power distribution business is highly regulated and the income and returns we receive from this activity are subject to significant regulation (See Section 15.7.2.1.6 "Regulation of power distribution"). This is also the case for our Oil Pipeline Business (See Section 15.7.2.2 "Oil Pipe").

Uncertainty of historical and current level of revenue cap in power distribution

As for most of the power distribution companies in Denmark, including our power distribution company ("Radius"), the exact level of the current and historical revenue cap is not yet known. The revenue cap is the regulatory limit for the total revenue that a power distribution company can obtain in a year, calculated on the basis of a number of elements as described in Section 15.7.2.1.6.2 "Current economic regulation" and Section 15.7.2.1.6.3 "Elements in the revenue cap." The uncertainty of the levels of the revenue cap is mainly due to the fact that the final approval by the DERA of our regulatory accounts for the period from 2005 to 2014 is still pending. The conclusions of the DERA's review are expected in 2016. The levels of the revenue cap and the return cap are in general terms well defined in the regulation, and the DERA has made a number of decisions over the years regarding specific increases in the revenue cap level. However, certain aspects and issues of the regulation are open to interpretation and without the DERA's final approval, there remains uncertainty in relation to the levels of the revenue cap during this period. We have been in a dialogue with the DERA concerning such issues over the past years and remain in dialogue concerning a few issues. However, we cannot be certain that other issues and uncertainties will not arise during the remaining part of the process.

In addition, Radius has also applied for an increase in the revenue cap in a few instances, for example, in connection with costs related to the relocation of our power cables during the construction of large public infrastructure projects such as the Copenhagen subway. While this application was rejected by the DERA, Radius has appealed the rejection to the Danish Energy Board of Appeal. The case could have consequences for the historic and current level of the revenue cap and could also have consequences for the outcome of other similar cases in the future.

The situation outlined above creates uncertainty in relation to the levels of the revenue cap from 2005 and onwards and the over-/ under-coverage we have had during this period as the actual revenue levels in Radius over the years are to be held up against the outcome of the decisions. A negative outcome could have material adverse effect on our business, cash flows, results of operation and/or financial condition.

Benchmarking on economic efficiency in power distribution

Radius is subject to annual regulatory benchmarking on economic efficiency and annual reductions in the levels of the revenue cap based on the outcome of the benchmark. We may be unable to make corresponding efficiency gains in order to maintain profitability.

The internal contractor set-up

As described in Section 15.7.2.1.1 "Overview of our power distribution business", under contracts currently in place Radius purchases all technical, customer and support services and related works required for the operation of the power distribution activities from an internal service provider in a contractor set-up. If new agreements between Radius and the internal service provider are to be entered into, it requires from a tender law perspective, that we can prove that a maximum of 20% of revenue from the sale of all types of services or works is derived from parties outside the Group, taking into account the revenue derived from sale of services and works by Group companies providing similar services or works. If the external sale of services or works exceeds 20% based on a 3-year average at the time when a new contract is signed, Radius would be required to follow the EU-procurement rules, where the internal service provider can bid in competition with other tenderers. In this case, we cannot provide any assurance that we will be able to win such tenders, which may have negative effects for the earnings of the internal service provider.

New economic regulation of power distribution

New economic regulation applicable to power distribution system operators ("Power DSO companies") is expected to be implemented in Denmark in 2018 (See Section 15.7.2.1.6.6 "New economic regulation under development"). As the content of the new economic regulation is still unknown, the changes could negatively affect Radius' future earnings. The key risks concern the setting of the basic cost cap covering operating expenses and depreciations, the level for the allowed rate of return, including determination of the return on new investments and the level of efficiency demands from a new benchmarking model that is to be developed.

Requirement to place amounts received relating to power tax levies and PSO charges in separate accounts

Under the Electricity Supply Act, the amounts received by power DSO companies to cover power tax levies are to be placed in separate accounts until such amounts are passed on to the relevant receiving entity (see Section 15.7.2.1.6.5 "Other requirements"). This also applies to power supply companies for the period in which amounts related to power tax levies and public service obligation (the "PSO") charges are received from customers, until the time they are passed on to the DSO companies and the Danish TSO, respectively. An assessment of these requirements could result in an interpretation whereby the amounts are to be placed in separate secured accounts while they are in the custody of the relevant companies. As of the date of this Offering Circular, we would not be compliant with such a requirement and we are engaged in a dialogue with the Danish Energy Agency (the "DEA") on this issue. If the requirement is upheld, this would negatively affect our level of working capital.

Expiration of the power distribution licenses

Radius conducts its activities on the basis of a license which has been granted for a period of 20 years (see Section 15.7.2.1.6.1 "Licensing regime"). The license expires in 2022. Although the license is closely tied to infrastructure ownership, we cannot guarantee that the license will be renewed. Furthermore, different terms may be included in the new license and the Danish Government could introduce further unbundling requirements of DSO activities from affiliated non-monopoly activities via the licensing regime, including ownership unbundling requirements.

Any negative outcome of the above mentioned regulatory uncertainties could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

22. We are exposed to fluctuations in the prices of crude, oil products, gas products including LNG, power and certain other commodities, certificates or indices.

Fluctuations in market prices of crude, oil products and gas have a significant effect on the revenues and costs of the Markets division within the Distribution & Customer Solutions business in connection with our purchases of gas and LNG under long-term contracts and subsequent sales thereof. These fluctuations also impact the revenue we realize and the costs incurred in shorter-term trading and sale of such commodities through the Markets division.

Historically, prices for gas in Northwestern Europe in the long-term have generally appeared to follow changes in prices for crude and oil products but, since 2009, there has been a decreasing correlation between oil prices and European regional gas hub prices (a "decoupling") due to a generally oversupplied European gas market and the development of a gas hub market.

Certain of our long-term gas purchase and LNG contracts are influenced by price indexation clauses based on prices of different oil products and crude over different periods of time, and they may continue to be so influenced in the future. If there are adverse developments in the market prices of gas, we may, due to the decoupling between oil prices and European regional gas hub prices, not be able to offset any such adverse effects in the prices upon which we sell gas by purchasing gas at such reduced market prices because our purchase price of gas may be linked to oil prices. If a new standard for indexation emerges in sales contracts that is different to the one in our long-term purchase contracts, we may once again be exposed to a decoupling of prices.

As is standard in the gas industry, a large part of our gas supply is procured under long-term, "take or pay" contracts with third parties, which means that under such contracts we are required to purchase minimum volumes of gas regardless of whether such volumes are desired or taken. We obtained approximately 40% of our supply of gas in FY 2015 from such long-term take or pay contracts. Our obligations under such contracts, coupled with a sudden or long-term decline in demand for gas from our customers, could force us to purchase gas that we would only be able to resell at a substantial discount or could result in an excess supply of gas. This risk is particularly pronounced as our gas sales contracts generally have durations substantially shorter than our long-term purchase contracts. For additional information on our renegotiation of long-term gas purchase contracts, see Risk Factor 23 "We are subject to certain risks related to renegotiation of our long-term gas purchase contracts, including our long-term LNG purchase contract."

Power purchased from our partners in the UK and in Germany under PPAs is sold by the Markets division of our Distribution & Customer Solutions business. In respect of PPAs related to UK wind farms, we bear the risk of the price of power falling below the minimum guaranteed price, any inability to sell the ROCs or to do so only at a price below the price at which we purchased the ROCs from our partners. For additional information, see Risk Factor 12 "We are subject to risks arising from contractual obligations under our share purchase agreements, shareholders' agreements, constructions agreements, construction management agreements, O&M agreements and PPAs or other material agreements in connection with divestments of ownership interests in our offshore wind farms."

Furthermore, we also purchase and sell various certificates, including CO₂ Certificates and Green Certificates, and fluctuations or adverse developments in the market prices or in prices set by the relevant regulators for such certificates may affect this business.

As a result of the above, fluctuations in the prices of crude, oil products, gas, gas products including LNG, power and other commodities, certificates, indices or changes in indexations used in long-term agreements could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

23. We are subject to certain risks related to renegotiation of our long-term gas purchase contracts, including our long-term LNG purchase contract.

We are party to a number of long-term gas purchase contracts, including a long-term LNG purchase contract. Purchase prices for gas under our long-term purchase contracts have historically been linked to the development in oil prices. There has been a decoupling between oil prices and European regional gas hub prices, and historically, oil prices have increased relative to gas hub prices, which caused the purchase price of gas under our long-term gas purchase contracts to be greater than the corresponding gas hub prices. This resulted in gas sourced under our long-term gas purchase contracts becoming financially disadvantageous. For additional information on the decoupling between oil prices and European gas hub prices, see Risk Factor 22 "We are exposed to fluctuations in the prices of crude, oil products, gas products including LNG, power and certain other commodities, certificates or indices."

However, all of our long-term gas purchase contracts contain price review clauses which allow either party to request price renegotiations at fixed periods (typically every 36 months, and typically twice at any time during the contract) to adjust prices as of a specific date and to adjust the price indexation formula following such date. Lump sum payments to address losses accumulated from such date until the new price has been agreed between the parties or determined by arbitration are due immediately following determination of the new price. A single purchase contract can have several ongoing price renegotiations

at the same time. By April 2016, we had completed thirteen price reviews with our counterparties and we currently have another five ongoing. Five of the thirteen renegotiations were settled by arbitration. For additional information, see Section 15.7.4.1 "Gas Portfolio" and Section 15.12.4 "Disputes regarding purchase prices under long-term sales and purchase contracts for natural gas and LNG."

Recently, however, oil prices have decreased relative to gas hub prices, causing the purchase price of gas under our long-term gas purchase contracts which remain linked to oil prices to be less than the corresponding gas hub prices. Therefore our anticipated lump sum payments may decrease if the period that is subject to renegotiation includes a period in which oil prices decreased relative to gas hub prices or the seller in the contract could call for a price review, which could lead to us having to compensate the seller for having sold at prices below the market price.

The level of price reduction that can be achieved in any particular case depends in part on the specific wording of the price review clause in the contract and the possibility of demonstrating the appropriate price level. In addition, the timing of the conclusion of any renegotiation is not within our control. Accordingly, there can be no assurance that there will not be any delays in the renegotiation process or that we will receive either the amount of anticipated lump sum payments to cover claimed reductions in historical prices or the future prices that we seek or expect as a result of the process.

Any delay in, or adverse outcomes of, the renegotiation of our long-term gas purchase contract, including our long-term LNG purchase contract, could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

24. We face certain risks related to significant overcapacity under our LNG regasification capacity agreement.

We have entered into a long-term contract to hold 3 bcm per annum of LNG regasification capacity until 2031 at the Gate terminal in Rotterdam, The Netherlands. The general supply-demand balance of LNG in Europe and elsewhere in the world is outside of our control. We have been, and may in the future continue to be, unable to procure LNG at prices that are competitive with hub-prices, (see Risk Factor 22 "We are exposed to fluctuations in the prices of crude, oil products, gas products including LNG, power and certain other commodities, certificates or indices" and Section 16.2.7.3 "Onerous contracts"), which has had and may continue to have a significant effect on the revenue we derive from our regasification capacity in the Gate terminal.

Under our capacity arrangements related to this facility, we are required to pay for the regasification capacity regardless of whether such capacity is desired or used. While we have undertaken long-term supply obligations under which we reserve regasification capacity of 1.5 bcm per annum until 2021, we are currently not fully utilizing the booked capacity. For additional information, see Section 15.7.4.4 "Liquefied Natural Gas."

While we have made provisions amounting to DKK 1,158 million as at December 31, 2015 for losses, the provisions reflect, among other factors, assumptions such as LNG volumes flowing to Europe, current contracted volumes and LNG margins in Europe and other regions. Should such assumptions change, we may be required to increase our provisions if our capacity costs remain uncovered. For additional information, see Note 3.3 to the audited consolidated financial statements as at December 31, 2015.

A continued inability to utilize our LNG regasification capacity effectively could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

25. We face certain risks related to decreases in seasonal gas price differences in relation to our gas storage capacity agreements.

We have entered into gas storage capacity contracts in Germany and Denmark (Etzel, Peckensen, Nüttemoor, Stenlille and Lille Thorup). If all variables were held constant, the purchase price of gas would decrease during the warmer summer months due to the decreased demand for heating, while conversely, the purchase price would increase during the colder winter months due to the increased demand for heating. However, given, among other things, the unusually warm winters in Northwestern Europe and the oversupply of gas in Europe, the seasonal price difference has decreased and we have been, and may continue to be, less able to fill our storage capacity with gas purchased at lower summer price and to sell such gas at higher winter prices, which has had a material adverse effect on the results of operation of our Distribution & Customer Solutions business.

While we have provided for provisions amounting to DKK 1,734 million as at December 31, 2015 for expected losses, we may be required to increase our provisions if the difference between summer and winter gas prices does not become more favorable, which could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

26. We are exposed to changes in the volumes of produced gas and oil in the Danish North Sea.

We are party to a number of long-term gas purchase contracts with producers in the Danish North Sea. In most of our long-term gas purchase contracts with Danish producers, the producers have undertaken to sell us the volumes of gas produced; however, the producer remains the decision-maker as to how much gas is produced. In certain long-term contracts, we rely on non-binding forecasts where we purchase the gas as it is produced. In other long-term contracts, we rely on forecasts where only the gas volumes of the first few years are firm.

The Danish North Sea is a mature area with decreasing production and aging infrastructure, as in other parts of the North Sea. The Danish North Sea still has large gas reserves, although a portion of the production and transportation facilities will require investment to continue production. For example, the Tyra facilities owned by Danish Underground Consortium ("DUC"), which are significant to gas production in the North Sea, are sinking and will require modifications in order to ensure continued production. In April 2016, DUC announced that production at the Tyra platforms will cease on October 1, 2018, if an economically viable solution for continued operations is not identified during 2016. Even if such a solution is found, it is expected that the Tyra facilities will be closed for a period of time while the relevant modifications are made.

Accordingly, producers delivering gas to us must determine the extent of their investment in production facilities in order to exploit production potential. If producers decide not to invest in their facilities, this may result in a decrease in gas production that is earlier than anticipated. This would in turn negatively affect the supply of gas under our long-term contracts, which could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

The situation described above regarding decreasing production, aging infrastructure and the significance of reinvestments in production facilities also applies to the production of oil in the Danish North Sea. A decrease in the production of oil earlier than anticipated could have consequences for the expected operational lifespan of the Oil Pipeline Business (as defined below), which could also have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

1.5 Risks relating to Oil & Gas

27. We are exposed to decreases in the prices of oil and gas.

Decreases in market prices of oil and gas impact the revenue that our Oil & Gas business realizes from the production and sale of oil and gas. For additional information on factors affecting oil and gas prices, see Risk Factor 22 "We are exposed to fluctuations in the prices of crude, oil products, gas products including LNG, power and certain other commodities, certificates or indices."

We sell oil and natural gas liquid ("NGL") directly to the market while our gas production is sold to our Distribution & Customer Solutions business under long-term contracts. A prolonged decline in prices of oil or gas could negatively affect the commercial viability of our development projects or could cause us to recognize further impairments of our Oil & Gas assets. For example, in FY 2015, impairment losses (including provisions for onerous capital expenditure agreements) of DKK 15,849 million were recognized in Oil & Gas, and in FY 2014, impairment losses of DKK 8,108 million were recognized in Oil & Gas, in both years partly as a result of lower oil and gas forward prices. There can be no assurance that we will not recognize additional impairment losses in the future.

As a result, decreases in the price of oil and gas could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

28. We face certain risks with regard to the Hejre project and our current provision may prove to be insufficient.

The EPC contract for the Hejre platform (the "EPC Contract") has been terminated and the development of the Hejre field in its originally planned form stopped. The termination of the EPC Contract may lead to legal proceedings which, if determined against us, could result in us incurring additional liabilities and payment obligations, and the decision not to develop the Hejre field in its originally planned form could

more generally lead to costs and expenses which go beyond what we have currently anticipated. See Section 15.12 "Legal Proceedings."

In 2012, we decided, together with our partner BayernGas, to develop the Hejre field in the Danish North Sea. A contract was entered into with an EPC consortium, consisting of Technip France SAS and Daewoo Shipbuilding and Marine Engineering Co. Ltd (the "EPC Consortium"), for the engineering, procurement and construction of the Hejre platform. For further information on the Hejre development, see Section 15.8.5.2 "Hejre." Together with BayernGas we hold the EPC Consortium in material breach of the EPC Contract. On this basis, in March 2016, together with our partner BayernGas, we gave notice to terminate the EPC Contract with the EPC Consortium for cause with immediate effect. The termination means that the Hejre platform will not be completed and that the Hejre project in its originally planned form has been stopped.

We have agreed with BayernGas that we will be controlling the termination process with the EPC Consortium on behalf of the Hejre license partners. As such, we will assume the potential liabilities, rights and benefits arising out of the EPC Contract and the termination process (including any liabilities that may result from the existing or any future arbitration or litigation relating to the EPC Contract).

The EPC Consortium has rejected our allegation that it is in material breach of the EPC Contract and advised us that it considers our termination of the EPC Contract as wrongful and reserves all its rights under the EPC Contract and any law. If any resulting legal proceedings do not result in a ruling that our termination of the EPC Contract for cause was justified, this will adversely affect us, as we will be liable for damages under the EPC Contract, which could include additional costs associated with terminating the EPC Contract, costs relating to the disposal of the topsides and lost profit.

Under the agreement with BayernGas, we may be required to carry out and fund certain remedial works in respect of the jacket, which has already been installed in the Danish North Sea, required to bring it in compliance with relevant specifications. We may in that respect incur costs and expenses beyond what we have currently anticipated.

The termination of the EPC Contract will require renegotiation or cancellation of third party contracts, including contracts for the North Sea transport and the installation of the Hejre topsides. We may in that respect incur cost and expenses which go beyond what we have currently anticipated.

Although we have recognized a total provision at March 31, 2016 of DKK 2,541 million relating to, among other things, the termination of the EPC Contract and ancillary third party contracts in accordance with IFRS, these provisions were based on our estimates at such date, and we cannot rule out that the actual costs incurred in the future may differ materially from these estimates. Consequently, the provisions may turn out to be insufficient to cover actual costs incurred in the future. For information regarding our provisions related to Hejre, see Section 16.2.6.6 "Termination of the EPC Contract in respect of the Hejre platform."

Our Oil & Gas business, together with BayernGas, are discussing the consequences for the Stabilization Plant with DONG Oil Pipe A/S ("DONG OP") as a result of the termination of the EPC Contract and the consequent uncertainty regarding the first oil production date for the Hejre field, including whether this would advance our obligation to repay the costs of the Stabilization Plant. For a description of our and BayernGas' commitments towards DONG OP, see Section 15.7.2.2.1 "Overview of DONG Oil Pipe" and Section 15.7.2.2.3 "Economic regulation and price structure."

The development of the Hejre field in its originally planned form has been stopped and alternative ways for the development of the Hejre field are being considered. We may not be able to redevelop the Hejre field or otherwise monetise our interest in the Hejre field.

We are working with BayernGas to jointly assess alternatives for the development of the Hejre area. We will seek to preserve facilities already installed such as pipelines for a potential redevelopment of the Hejre field. If our assessment of redevelopment options for the Hejre field does not result in any viable alternative option, then this may result in a decision by us, together with our partner, to abandon the project and the license with resulting abandonment and decommissioning obligations. If an economically viable solution can be found, we will seek to optimally monetize the project. In any redevelopment option, we will seek to reduce our ownership interest and consider the operatorship model for such option.

DEA approval is required for the changes to the Hejre project that result from the decision to stop the project in its current form, including postponement of relevant deadlines for completion of the project in applicable Hejre permits, consents and license. Any failure to achieve any such required approval or

consents could potentially result in a revocation of the Hejre license and resulting abandonment and decommissioning obligations.

The materialization of any of the risks above could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

29. We face certain risks related to any second redetermination relating to the Ormen Lange field.

The Ormen Lange field in Norway covers three production licenses, two of which are owned jointly by us and our partners Petoro, Statoil, Shell and Exxon. The field accounts for a significant proportion of our proven plus probable ("2P") reserves and production from this field is a major part of our gas production. Under the unitization agreement governing the ownership of the field, each partner's percentage of ownership interest may be revisited twice during the life of the field through a 'redetermination' process to review and potentially adjust the percentage ownership division among the partners based on updated estimates of gas volumes.

The first such redetermination was finalized in 2013 and resulted in an increase in our ownership interest from 10.34% to 14.02%, with additional production volume and investment costs during a period that ended in February 2016. A second and final redetermination may be called for by any one of the partners in the Ormen Lange unit when a certain percentage of the recoverable gas is estimated to have been produced. For additional information on the redetermination process and the first redetermination, see Section 15.8.4.3 "Norwegian producing assets."

A decrease in our ownership interest as a result of any second redetermination could lead to lower gas reserves and reduced gas production for us, both to reflect our decreased ownership following the redetermination and the repayment of historical volumes owed to our partners for the period prior to the redetermination, which could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

30. Oil and gas reserves and resources data and field production expectations are only estimates and are inherently uncertain, and the actual size of deposits and production may differ materially from these estimates and expectations.

Petroleum engineering is the process of estimating underground accumulations of oil and gas that cannot be measured in an exact manner. The oil and gas 2P reserves included in this Offering Circular are our estimates based on the best information available as of March 31, 2016. These estimates have been independently assessed by DeGolyer & MacNaughton ("D&M"), our independent petroleum engineering auditors (for further information on our 2P reserves, see Section 15.8.3 "Oil and gas reserves" and for information on D&M's independent assessment as at March 31, 2016, see "Annex C—Letter from DeGolyer & MacNaughton"). Our internal reserves assessment of 2P reserves follows the guidelines specified in the Society of Petroleum Engineers ("SPE") Petroleum Resources Management System ("PRMS"). These standards may be different from the standards of reporting adopted in the United States and other jurisdictions. Therefore investors should not assume that the data found in the reserves information set forth in this Offering Circular is directly comparable to similar information that has been prepared in accordance with the reserve reporting standards of other jurisdictions.

Subsurface accumulations of hydrocarbons cannot be measured in an exact manner and estimates thereof are a subjective process aimed at understanding the statistical probabilities of recovery. Estimates of the value and quantity of economically recoverable oil and gas reserves necessarily depend on several variables and assumptions, including the following:

- the quality and quantity of our geological, technical and economic data;
- interpretation of our geological, technical and economic data;
- whether the prevailing tax rules and other government regulations, contracts, and oil and gas and other price planning assumptions will remain the same as the date when the estimates are made;
- the production performance of our reservoirs; and
- extensive engineering judgments.

As all reserve estimates are subjective, each of the following items may differ materially from those assumed in estimating reserves:

- the quantities and qualities that are ultimately recovered;
- the timing of the recovery of oil reserves;
- the production and operating costs incurred;
- the amount and timing of additional exploration and future development expenditures; and
- future hydrocarbon sales prices.

Making estimates of reserves and future production is a complex process involving large quantities of data and multiple uncertainties. Many of the factors, assumptions and variables used in estimating reserves are beyond our control and may prove to be incorrect over time. The accuracy of any reserves evaluation depends on the quality and quantity of available information and petroleum engineering and geological interpretation. Drilling, interpretation, testing and production after the date of the estimates may require substantial upward or downward revisions in our reserves data. Moreover, different reservoir engineers may make different estimates of reserves and future production based on the same available data. Actual production, revenues and expenditures with respect to reserves and resources will vary from estimates, and the variances may be material. The consequences of such variances may include lower production and reserves than expected or the need for impairment write-downs.

Substantial uncertainties exist with respect to the estimation of contingent resources in addition to those set forth above that apply to reserves. Contingent resources are those deposits that are estimated, on a given date, to be potentially recoverable from known accumulations, but that are not currently considered commercially recoverable or for which the degree of commitment of our partners is not such that the accumulation is expected to be developed and placed on production within a reasonable time frame. Contingent resources include accumulations for which there is no currently viable market, or where commercial recovery is dependent on the development of new technology or where evaluation of the accumulation is still at an early stage. The probability that contingent resources will be economically recoverable is considerably lower than for 2P reserves. Volumes and values associated with contingent resources should be considered highly speculative.

If the assumptions upon which the estimates of our oil reserves have been based prove to be incorrect or if the actual reserves available to us are otherwise less than the current estimates or of lesser quality than expected, we may be unable to recover and produce the estimated levels or quality of oil and other hydrocarbons set out in this Offering Circular, and this could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

31. If we carry out our oil and gas exploration activities, we may be unsuccessful in finding commercially viable reserves.

Under our current strategy for our Oil & Gas business, we will limit our exploration expenditures to honoring license commitments and supporting existing core producing assets. For additional information, see Section 15.8.2 "Strategy." Our oil and gas exploration activities involve considerable judgment and certain assumptions, including selecting exploratory drilling locations, estimating gas reserves and determining suitable drilling techniques. As a result, if we carry out oil and gas exploration activities, there are risks that portions of our exploration area may not yield commercially viable oil and gas reserves or may not result in the reserves planned, targeted or predicted. Such activities are capital intensive and we may incur significant costs, which can differ significantly from our initial estimates, with no guarantee that such expenditure will result in the recovery of oil in sufficient quantities to justify our investments. In addition, we may be required to curtail, delay or cancel any exploration operations because of a variety of factors; see Risk Factor 44 "We are subject to risks related to disruptions to our operations."

The occurrence of any of the above could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

32. We are subject to risks related to the hazardous nature of the activities in our Oil & Gas business.

Our Oil & Gas business involves hazardous activities, and natural disasters, operator error or other occurrences can result in oil or gas spills, the release of chemicals or other hazardous substances, blowouts, cratering, fires, equipment failure, loss of well control, death or injury, damage to platforms, wells and

pipelines and other infrastructure or facilities, pollution or environmental damage or impairment. In addition, the occurrence of the above risks could result in work stoppages or shut downs or could lead to liability to third parties. If certain of the foregoing events were to occur, the damage or the associated financial loss may exceed the limits of our insurance policies or may not be covered by insurance at all (see Risk Factor 59 "Our insurance may not be sufficient to cover all potential losses and it is not possible to insure against all potential risks, whether in the context of a catastrophic event or otherwise").

The materialization of any of the risks above could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

1.6 Risks relating to multiple businesses or to the Group

33. Our investment projects for which we have taken, or in the future will take, the FID may be delayed, exceed the budget, may not be carried out at all or may fail to meet expected returns.

Our strategy is based on an investment portfolio for which we have made and anticipate to continue making significant, long-term capital expenditures and commitments in the coming years.

The majority of our expected capital expenditure in FY 2016 to FY 2020 relates to investment projects for which we have already taken a FID (see Section 16.7 "Anticipated future investments" and Section 17 "Prospective Financial Information for 2016 and Prospective Directional Indications for 2017").

The execution of investment projects, which are often of a large and complex nature, may encounter a number of obstacles, which may cause delays to our investment projects, result in cost overruns and/or the discontinuation of investment projects, including:

- adverse weather or other impediments during project construction, which may adversely impact our investment projects, including, but not limited to, in relation to offshore installation work, which is highly dependent on weather conditions;
- damage to our equipment during transport, installation, construction, operation or otherwise;
- failures of suppliers, in particular our key suppliers, to satisfy their contractual obligations, including delay or non-performance or underperformance of our equipment compared to expected performance parameters;
- a lack of supply of the materials, equipment and services required for our investments projects or cost increases in relation thereto, including, but not limited to, key components required for our offshore wind farm projects and biomass conversions, where in certain instances we purchase key components from a limited number of suppliers;
- the inability to retain and attract personnel, who are critical for the implementation of our investment projects, including, in particular, in relation to our Wind Power business due to the continued growth within the offshore wind industry and competition for highly qualified specialists;
- difficulties in securing, obtaining, or complying with, consents, concessions, licenses, permits, authorizations and other project rights which are required for us to implement our investment projects;
- the ability to comply with health, safety and environmental ("HSE") regulations, which are critical given our scope of business, including within Oil & Gas;
- the ability to obtain and retain the grid connections and other infrastructure necessary for our operations, where we often rely on third parties to provide such infrastructure;
- failure to comply with regulatory requirements for financial support, which, among other things, may require us to meet certain deadlines or comply with certain conditions in order to qualify for the relevant financial support;
- where we have brought partners into the investment projects, dependency on partner consent in respect of certain strategic and operational decisions that may be critical for the implementation of our investment projects, particularly if the interests of our partners are not fully aligned with our own; and
- legal actions brought by third parties, including, but not limited to, in respect of consents, concessions, licenses, permits, authorizations and other project rights, which we may be in the process of securing or obtaining or which we may already have secured or obtained.

All of our investment projects have anticipated completion deadlines and in certain cases failure to meet these deadlines may result in the loss of subsidies, grid connections or project rights. For example, the Race Bank project is currently eligible for the RO support scheme in the UK. To remain eligible for the RO support scheme, the Race Bank offshore wind farm must have been accredited by Ofgem by March 31, 2018. If the March 31, 2018 deadline is not met, the project would have to seek to qualify for a subsidy under the new, competitive CfD scheme and participate in the next possible auction.

Discontinuing an investment project for which a FID has been taken could result in a write-off of up to the full capital expenditure amount plus additional costs for terminating the project, which could potentially be substantial. There can be no assurance that we will be able to complete investment projects for which a FID has been taken.

We have in the past experienced time and/or budget overruns on certain investments projects and may do so again in the future. A recent example includes the Laggan-Tormore development in respect of which we experienced time as well as budget overruns. Other examples in the past include the London Array, Walney 1 and 2 and Horns Rev 2 offshore wind farms in respect of which we experienced time and/or budget overruns.

If our investment projects are delayed, discontinued or otherwise not carried out, not completed within budget or do not ultimately result in the expected return or otherwise fail to meet our expectations due to obstacles or other unforeseen problems, this could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

34. We are subject to certain risks related to the lack of supply of the fuels, materials, equipment and services that we need for our business activities, including with respect to our investment projects or opportunities, or cost increases in relation to such fuels, materials, equipment and services.

We are dependent on the availability of fuels, materials, equipment and services for our operations. Failure to secure the supply of the fuels, materials, equipment and services required for our operations in the necessary quantity, quality and on acceptable commercial conditions, including with respect to our investment projects or opportunities, or cost increases in relation to such fuels, materials, equipment and services, could prevent us from pursuing our investment projects or opportunities, make our investment projects or opportunities economically less attractive, cause delays to our investment projects, result in cost overruns in respect of our investment projects, and adversely impact the operation and maintenance of our assets and the operational expenditure associated herewith.

In Wind Power, we are, in particular, dependent on the delivery, transportation, installation and commissioning of turbines, foundations, array cables, offshore substations, export cables, onshore substations and other material, equipment and services required for the construction of offshore wind farms. While we have entered into TSAs to secure the supply of turbines for all our wind farms currently under construction, there are other parts of the equipment and services required for the construction thereof that have not been secured yet. See Risk Factor 11 "We purchase turbines for our offshore wind farms from a limited number of suppliers, which could result in increased prices or an inability to secure our supply of turbines."

In Bioenergy & Thermal Power, our operations require the supply of plant construction materials, such as generators, machinery and equipment, as well as spare parts for maintenance on an ongoing basis and sources of fuel, primarily including biomass, coal and gas. There may be constraints in sourcing certain materials that satisfy our criteria, such as sustainable biomass. Although we request that our suppliers supply biomass certified according to the Sustainable Biomass Partnership ("SBP") guidelines, suppliers may require a time period to prepare for such certification and to meet our specifications.

In Distribution & Customer Solutions, our Distribution business is dependent on third parties to deliver services regarding construction and maintenance of our power distribution systems.

In Oil & Gas, there has in the past been a shortage of supply in the market for certain equipment we use for our operations. While the lower oil and gas prices have put the supply chain under pressure, leading to supplier pricing dropping significantly within certain areas, we cannot guarantee that shortage of supply could not become an issue in the future.

We can provide no guarantee that we will be able to secure the supply of the fuels, materials, equipment and services that we need for our operations, including with respect to our investment projects or opportunities, at commercially attractive terms, within our required timeframes or at all in the future,

which could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

35. We face competitive pressure in the markets in which we operate.

The energy markets in which we are present and/or may expand operations face competitive pressures.

Wind Power

Our Wind Power business is increasingly experiencing competition, which is, among other things, due to changes in the process of awarding wind power projects and/or subsidies by transitioning to government-controlled competitive tenders or auctions, where the price per unit of power produced is the only decisive criterion in the selection of the winning bid. Furthermore, we are experiencing increased competition from existing competitors and the entrance of new competitors outside the current group of primarily Western European utility firms. For example, in Denmark, Vattenfall won the tender in 2015 for the 400 MW offshore wind farm at Horns Rev 3 in the Danish North Sea. Competition may adversely affect our ability to win new project tenders or auctions or may affect the profitability of such projects.

Bioenergy & Thermal Power

In Bioenergy & Thermal Power, our district heat operations face competition both from industry participants and municipalities (who are our customers) that may seek to supply heat to themselves, which could lead to a decreased market share. Furthermore, in connection with ensuring the equal supply and demand of power within the power grid, there is competition with other power producers in Denmark to provide the TSO with ancillary services. Our power production operations also face competition from other producers on the Nord Pool Spot market.

Distribution & Customer Solutions

The Sales business of Distribution & Customer Solutions faces competition from other entities that sell gas and power in the business-to-consumer ("B2C") and business-to-business ("B2B") markets. Generally, the margins in sales contracts for suppliers are decreasing in the markets in which we operate and there is higher number of competitive tenders with price as the main criterion for awarding the contract. In addition, a failure to develop flexibility and energy reduction products may lead to difficulty in attracting new customers. The Power Portfolio and Gas Portfolio business also faces competition from other utilities or trading entities offering origination and optimization services. There is additionally an increase in the use of tenders with price as the main criteria, as well as a requirement to develop new products in these areas.

Any failure on our part to compete effectively on an ongoing basis could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

36. The price competitiveness of producing power from renewable energy sources such as offshore wind and biomass may be negatively affected by a reduction in demand for renewable energy, or we may face increasing competition from producers of power from other sources of renewable energy.

Since our strategy is to maintain a global leading position in offshore wind and be recognized as a leader in European energy more generally, our future results of operations will depend in part on the demand for power generated from renewable energy sources such as wind power and biomass, and on our ability to generate power from renewable energy sources at a competitive price.

Demand for power generated from offshore wind and biomass depends in part on the cost of generating power from such renewable energy sources relative to the cost of generating power from other sources. While generation of power from offshore wind and biomass do not depend solely on their economic competitiveness, the terms under which supplies of oil, gas, coal and other fossil fuels can be obtained, and the costs of constructing and maintaining facilities that process those fuels, are key factors in determining the economic interest of using those energy sources rather than offshore wind and biomass. A number of factors could weaken demand for power generated from offshore wind and biomass, including a decline in the competitiveness of power generated from offshore wind, whether as a result of an inability to reduce the cost of electricity, reduced government subsidies, political or macroeconomic trends or otherwise, technological progress in the exploitation of other energy sources, or a continued decline in the prices of certain fossil fuels such as oil and gas. Although we have made significant progress in reducing the cost of

electricity for offshore wind, there can be no guarantee that such reductions, together with the other factors listed above, will be sufficient to make offshore wind price competitive with traditional sources of energy.

Furthermore, we may also encounter competition from producers of power from other sources of renewable energy that we do not currently produce, such as hydropower or solar power. In particular, renewable energy technologies that are today considered to be less economically viable than offshore wind power and biomass may become more competitive and attractive in the future. Competition from other renewable energy sources may increase if the technology used to generate power from these other renewable energy sources becomes more efficient or if national governments elect to further strengthen their support of such renewable energy sources in place, or to the detriment, of offshore wind and biomass.

A reduction in demand for renewable energy generation generally, and increased competition from producers of power from traditional or other renewable energy sources may have a material adverse effect on our cash flows, financial position and/or results of operations.

37. We face risks relating to a referendum on the UK's continued membership in the EU.

The European Union Referendum Act 2015 requires the UK Government to hold a referendum on the UK's membership in the EU on June 23, 2016. We face risks associated with the potential uncertainty during the period prior to the referendum and the consequences that may flow from a vote to exit the EU, including during the transitional period when the terms of a potential exit would be negotiated.

For example, a vote to exit the EU could result in adverse economic effects in the UK, including potentially a devaluation of the British Pound, increased funding costs for UK entities, a reduction of investment or delays in capital expenditure decisions by investors who may choose to invest outside the UK in order to avoid political uncertainty, or in restrictions on the movement of capital and the mobility of personnel.

While we are monitoring and assessing the potential impacts of a referendum vote in favor of an EU exit on our Wind Power business and other activities, including our partnership model in particular, the situation remains uncertain.

We cannot offer any assurances that an exit of the EU would not have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

38. We face risks related to recruiting or retaining senior management and skilled and experienced personnel for our business activities, or cost increases in relation to the attraction or retention of such personnel.

Our continued success depends largely on our senior management team and on our ability to hire, develop, train, motivate and retain qualified personnel with specialized skills and technical knowledge. The loss of the services of any member of our senior management or other key personnel could have an adverse impact on our financial results and ability to implement our business strategy.

In particular, our Wind Power business faces recruitment and retention risks. This is due to, among other things, the continued growth and fierce competition in the relatively young offshore wind power industry as well as the aspiration of our competitors, which creates a challenge for the recruitment of experienced personnel. In addition, as we are a market leader in this industry and one of the few companies with a large number of qualified and experienced personnel, our competitors are increasingly seeking to poach our key personnel.

Our ability to attract and retain qualified senior managers and employees may be adversely affected by the fact that we are controlled by the Majority Shareholder. Specifically, the Kingdom of Denmark has established certain guidelines and restrictions on remuneration offered to management in companies owned by the Majority Shareholder, most notably restrictions on the size of variable pay offered. The guidelines and restrictions only apply directly to companies owned 100% by the Majority Shareholder, but we are expected to apply the guidelines and restrictions as a code for corporate governance.

Any difficulty in recruiting and retaining qualified personnel may result in increased costs as we may be required to provide increasingly higher compensation to attract and retain such personnel. In addition, the inability to retain highly skilled personnel may result in added costs in respect of, among other things, retraining, loss of specialized knowledge, inability to staff projects and otherwise meet our objectives.

Any inability to hire and retain senior management and the personnel we need more generally for our operations could result in failure to successfully meet our objectives which could ultimately have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

39. Failure by a contractor to meet its obligations under a supply or service agreement could result in significant cost overruns or delays in the completion of our investment projects.

Any significant delay by our contractors in their performance of contractual commitments or the inability of our contractors to meet such commitments could adversely affect the completion or cost of our investment projects.

We execute a number of our investment projects, using multiple contractors. For example, sourcing and supply for the construction and operation of an offshore wind farm is managed through a multi-contracting approach with 10 to 15 main packages totaling 150 to 200 contracts for one project. Failure of a contractor to perform as required on a particular aspect of a project or failure on our part to manage the project could have adverse consequences on the ability of other contractors to comply with the requirements of their contracts, potentially leading to delays and cost overruns, which would negatively affect the results of operations of our Wind Power business.

There can be no assurance that our contractual remedies for breach of contract will be sufficient to compensate us for a loss caused by a contractor's failure to meet its contractual commitments.

The materialization of any of the risks above could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

40. We rely on third parties to provide infrastructure assets necessary for our operations to the extent that we do not own or control such assets ourselves.

We depend on infrastructure assets owned or controlled by third parties to process and/or deliver the products that we generate, produce, sell, purchase, transport and store.

In particular, we are dependent of such infrastructure assets in the following situations:

Wind Power

Our offshore wind farms require an offshore transmission system to connect to the onshore power transmission grid in order to export the power produced by the offshore wind farms to the end-users through the existing transmission and distribution grid. The regulation of onshore transmission systems for offshore wind farms varies by jurisdiction.

We do not own or control the offshore transmission system in Denmark and Germany. In the UK we own and control certain transmission assets before transferring them to the OFTO for the operational phase. For additional information on the transmission of the power generated by our offshore wind farms, see Section 15.5.2 "Simplified illustration of an offshore wind farm." The production of our offshore wind farms will be affected by unplanned outages on the offshore transmission systems connecting them to the onshore power transmission and distribution grid. In common with onshore power generation, our offshore wind farms also face the risk of unplanned outages and curtailment in the event of congestion on the wider onshore power transmission and distribution grid or for other reasons beyond our control.

With respect to our offshore wind farms under construction or development, we are dependent on third parties developing, constructing and commissioning the offshore transmission system so that we are able to export power to markets. We are not subject to such dependence in respect of certain transmission assets in the UK. Should such development, construction and commissioning not occur, or should such development, construction and commissioning be delayed, this may adversely impact our offshore wind farms under construction or development projects.

In Denmark (except in respect of the Nysted and the Horns Rev 1 offshore wind farms, and except for certain force majeure events) and, to a certain extent, Germany, where parts of or the entire transmission system are owned and operated by the TSO, we receive compensation for lost production due to delays in the development of or outages in the offshore transmission system. In the UK we would not be compensated for any such events.

For additional information on the relevant regulatory framework for grid connections, see Section 18.2 "Wind Power."

Bioenergy & Thermal Power

Our thermal power plants face the risk of unplanned outages and curtailment in the event of congestion on the wider onshore power transmission system or for other reasons beyond our control. Furthermore, capacity on existing interconnection and transmission facilities may be reduced due to local grid constraints, which could limit the amount of power our thermal power plants can deliver. In addition, we cannot predict whether interconnection and transmission facilities will be expanded in specific markets to accommodate competitive access to those markets.

Distribution & Customer Solutions

Our Distribution business depends on power transmission lines on higher voltage and other transmission facilities owned and operated by Energinet.dk to distribute power in our distribution lines. Our Markets and Sales businesses are also dependent on third party infrastructure, including power and gas transmission lines and interconnectors.

Oil & Gas

Our ability to market our oil and gas production depends on the availability of infrastructure we do not own or control for transportation, processing and/or storage of the oil and gas that we produce. If infrastructure is unavailable or access thereto is restricted, we may be required to shut in fields or reduce oil and gas production. If that were to occur, we would be unable wholly or partly to realize the revenue from those wells until the infrastructure were again available. In these situations, we would typically not be compensated for the losses suffered for such events.

As a result of the above, the lack or failure of infrastructure assets which we do not own or control could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

41. We are subject to risks relating to seasonality, weather fluctuations, and long-term shifts in climate that may affect the demand for heat and power as well as our sales and storage of gas.

Fluctuations in temperature in Northwestern Europe affect the demand for heat and power generated as well as the distribution, sales and storage of gas. Our heat and power generation and our sales and storage of gas are typically higher during the colder first and fourth quarters of the year, from October to March, when volumes and, to some extent, prices, tend to be highest, and lower during the warmer second and third quarters, from April to September. Periods of unseasonably warm weather during autumn and winter months typically reduce demand for heat and power and for distribution, sales and storage of gas, and long-term shifts in climate may result in more permanent reductions in demand. For example, the weather in 2014 and 2015 was warmer than usual, which contributed to decreased power and heat generation. See also Risk Factor 25 "We face certain risks related to decreases in seasonal gas price differences in relation to our gas storage capacity agreements."

Danish power prices are further dependent on the levels of precipitation in Norway and Sweden. Levels of precipitation have a significant effect on hydropower generation, which is particularly important in the Nordic market as such generation constitutes a high proportion of the total potential power generation capacity in the market. Although long-term levels of precipitation have been relatively stable in the region, wide variations occur in the short-term both within a single year and between years. As a result, the power price on Nord Pool can vary widely both within a given year and between years. High levels of precipitation resulting in high levels of hydropower output could adversely affect power prices in the market, including the forward prices that we hedge, and thus affect the generation of power from our thermal power plants. For example, the Nordic hydro balance has been relatively high throughout 2015, which has put downward pressure on power generation levels and power prices. During periods of higher than anticipated levels of precipitation, or in case of long-term shifts in climate resulting in more permanent increases in the levels of precipitation, greater hydropower generation by our competitors in the Nordic market may result in a significant periodic or permanent decline in power prices and therefore a decline in the generation from our thermal power plants.

As a result of the above, seasonality, weather fluctuations and long-term shifts in climate could have a material adverse effect on our business, cash flows, results of operation and/or financial condition

42. We face risks related to our ability to forecast the amount of power we produce.

The majority of the power we produce is sold on power exchanges in day-ahead markets, which involves informing such markets of the amount of power we anticipate producing one day prior to the actual delivery of such power. Our ability to forecast the amount of power to be produced the next day depends on a variety of factors, including the availability of our power producing assets (which may in turn be affected by maintenance or unanticipated disruptions), weather and wind conditions.

When there is a difference between the power we sell to the market and the power produced by our wind farms or power plants, there is an imbalance. Since supply and demand of power must be equal at all times in order to maintain stability in the onshore power grid, the imbalance is settled at imbalance prices designed to ensure that generators and suppliers have an incentive to balance their positions in the market.

The imbalance prices are determined by the TSO, and may be unfavorable compared to the prices at which we typically sell our power. If in a settlement period we are unable to correctly forecast the amount of power produced, we will be required to produce power from other assets with unsold capacity, trade the imbalance in the intra-day market or settle our imbalance at the imbalance price.

This risk is exacerbated in several of our wind farms where we have entered into a PPA, meaning that we carry the imbalance risk in relation to our partners' share of power.

Any inability to correctly forecast the amount of power we are able to deliver to the market may therefore have an adverse effect on our business, cash flows, results of operation and/or financial condition.

43. We face risks related to lack of control over some of the assets in which we hold a joint interest, and in some cases where we own a majority interest but have ceded some control.

We have joint control over, or hold only minority interests in, many of the assets in which we participate, and, in particular, in our Oil & Gas business we participate in certain key assets that we do not operate. Furthermore, there are some assets in which we own a majority interest but where the relevant contractual terms give rights to minority investors that could limit our ability to control the asset in our individual interest. For additional information on our ownership interests, see Note 8.7 to the audited consolidated financial statements as at December 31, 2015.

Our ownership position with respect to these assets means that we may lack full control over certain strategic and operational decisions that may impact the development, construction, operation and ownership of these assets, which could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

44. We are subject to risks related to disruptions to our operations.

Our businesses may suffer from disruptions to our operations caused by, among others, technical breakdowns, power outages, labor disputes, accidental or intentional damage, disrupted supply, aged or defective facility components, severe weather conditions and/or work, construction and production stoppages. In addition, the likelihood of certain disruptions such as those caused by technical breakdowns or defective facility components may increase further into the operational lifetime of a particular asset, equipment or infrastructure. Furthermore, disruptions could result in, among other things, forced outages, work stoppages and closures or could lead to liability to third parties.

For additional information on potential disruptions to our Wind Power business, see Risk Factor 10 "Our power generation from offshore wind farms is heavily dependent on the availability of offshore wind farms, the availability of the grid connections and the operating performance of the equipment we use in the operation of such wind farms."

Our Bioenergy & Thermal Power business may be negatively affected by disruptions to our own assets, equipment and infrastructure (including power plants, internal fuel storage and transportation, ammonia tanks, harbor facilities and heat accumulation tanks), or from assets, equipment and infrastructure that are not owned or operated by us (including high voltage grids, local heat supply systems, gas and fuel supply, and fuel logistics).

Our Distribution & Customer Solutions business may be negatively affected by disruptions to the operation of distribution grids, oil and gas pipelines, gas storage facilities and gas infrastructure, including the LNG terminal and infrastructure. Disruptions to our power distribution business or to oil and gas pipelines could result in a loss of revenue if we are unable to transport power, oil or gas, while a disruption to our power distribution business may cause the revenue cap to be reduced for a period of one year. Disruptions to our gas portfolio business, including LNG, could result in additional transportation costs to transport gas or LNG through alternative routes and/or could result in losses under our contractual take or pay obligations if we are unable to take all gas or capacity required under our the long-term gas purchase contracts or under our LNG capacity agreement. Finally, we may be unable to optimize our portfolio of gas (primarily) or LNG and power as a result of a disruption to our assets or operations.

Our Oil & Gas business may suffer from disruptions to operations caused by difficulties encountered with our own assets, equipment and infrastructure (including platforms, wells, pipelines and processing plants), or from assets, equipment and infrastructure that are not owned or operated by us. See also Risk Factor 32 "We are subject to risks related to the hazardous nature of the activities in our Oil & Gas business."

Given the expense or the custom-built nature of certain assets, equipment or infrastructure and our lack of control over certain assets, equipment and infrastructure, we may be unable to resolve the disruption quickly. A prolonged delay in resuming operations could exacerbate a disruption or lead to further asset damage.

As a result of the above, a disruption to our operations could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

45. Natural and catastrophic events may damage our assets.

Natural events such as natural disasters, lightning strikes, earthquakes, tsunamis, severe storms or hurricanes, or catastrophic events such as explosions, acts of war or terrorism may damage or require the shutdown of our assets (either one or several assets simultaneously) or otherwise disrupt our operations, or parts thereof. This includes but is not limited to our wind farms in operation or under construction, our oiland gas producing facilities or our thermal generation plants, including any grids, cables or other infrastructure assets whether owned and operated by us or by third parties. The occurrence of such an event could make it impossible for us, in full or in part and for longer or shorter periods of time, to produce power, heat, oil, gas and other products we produce and sell and could make it impossible for us to fulfil our contractual obligations. In addition, such events could result in personal injury, loss of life, pollution, fires, flooding, oil leakages, electric shock or environmental impact or damage. The fact that many of our producing assets are located far from shore could make it more difficult to manage the catastrophe, which could increase the impact thereof. Although the geographic area in which we currently operate has not been prone to such natural or catastrophic events in the past, as we may enter into new markets in the future, including in the eastern United States and Taiwan, both of which have been subject to natural disasters, this risk may be exacerbated in the future. If certain of the foregoing events were to occur, the damage or the associated financial loss may exceed the limits of our insurance policies or not be covered by insurance at all (see Risk Factor 59 "Our insurance may not be sufficient to cover all potential losses and it is not possible to insure against all potential risks, whether in the context of a catastrophic event or otherwise").

We cannot predict the impact that any potential terrorist attack may have on the energy industry in general. Primarily given our role in Denmark, our assets or facilities could be direct targets or indirect casualties of such attacks.

As a result, the occurrence of any natural disaster or catastrophic event could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

46. Our business activities may infringe third-party intellectual property rights, or third parties may infringe our intellectual property rights.

Third-parties may assert claims alleging infringement of patents or other intellectual property rights against us, our suppliers or partners. Infringement claims could harm our reputation, result in liability or prevent us from using or offering certain items or processes.

In our business, we rely on multiple contractors and are thus dependent on their performance in accordance with their contractual obligations. This often includes an obligation to ensure that products or services delivered do not infringe third-party intellectual property rights, and an obligation to indemnify us against any expenses, costs or liabilities resulting from such potential infringement. Such obligation to indemnify us may be capped at a certain amount. Furthermore, some of our contractors may not have sufficient funds to cover the potential costs resulting from such infringement claim.

Defending patent and other intellectual property rights in litigation is costly and can impose a significant burden on management and employees, regardless of the merit and resolution of such claims, and may divert the attention of our management and technical personnel from our business. In addition, as a result of such claims, we may be required or otherwise decide that it is appropriate to:

- discontinue using or offering particular items or processes subject to claims of infringement;
- develop non-infringing technology, which can be costly or not possible; or

obtain the right to continue using or selling the alleged infringing item or process.

Any of these actions can be costly depending on the scope of infringement and the range of possible alternative solutions to the alleged infringing item or process and there can be no assurances that any of the foregoing actions will succeed in avoiding infringement or replacing the infringing item or process. In addition, a third-party may seek, and we may become subject to, preliminary or provisional rulings in the course of litigation, including potential preliminary injunctions requiring us to cease some or all of our operations. We may decide to settle such lawsuits and disputes on terms that are unfavorable to us. The terms of such settlement may require us to discontinue using or selling particular items or processes and/or pay substantial amounts to the other party.

In addition, the contracts pursuant to which we provide services to our project companies which are jointly owned with our investment partners typically contain customary indemnities in respect of liabilities incurred by such project companies as a result of our infringement of third-party intellectual property rights.

Furthermore, we use proprietary information in our activities. Although we typically enter into confidentiality agreements with our employees and third party suppliers, former employees or third party suppliers may divulge this proprietary information and we cannot provide any assurance that there will not be a misuse of our internally-developed technology or know-how.

As a result of the above, the infringement of third party intellectual property rights or third party infringement of our intellectual property rights could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

47. We are subject to certain maritime risks.

We own a majority ownership interest in the offshore wind installation vessel company A2SEA A/S which provides a number of services, including turbine and foundation transport and installation. We also separately own a number of crew vessels and supply boats. We are therefore subject to certain maritime risks, including vessel collisions during the construction and operation of wind farms, the operation of our oil and gas fields or otherwise, which may result in damage to, among other things, the vessels, installations, personal injury, loss of life, pollution, fires, flooding, oil or gas spills, and/or environmental impairment or damage. This risk is particularly acute in regions with heavy intersecting marine traffic or close proximity of other vessels.

As a recent example, an A2SEA vessel lost its tow and capsized off the west coast of Jutland in January 2016. Removal of the damaged vessel has not yet been initiated. Our accident prevention measures, employee training measures and environmental containment policies may be insufficient to prevent and/or repair the damage caused by a vessel collision and we may be negatively affected by any uninsured harm resulting from a vessel collision, or by reputational damage. The materialization of any of these maritime risks could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

48. We have been, are, and will continue to be subject to laws and regulations which are subject to change and may be negatively affected by related legal proceedings.

We are regulated by extensive legislation and other rules and regulations issued by the EU and the national legislatures in each of the relevant countries in which we operate (See Section 18 "Regulation"). These laws, rules and regulations are often complex and their application or interpretation by the relevant competent authorities may be difficult to predict or may not be consistent. Non-compliance with such laws and regulations could, among other things, result in revocation of concessions, licenses, permits and authorizations, civil liabilities, sanctions, fines or criminal penalties.

Moreover, these laws, rules and regulations have been, are and will continue to be subject to change. In the event that more restrictive or unfavorable laws or regulations are adopted in any of the countries in which we operate, such new requirements may, among other things, give rise to increased capital expenditure, increased operating costs or otherwise negatively affect our business.

In addition to the general risks identified above and the risks mentioned elsewhere in this Risk Factor section, we are also affected by other general laws and regulations applicable to all of our businesses (see Section 18 "Regulation") with regard to which we face certain risks, including the following:

- We are required to comply with EU, Danish and other public procurement regulations applicable to us in various areas of our business. Such requirements apply, inter alia, to the process of selecting many of our suppliers and contractors on construction projects and service providers. These regulations are often difficult to interpret and apply and may, in particular, considerably prolong the selection process. In addition, an agreement entered into in breach of public procurement regulations may be rendered void or a fine calculated on the basis of the contract value may be imposed on the procuring party (see Section 18.10 "Utilities Procurement Regulation").
- The laws and regulations relating to state aid are often difficult to interpret and apply. Third parties may believe that transactions to which we are party may constitute public aid granted in violation of applicable laws and regulations. In June 2013, the European Commission notified the Kingdom of Denmark of its decision to initiate a formal state aid procedure in relation to the Kyndby agreement. The Commission expressed doubts as to the existence of state aid in the agreement to our benefit. We have not been part of the procedures. On May 23, 2016 the Commission announced that it has found that the agreement does not involve any state aid. The decision of the Commission may be appealed. For additional information, see Section 15.12 "Legal Proceedings." Receipt of non-approved public aid may result in an obligation to repay the aid granted, including any interest thereon. For additional information, see Section 18.9 "State aid."
- Within the area of competition law, we have been, and may continue to be, subject to investigations by competition authorities. In the past such investigations have resulted in non-intervention, the undertaking of commitments or, in the context of merger approvals, the disposition of assets or implementation of other compliance mechanisms. Furthermore, action by competition law authorities may be accompanied or followed by lawsuits brought by civil plaintiffs and there may be significant civil damages as a consequence. For example, the Elsam cases allege excessive bid prices in the wholesale market for physical power in Western Denmark during the periods from July 1, 2003 to December 31, 2004 and January 1, 2005 to June 30, 2006, and related claims for damages. For further information, see Section 15.12 "Legal proceedings."
- The financial markets regulation applicable to us is often difficult to interpret and apply, especially in the context of an energy business and due to the regulation being under constant change. Actions in breach of financial markets regulation may result in severe criminal sanctions. For example, we are currently in dialogue with the Danish Energy Regulatory Authority with respect to an inquiry under Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency. The inquiry relates to a submission of sales orders on Nord Pool Spot on May 23, 2015 that exceeded our expected production of power for delivery on May 24, 2015 in a specific price area in Denmark, due to an unintentional typing error. Further, we have determined that we fall within the exemptions to the requirement to be authorized as an investment firm in connection with our dealings in financial instruments; however, if this determination was challenged, we would be subject to strict regulation, significant administrative burdens and regulatory capital requirements as well as supervision by a financial supervisory authority. With respect to the new regulation regarding dealings in the markets in financial instruments (MiFID II), this assessment remains subject to the finalization of the rules; depending on the outcome, we may be subject to authorization requirements with the abovementioned consequences. In addition, the introduction of position limits for commodity derivatives pursuant to MiFID II remain subject to clarification; these would limit our ability to deal in certain commodity derivatives, meaning that we may not be able to run our commodity business in the most appropriate way. For further information, see Section 18.8 "Financial Markets Regulation." Finally, we are in dialogue with the Danish FSA on the potential applicability of the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism to a limited part of our business in DONG Energy Sales & Service A/S. Depending on the outcome of this dialogue, this part of our business may be, and may without the general understanding of the energy sector-historically have been, subject to the requirements of the Act, including the obligation to register with the Danish FSA, to the extent relevant the obligation to comply with know your customer requirements, investigation and reporting requirements, and organizational requirements, among others. We are currently in the process of registering DONG Energy Sales & Distribution A/S with the Danish FSA as an entity carrying out

lending activities and thus subject to the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism in respect of these activities.

The materialization of any of the risks above could have a material adverse effect on our business, cash flows, results of operations and/or financial condition.

49. We may incur material costs to comply with, or as a result of, health, safety, and environmental laws and other related national and international regulations, in particular those relating to the release of carbon dioxide and other emissions.

We incur, and expect to continue to incur, capital and operating costs and expenditures to comply with laws and regulations of the EU and the countries in which we are present or into which we may expand operations, which cover the protection of the environment and natural resources, and the promotion of employee health and safety.

Changes in environment-related subsidies, regulations concerning fuel application, such as emissions standards, or new environmental initiatives could force us to incur significant additional expenditures, compliance costs or reduce or terminate certain operations. If such costs cannot be efficiently recouped through our sales to customers, or in the event that we have to reduce or terminate certain operations, this may result in material adverse consequences to our business, results of operations or financial condition.

In addition to laws and regulations relating to the release of carbon dioxide and other emissions (see Section 18.3.1.6 "Environmental regulation"), other laws and regulations impose standards and liabilities on us upon the occurrence of certain events, such as accidents and injuries, oil spills or discharges or other pollution of water, air, or soil, or with regard to waste disposal, electromagnetic fields and the use and handling of hazardous or toxic chemicals and other materials, or more generally where our activities and operations have any impact on people and/or the environment. If we receive orders, claims or are otherwise required to clean-up or limit pollution at our sites or facilities, we may incur significant costs or be negatively affected by reputational damage.

Preventative or remedial environmental measures can be costly. Additionally, should we be found to be in violation of legal requirements applicable to our business, we may face fines, penalties, claims, costly corrective works related to the management of waste, spillages, emissions, suspension or shutdown of operations or environmental damage, any of which could occur onshore or offshore. Such costs may also arise through the acquisition, ownership or operation of properties or businesses.

In addition, our business activities involve the use of high pressures, temperatures and heights, high voltages and strenuous manual work, and we must ensure that our operational activities are carried out under appropriate safety measures, which are sometimes expensive.

As a result of the above, compliance costs with health, safety, environmental or related laws and regulations could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

50. The complexity and development of local and international tax rules and the complexity of our business, together with increased international focus and scrutiny of multinational companies' tax payments, may expose us to financial and reputational risks.

We are exposed to potentially adverse changes in the tax regimes in each jurisdiction in which we operate, including by way of a reduction in tax or levy exemptions. Most of our operations are subject to potential changes in tax regimes in a similar manner as other companies in our industry. General changes to applicable tax laws and regulations at the EU or national level or changes to the interpretation of existing rules or case law could have material effects, such as, for example, if additional taxes were to be levied against certain or all of our business activities. Our business requires us to make significant long-term capital expenditures and commitments on the basis of forecasts, including forecasts of potential tax liabilities. Changes in tax regimes or changes to interpretation of existing rules may obviate the business case for certain of our long-term investments.

As tax laws are complex and subject to interpretation, there is a risk that we may not be able to maintain a position as expressed in a tax return following the filing of such tax return. We have recognized provisions in our financial statements for known and material tax risks based on the assessed probability of such risks materializing. The result is that the provision is generally lower than the potential maximum risk. If unknown tax risks were to materialize, this could result in a material amount of taxes payable, penalties,

and interests. In addition, any payment of taxes exceeding the amount recognized in our provisions may negatively affect our cash flow, financial condition or results of operation.

We conduct a significant number of intra-Group transactions which include transactions in different tax regimes. Such transactions must be carried out at arm's length to comply with local transfer pricing rules and the Organization for Economic Cooperation and Development ("OECD") standards. Furthermore, we operate in several different value added tax ("VAT") regimes and have undertaken many highly complex international and local transactions. The OECD introduced new base erosion and profit shifting initiatives, and tax authorities require the establishment of real-time controls to mitigate the risk of transfer pricing or VAT non-compliance. The number of transactions and the complexity of our business, together with increased compliance requirements, may cause non-compliance with transfer pricing and VAT rules. Any non-compliance could result in material tax expenses, interests and/or penalties and in some instances, double taxation. Double taxation is in particular a risk when we operate in countries outside the EU.

Due to the nature of our business, we operate within a number of different excise duty regimes. In certain jurisdictions we act as a collector of excise duties on behalf of the tax authorities and pass on such collected excise duties. While such excise duties should not give rise to an impact on our financial performance, as a collector we may be subject to risks regarding collection and reimbursement.

Furthermore, the increased international scrutiny of multinational companies' tax payments, together with the complexity of the tax rules and our business activities, are such that our decisions related to tax may be publicly criticized and may result in reputational damage.

As a result of the above, adverse changes in the tax regimes or interpretations of complex tax rules could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

51. Our trading and hedging activities may result in losses.

We conduct trading and hedging operations in, and relating to, certain commodities, in particular those integral to our business, such as power, gas, oil, oil products and CO₂ Certificates, exchange rates and interest rates.

We hedge our market price exposures towards commodities, currencies and interest rates to reduce fluctuations in our cash flows in the short and medium term. Our commodity price risks are hedged in accordance with the minimum hedging levels decided for each of our four business units. The hedging activity is conducted by transferring the same underlying price exposure from the business unit into our Market Trading function. For further information, see Section 16.3.1 "Description of business performance measure."

Risks directly related to the Group hedge are primarily related to changes in underlying exposure which could lead to ineffectiveness if hedges are not adjusted.

The Market Trading function within the Distribution & Customer Solutions is responsible for executing physical and financial transactions in the market. However, Market Trading is not always able to hedge the transferred price risks in full. The external execution of hedges is conducted on both international and regional markets, where some of these markets are only partially liquid or may not offer hedging instruments that precisely match our underlying exposure. Consequently, some of our hedging is done in alternative markets or for periods other than the exposure that we are attempting to hedge. As an example, Danish power price exposure may sometimes be hedged with German or Swedish power prices due to low liquidity in the Danish market. Although this is only done when we expect there to be a high correlation between the price development of such an exposure and our hedges, if such correlations do not meet our expectations (for example, in the event of market stress), the hedge may prove to be ineffective. The external execution of hedges by Market Trading involves spot transactions, fixed price transactions and contracts for future delivery, as well as swaps, forwards, options and other derivative products. These activities are conducted on exchanges and over the counter market with a number of different counterparties such as international banks, other energy companies, specialized trading companies, insurers and with some of our wholesale and retail customers in the B2B segment.

Market Trading also to a limited extent engages in proprietary trading in commodities and certificates. Proprietary trading is mainly done to ensure an ongoing market presence and thus gain more detailed market insight. Furthermore, Market Trading has assumed the role of market maker in the Danish and German power market and consequently must accept certain trades in illiquid markets.

Both of our Market Trading activities are governed by the same VaR and Stress mandates, which measure the risk of losses on the Market Trading portfolio from day to day, calculated on a fair value basis. VaR is determined as the maximum 1-day loss with a 95% probability and thus measures the risk under normal market conditions, while Stress measures the risk under more extreme market conditions. The limits for VaR and Stress, set by the Board of Directors, are DKK 70 million and DKK 400 million, respectively. For internal steering, Group Executive Management has further reduced the VaR limit to DKK 50 million. At the end of March 2016 the utilization of VaR was DKK 24 million. This can be understood as Market Trading, under normal market conditions, will not see a loss above DKK 24 million in 19 out of 20 days. At the end of 2015, VaR from exposures transferred from business units to Market Trading was reduced by more than 90% after the external execution. Proprietary trading only made up a small portion of the combined Market Trading activity.

The profit or loss of Market Trading is recognized immediately in the income statement. The financial result of our total trading activity covering both the execution of Group hedges as well as limited proprietary trading constituted less than 3% of the Group's total EBITDA (BP) for 2015.

We have established a group risk committee headed by our Chief Financial Officer that oversees our risk management and risk control activities relating to our market and credit risks. We have a centralized risk management unit that is segregated from business units and that calculates and reports risk exposures and daily reporting on trading positions, profit/loss, credit exposures and compliance with assigned mandates. For additional information, see Section 16.12 "Risk management."

However, these policies, procedures and associated limits may be insufficient to adequately capture the risks to which we are exposed. There can be no assurance that we will not sustain losses in the future as a result of adverse movements in commodity and certificate prices, exchange rates, interest rates or other factors affecting our exposure and our trading positions. Moreover, the volatility of the markets and the large amounts of money involved in our trading activities give rise to the risk that employees involved in trading may not operate within the Group's policies and trading limits, may commit fraud, either for their own financial gain or to cover losses incurred. We have adopted Group-wide control procedures, compliance policies and a code of conduct; however, there can be no assurance that we will not experience incidents of employees not complying with these policies, that we will be able to successfully implement future compliance policies or that we will effectively update existing control procedures and compliance policies.

The failure or inadequacy of our trading and hedging activities or of our risk management policies could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

52. We may not be able to effectively manage our exposure to counterparty risk.

In the ordinary course of our business, we enter into contracts for delivery of physical energy products with wholesale and retail customers as well as hedging contracts with different market participants, such as other energy companies, specialized trading companies and international banks and insurers. Our contracts typically provide for payment in 20 to 30 days following the month of delivery, during which period we are exposed to payment risk, which may represent a significant amount. In our contracts or transactions for sales and purchases and hedging transactions on forward prices, including currency and interest rate agreements, we may have a significant credit risk with respect to the market value of the contract.

Through partnerships, joint venture and license agreements, we are exposed to counterparty risk in the event of a counterparty default or failure to satisfy a contractual obligation; this may additionally include the risk of joint and several liability depending on the terms of our partnership, joint venture or license agreements. Counterparty risk also exists with respect to suppliers and contractors, where the default of a single contractor may have a significant impact where we are unable to replace specific expertise within a short timeframe.

We also invest our liquidity reserve in short-term deposits and liquid assets, primarily including AAA-rated Danish mortgage bonds and Danish government bonds, as well as minor holdings of investment-grade corporate bonds, including hybrid bonds.

Although we manage our counterparty risk through our policy regarding internal counterparty credit lines along with the monitoring of our actual exposure (see Section 16.12.1.4 "Credit risk"), there can be no assurance that our risk management activities will be sufficient to prevent losses arising from counterparty risk, or that we will not be adversely affected by our counterparty risk. While we have adopted policies to

manage our risks, including counterparty risks, we cannot guarantee that our employees will comply with these policies or that the policies will safeguard against incurring losses.

In addition, our insurance company DONG Insurance A/S ("DONG Insurance") is subject to counterparty risk, particularly where it acts as the direct insurer of certain insurance programs. Although this risk is limited to fixed amounts under the programs and benefits from stop loss insurance, there can be no assurance that this will be sufficient to prevent significant losses from occurring. Reinsurance for DONG Insurance is primarily provided by a single reinsurer, Oil Insurance Limited ("OIL"). For additional information, see Section 18.8.8 "Insurance."

Any inability to manage our counterparty risk could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

53. Cost estimates and reserve provisions for decommissioning are subject to changes in regulatory requirements, the costs of goods and services necessary to carry out decommissioning and, as such, the Group's current cost estimates and reserves may be insufficient.

The decommissioning of the Group's operating assets such as wind farms, power plants, power networks, pipelines, oil and gas facilities and wells, infrastructure assets, development licenses and other assets is not expected to commence until after generation or production from those assets has ceased. The extent, and therefore the cost, of decommissioning such assets required upon abandonment is dependent on the legislative and regulatory requirements in effect at the time of decommissioning and such requirements could change in the future. We are currently subject to various regulatory environments which contain uncertainties with respect to these obligations as a result of the relative lack of experience in decommissioning of production assets.

In addition, decommissioning liabilities are subject to the accuracy of estimates of the future cost of the goods and services necessary to carry out the decommissioning and such estimates may be incorrect or underestimate the actual decommissioning costs upon commencement of decommissioning. In order to measure decommissioning provisions, we calculate the present value of the estimated future costs of decommissioning by discounting these costs with a risk-free interest rate. We currently apply a rate of 4.5%, which reflects a long-term historical average. However, the current risk-free interest rate is lower than 4.5% and if the current rate continues, we may underestimate the present value of our provisions. If there is a material increase in the actual cost of decommissioning the Group's assets over current estimates, our provisions allocated to our decommissioning obligations may not be sufficient and we may in the future need to obtain additional funds to fulfil such obligations. We may be unable to secure such funding on reasonable commercial terms, or at all, in which case we may be required to reduce or delay other capital expenditures or to divert funds from other projects to satisfy the increased costs of decommissioning. The difficulty in estimating decommissioning costs and the related reserves is exacerbated by our own limited experience in decommissioning our production assets, since as of the date of this Offering Circular, we have not yet decommissioned any of our production assets. In addition, any default by one of our license partners on their obligations to contribute towards the cost of decommissioning could increase the Group's decommissioning liabilities significantly. For additional information on certain of our decommissioning obligations, see Sections 18.2.4.1.5 "Abandonment/ decommissioning obligations," 18.5.1.6 "Decommissioning/abandonment obligations," "Decommissioning/abandonment obligations."

As a result of the above, our cost estimates and reserve provisions for decommissioning may be insufficient, which could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

54. We may be adversely affected by restrictions on borrowing and debt arrangements, changes to our credit ratings, volatility in the global credit markets, provision of collateral or the repayment of our indebtedness due to a change of control and other factors.

Our business is partly financed through debt, and the maturity and repayment profile of debt used to finance investments often does not correlate to cash flows from our assets. Accordingly, we rely on access to committed syndicated revolving credit facilities to provide short-term liquidity as well as long-term bank loans and facilities from multilateral financing institutions and capital markets as sources of finance. For further information, see Section 16.4 "Liquidity and capital resources." In recent years, global financial markets have experienced extreme volatility and disruption. Adverse market conditions, including

disruptions, could increase our cost of financing in the future, particularly as a result of our debt refinancing requirements.

An adverse development in the rating agencies' views on our business risk profile, or increased leverage due to our investment program which leads to an adverse development in our key credit metrics, may negatively affect our current credit rating. In April 2016, Moody's confirmed our 'Baa1' rating, but changed their rating outlook to "negative" from "review for downgrade." Furthermore, changes in rating agency methodologies may lead to heightened requirements with respect to key credit metrics such as our cash flow-to-debt ratio and may negatively affect our current credit ratings. Downgrades may lead to increased borrowing costs or increased requirements by counterparties or business partners to provide guarantees or collateral and may adversely affect our capital structure. Under our existing loan obligations, we could be required to repay such debt if Moody's or S&P downgrades our rating to Baa3 or BBB – or below, respectively. In addition, if our credit rating is below that of our peers, we may lose competitiveness over time, if for example our lower credit rating negatively affects our ability to win tenders and auctions.

Changes in rating agencies' criteria for assessing equity content of our hybrid capital may also affect our current credit rating negatively. For example, on October 27, 2015, Standard & Poor's ("S&P") revised the equity content of one of our hybrid capital securities from "intermediate," under which the securities receive a 50% equity treatment, to "minimum," under which they do not receive any equity treatment. On November 13, 2015, S&P re-established the equity content of the securities to "intermediate." Furthermore, S&P's methodology for corporate hybrid capital includes a limit of 15% for the proportion of hybrid capital to capitalization, as it considers that hybrid capital above this threshold could raise doubts about a company's financial policy. If this limit is breached on more than a temporary basis, S&P may in their credit assessment of the Company remove its assigned equity content from all our outstanding hybrid capital, which could potentially lead to a downgrading by S&P. However, if S&P assesses the breach to be temporary and caused by factors outside the Company's control, S&P will only disregard equity content for the amount of hybrid capital that exceeds the 15% threshold.

Any future ratings downgrades or modifications to the equity treatment of our outstanding hybrid securities could increase the cost of financing our operations and negatively affect our cash flow and results of operations.

In addition, our current credit rating is supported by the Danish Government's majority stake in our equity. If the holding were to be reduced to below a majority in the future, this could also result in a material adverse effect on our credit rating. For additional risks relating to a reduction of the Danish Government's share of ownership, see Risk Factor 63 "If the Kingdom of Denmark ceases to hold a majority ownership interest in us, we would be subject to a legal requirement to sell the Gas Distribution Network and we may face changes in the terms and conditions applicable to certain of the consents, permits and licenses under which we operate."

Our sources of liquidity include short-term deposits, committed syndicated revolving credit facilities and liquid assets, AAA-rated Danish mortgage bonds and Danish government bonds, as well as minor holdings of investment-grade corporate bonds, including hybrid bonds. Any restriction in accessing these or other forms of liquidity or any change in the creditworthiness of the financial institutions that provide us with long-term financing could negatively affect our liquidity position or our ability to fund our operations. If we are unable to access capital at competitive rates or at all, our ability to finance our operations and implement our strategy will be affected.

Our ability to make payments on or repay our indebtedness, and to abide by the terms thereof, will depend on our future operating performance and ability to generate sufficient cash to make such payments. This depends, to a significant degree, on general economic, financial, competitive, market, legislative, regulatory and other factors discussed in this Risk Factors section of the Offering Circular, many of which are beyond our control. If our future cash flows from operations and other capital resources are insufficient to repay our financial obligations as they mature or to fund our financial liquidity needs, we may be forced to (i) reduce the scope of our business activities or curtail or delay capital expenditures, (ii) sell assets or ownership shares in assets, (iii) obtain additional debt or equity capital, or (iv) restructure or refinance all or a portion of our debt on or before maturity. If we default on the payments required under the terms of certain elements of our indebtedness or we fail to abide by the terms thereof, then such indebtedness, together with the debt incurred pursuant to other debt agreements or instruments, may become payable upon demand, and we may not have sufficient funds to repay all of our indebtedness.

In addition, under our outstanding hybrid capital arrangements, we have undertaken certain restrictions with regard to our payment of cash dividends; in case we defer any coupon payments on any of our hybrid capital securities, such deferred coupon payments must be paid if a decision is taken to pay dividends to our shareholders. See Section 16.8.3.4 "Hybrid capital."

Furthermore, certain of our long-term bank facilities and revolving credit facilities contain provisions that could require the provision of collateral or the repayment of our outstanding indebtedness under, and cancellation of, such facilities. These include (i) loans which could require us to provide collateral if the Kingdom of Denmark holds less than 50% of our share capital or voting rights, or to repay the outstanding indebtedness in the event Moody's or S&P downgrades our rating to Baa3 or BBB— or below, respectively, and (ii) committed revolving credit facilities that could require us to repay any drawn amounts and cancel the facilities if entities other than a group consisting of the Kingdom of Denmark and Danish power distribution enterprises controlled by consumers or Danish municipalities acquire more than 50% of our share capital or voting rights, or if the Kingdom of Denmark ceases to hold at least 20% of our share capital. See Section 16.8.3 "Material financing transactions." The provision of collateral, or the repayment of our indebtedness, could adversely affect the development of our business.

The materialization of any of the risks detailed above could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

55. We face reputational risks.

We are a well-known Group in the countries in which we operate as a result of the size and scope of our business. This is particularly true with respect to Distribution & Customer Solutions' activities in Denmark, where, among other things, disruptions to our operations, price increases in the power or gas offered to our customers or customer service difficulties could harm our reputation. Harm to our reputation may be exacerbated by media coverage of the events described above or any other events which are negatively perceived. A substantial erosion in our reputation could have a material adverse effect on our business, financial condition and results of operations.

56. The prospective financial information and the targets included in this Offering Circular may differ materially from our actual results.

The financial prospective and the targets included in this Offering Circular, including in Section 15.3.1 "Strategy," Section 16 "Operating and Financial Review," Section 17 "Prospective Financial Information for 2016 and Prospective Directional Indications for 2017," and elsewhere include financial, operational and strategic targets, projections, aspirations and objectives. The targets, projections, aspirations and objectives are based upon a number of assumptions (including the success of our strategy) which are inherently subject to significant business, operational, economic and other risks, many of which are outside of our control (see Section 3 "Special notice regarding forward-looking statements"). Accordingly, such assumptions may change or may not materialize at all. In addition, unanticipated events may adversely affect the actual results that we achieve in future periods whether or not our assumptions relating to FY 2016, FY 2017 or future periods otherwise prove to be correct. Consequently, our actual results may vary materially from these targets, projections, aspirations and objectives, and investors should be cautious in relying on these projections and targets when making their investment decision and are urged not to place undue reliance on any of such statements.

57. We may enter into new markets that we have not operated in before, which will require us to successfully meet new regulatory, technical, legal, cultural and other challenges.

In the future, we may expand operations into markets other than those in which we currently operate. For example, we have recently obtained project development rights for offshore wind farms in the United States and we are currently in the process of establishing an office in Taiwan with the aim of securing project rights. Expanding operations into new markets may be dependent on attracting qualified personnel in these new areas and will cause us to be subject to risks associated with operating under regulatory, technical, legal, cultural and other requirements that are different from those with which we are familiar in Northwestern Europe.

58. We are involved and may in the future become involved in disputes and legal proceedings.

We are involved and may in the future become involved in disputes as well as legal proceedings with public authorities, partners, suppliers, customers and others. Given the nature of our business, such disputes and

legal proceedings often involve highly complex legal and factual questions and determinations and significant amounts are involved. Even if we settle disputes out of court or are successful in the legal proceedings, we may face harm to our reputation from case-related publicity. Furthermore, such disputes and legal proceedings may take up significant part of our management's time and require us to commit significant other resources thereto. We have incurred and will continue to incur significant costs related to such disputes and legal proceedings, which we may not recoup, even if the disputes or legal proceedings are solved or decided in our favor.

The disputes and legal proceedings in which we are currently involved include, among others, the Elsam cases regarding alleged excessive bid prices in the wholesale market for physical power in Western Denmark during the periods from July 1, 2003 to December 31, 2004 and January 1, 2005 to June 30, 2006, and related claims for damages. For further information on these and other material legal proceedings in which we are currently involved, see Section 15.12 "Legal proceedings" and Section 16.11 "Critical accounting estimates and judgments."

Assessment of potential outcome and the potential damages and other losses we may incur arising out of any current or future disputes or legal proceedings is inherently difficult given, *inter alia*, the complex nature of the facts and law involved. Deciding whether or not to provide for a loss in connection with such disputes or legal proceedings requires us to make determinations about various factual and legal matters beyond our control. If legal proceedings are resolved against us or if we make out-of-court settlements, we may be obliged to make substantial payments to other parties. To the extent we suffer reputational harm, our determinations to provide for a loss at any time do not reflect the eventual outcome of any dispute or legal proceeding, including the disputes and legal proceedings for which we have recognized provisions and any future related claims, or if we have not recognized any provisions in respect of a certain dispute or legal proceeding, any of these events could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

59. Our insurance may not be sufficient to cover all potential losses and it is not possible to insure against all potential risks, whether in the context of a catastrophic event or otherwise.

We do not maintain insurance against all potential losses and/or claims and could be materially harmed by operational and/or construction catastrophes, natural disasters or other external events. We attempt to maintain adequate insurance for our assets including construction projects, for third party liability and for our employees, but we may be unable to take out adequate insurance coverage. This could be either due to market conditions or to our own claims history.

As part of our insurance coverage, we are a member of the mutual insurance company OIL. This insurance company is based on the members covering each other's insured incidents over a five-year period. Significant insurance claims from other members of OIL may result in significantly increased insurance premiums for us, including a severe penalty payment (withdrawal premium) if we choose to leave OIL. Insurance coverage via OIL is used in combination with the internal insurance company DONG Insurance, for which OIL is used as main reinsurer. Premiums for coverage via membership of OIL are lower than those of the commercial insurance market. An insurance structure without being a member of OIL will mean placement of all insurance via the commercial insurance market, which could lead to increased insurance premiums for both operational and construction insurances.

Furthermore, we have no insurance coverage for business interruption or loss of production. In addition to our own direct financial loss, if we were required to terminate agreements as a result of a catastrophic event, we may be required to pay funds to our contractual counterparties. For example, if we terminated a heating contract under which a heating customer had pre-paid a portion of the capital expenditure relating to the bio-conversion of a CHP plant, we would be required to refund the portion of funds to which we had not yet earned the right under the heating contract, which would be a non-recoverable loss since we do not have business interruption insurance.

The occurrence of any significant losses and liabilities could damage our reputation and cause a substantial loss of operating capacity and could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

60. Security breaches, criminal activity, employee errors and other disruptions to our information technology infrastructure could directly or indirectly interfere with our administrative and/or industrial operations, could expose us or our customers or employees to loss, and could expose us to liability, regulatory penalties and reputational damage.

We rely upon information technology infrastructure, networks, mobile devices and systems to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including our administrative, industrial, commercial and financial control systems. Information technology may be vulnerable to damage, disruptions or shutdowns due to attacks by hackers, computer viruses or breaches due to employee error or malfeasance. Our information technology networks may also be negatively affected by telecommunication failures, natural disasters or other catastrophic events. Any such events could also lead to loss or misuse of confidential or other information, which could result in legal claims or proceedings, liability or regulatory penalties against us, reputational damage, or otherwise harm our business.

The occurrence of any of these events could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

61. We are subject to risks related to ethical misconduct or breaches of applicable laws by our employees, suppliers, agents or other third parties.

We have implemented compliance policies and procedures with respect to applicable anti-corruption and sanctions laws; however, there can be no assurance that all of our employees, suppliers, agents, investors in our offshore wind farms, joint venture partners or other third parties involved in our activities will not take actions in violation of our policies or of applicable law. Any incidents of ethical misconduct or non-compliance with applicable laws and regulations, including anti-corruption, sanctions, anti-money laundering or other applicable laws, by our employees, suppliers, agents or other third parties may cause us to be subject to significant fines, prevent us from participating in certain projects or may lead to other consequences, including, but not limited to, the termination of existing contracts. Although in the past we have ceased sourcing from existing suppliers in instances where we suspected non-compliance with our policies and procedures and may do so again in the future, we may nonetheless be negatively affected by damage to our reputation as a result of any non-compliance or suspected non-compliance by our suppliers with applicable laws, rules or procedures. Any such non-compliance by our employees, suppliers, agents or other third parties could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

62. We have, or may retain, liabilities for certain matters in connection with divestments.

In recent years, we have divested a number of assets, including non-core assets, ownership interests in offshore wind farms and offshore transmission assets in our offshore wind farms in the UK. In connection with divestments, we have retained and may in the future retain liabilities for certain matters or undertake indemnification obligations in connection with our divestments. As part of the divestment of offshore transmission assets, we have in certain cases undertaken and may in the future undertake obligations to the OFTO, including, among others, compensation of lost revenue due to power outages or cable reburial work, which may result in substantial costs.

In certain divestiture transactions, third parties may be unwilling to release us from credit support provided prior to the sale of the divested assets. As a result, after a sale, we may remain secondarily liable for the obligations guaranteed or supported to the extent that the buyer of the assets fails to perform these obligations.

We anticipate to continue divestments in the future, including, but not limited to, the divestment of ownership interests in our offshore wind farms, offshore transmission assets in our offshore wind farms in the UK and non-core assets in the Oil & Gas business. We may, however, be unable to complete these divestments within our anticipated timeframe or at all.

As a result of the above, our retained liabilities or indemnification obligations in connection with divestments could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

63. If the Kingdom of Denmark ceases to hold a majority ownership interest in us, we would be subject to a legal requirement to sell the Gas Distribution Network and we may face changes in the terms and conditions applicable to certain of the consents, permits and licenses under which we operate.

The Political Agreement requires that our gas distribution network in Western and Southern Zealand and Southern Jutland (including certain other pipelines comprised by the license no. ENS 66151-0002) (the "Gas Distribution Network"), and the upstream pipelines set forth in Appendix 1 of our Articles of Association, including the upstream pipelines from the Tyra and the Syd Arne platforms to the gas treatment facility in Nybro, from the Tyra platform to the Harald platform and the gas treatment facility in Nybro (collectively, the "Gas Infrastructure Assets") remains under the control of the Kingdom of Denmark (see Section 21.2 "The Political Agreement; transfer of gas infrastructure assets to the Kingdom of Denmark"). Further, pursuant to Article 14 of our Articles of Association, any transfer of or imposition of liens on the Gas Infrastructure Assets or the Oil Pipeline Business may only be made to the Kingdom of Denmark or legal persons controlled by the Kingdom of Denmark.

Through the Confirmation Political Agreement, the Kingdom of Denmark expressed its support for the Company seeking a sale of the Gas Infrastructure Assets and of our oil pipeline business to Energinet.dk on commercial terms. Our oil pipeline business consists of an oil pipeline with a total length of 330 kilometers, of which 110 kilometres are onshore and 220 kilometres are offshore and includes the Gorm E platform, Filsø booster station, various valve stations, and our crude terminal and our stabilization plant in Fredericia (the "Oil Pipeline Business"). Neither the Political Agreement nor the Confirmation Political Agreement impose legally binding obligations on us under Danish law.

In accordance with the Political and the Confirmation Political Agreement, on May 10, 2016 we entered into an agreement with Energinet.dk for our divestment to Energinet.dk of our gas distribution activities, including the Gas Distribution Network. Completion of the divestment is, among others, conditional upon certain matters outside our control. See Section 15.13 "*Material contracts*." While we have no reason to believe that such conditions will not be fulfilled and therefore anticipate that the divestment will be completed in September 2016, we cannot guarantee that completion will occur.

Should the divestment, contrary to our current expectations, not be completed and if, prior to a future sale being realized, the Kingdom of Denmark were to reduce its ownership interest below a majority, the Kingdom of Denmark would be obligated to purchase, and we would be obligated to sell, the Gas Distribution Network at a value established according to Section 34 of the Danish Natural Gas Supply Act, which applies to our Gas Distribution Network but not to other portions of the Gas Infrastructure Assets or the Oil Pipeline Business. While the Danish Act on the Procedure for Compulsory Purchases (Consolidated Act No. 1161 dated November 20, 2008) and principles of the Danish Constitution protecting private property are intended to protect our right to receive compensation on the basis of the market value of the assets in the event of any forced transfer of the Gas Distribution Network to the Kingdom of Denmark, the value of these assets is difficult to appraise, and the price at which we may be forced to sell the assets to the Kingdom of Denmark, may, therefore, be lower than what we may believe is the fair market value. There is no similar legislation in place in respect of the Oil Pipeline Business and the remaining part of the Gas Infrastructure Assets, and, accordingly we would not by law be forced to sell these assets if the Kingdom of Denmark were to reduce its ownership interest below a majority prior to a potential sale of those assets as contemplated by the Confirmation Political Agreement being realized.

In addition, certain of our businesses are conducted pursuant to consents, permits and licenses granted by public authorities. Certain of such consents, permits and licenses are subject to provisions pursuant to which a change of control over the holder of the consent, permit or license, under the applicable rules, is deemed to constitute an indirect transfer of the consent, permit or license for which a consent from the competent authority is required. Such consent may be made subject to additional terms and conditions. Accordingly, if the Kingdom of Denmark were to reduce its ownership interest below a majority, this might trigger new requirements in respect of certain of our consents, permits and licenses. We cannot provide any assurance that such consents will be obtained, or that they will be granted without additional terms and conditions.

The materialization of any of the risks detailed above could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

1.7 Risks related to the Offering

64. The Kingdom of Denmark will, following the completion of the Offering, continue to hold a majority ownership interest in us and may in that capacity control or otherwise influence important actions we take.

Prior to the Offering, the Kingdom of Denmark held 58.8% of our share capital and voting rights. Upon completion of the Offering, the Kingdom of Denmark will continue to hold more than 50% of our share capital and voting rights.

As the Kingdom of Denmark will control more than 50% of the share capital and voting rights represented at our general meeting, the Kingdom of Denmark will be able to directly or indirectly exercise control over all decisions requiring a simple majority of the share capital and voting rights represented at our general meetings, including the election or removal of our directors and distribution of dividends. Depending on the extent to which other shareholders are present or represented at our general meetings, the Kingdom of Denmark may also be able to control decisions requiring a qualified majority of the votes, such as amendments to our Articles of Association, increases in our share capital, mergers or demergers etc. For more information regarding the majority requirements at our general meeting, see Section 23.7 "Resolutions by the general meetings and amendments to the Articles of Association."

In exercising its rights, the interests of the Kingdom of Denmark may not be aligned with the interests of our other shareholders or those of the Company. We cannot guarantee that the Kingdom of Denmark, as our controlling shareholder, will act in our interest or in the interests of our other shareholders or that any conflicts of interest will be resolved in our favor. In the event that the Kingdom of Denmark's interests conflict with our interests or those of our other shareholders, such shareholders may be disadvantaged. For example, the concentration of share ownership could have the effect of delaying, postponing or preventing a change of control in the Company and impact consolidations or other business combinations, which may be desired by other shareholders. This could deprive shareholders of an opportunity to sell their Shares at a premium and could negatively affect the price of our shares.

For more information regarding the Kingdom of Denmark's ownership interest in us, see Section 21 "DONG Energy's Relationship with the Kingdom of Denmark."

The Majority Shareholder's shareholding in the Company may be increased if the put option provided for in the 2013 Shareholders' Agreement described in Section 20.3 "Selling Shareholders" is being exercised by any or all of NEI, SEAS-NVE Holding A/S, ATP, SE a.m.b.a., PFA Pension, Forsikringsaktieselskab, Nyfors Entreprise A/S, and Insero Horsens. The put option is exercisable at any time until settlement of the Offering, including for settlement after the Offering, however at an agreed price that is lower than the bottom price in the Offer Price Range per Share. The exercise of the put option could under certain circumstances increase the Majority Shareholder's shareholding and proportionate interests in and influence over the affairs of the Company to up to more than 79%.

The materialization of any of the risks above could have a material adverse effect on our business, cash flows, results of operation and/or financial condition.

65. There is no existing market for the Offer Shares, and their price may be volatile and fluctuate significantly in response to various factors.

There is currently no market for the Offer Shares, and an active trading market may not develop or be sustained after the Offering. The market price of the Offer Shares may subsequently vary from the price at Offering. The trading price of the Offer Shares may fluctuate in response to several extraneous factors beyond our control, including but not limited to fluctuations in exchange rates; external factors affecting our results of operations, including those outlined in this section; investor perceptions of our future performance; changes in factors affecting general market valuations of companies in the energy industry, including fluctuating prices of oil, gas or power; announcement by us or others of significant technological developments, contracts, acquisitions, strategic partnerships, joint ventures or capital commitments; general economic or political conditions in Denmark, Northwestern Europe and elsewhere in Europe; and changes in laws and regulations.

In addition, Nasdaq Copenhagen or the global securities markets may experience significant price and volume fluctuations, which may have a material adverse effect on the market price of the Offer Shares and create a risk that investors may not be able to sell their shares at the price at Offering or a higher price.

66. Future equity offerings by us or sale of shares by shareholders may adversely affect the market price of the Offer Shares.

After the Offering, the Kingdom of Denmark will hold more than 50% of our Shares. The Kingdom of Denmark and the Minority Shareholders have agreed not to dispose of any of their Shares (except for the Shares to be sold in the Offering) for a period of 180 days from the date of this Offering Circular, subject to certain exceptions. Although the Kingdom of Denmark has not made any announcements concerning any intention to reduce its shareholding further, the Kingdom of Denmark may nonetheless choose to sell some or all of its shares in DONG Energy A/S following the expiration of the lock-up period, as may other shareholders. Reduction of the Kingdom of Denmark's ownership interest in us to below a majority before 2020 will require the approval of all parties to the Confirmation Political Agreement (see Section 20.1 "Ownership structure").

Additionally, we may issue further equity shares in DONG Energy A/S should we, for example, require additional working capital or funds for capital expenditure. Increases in share capital will require a change to our articles of association and approval by all parties to the Confirmation Political Agreement as well as the majority of our shareholders. As described in Section 19.5.7 "Employee Share Program and Leader Share Program," we expect shortly following completion of the Offering to issue up to 2,686,884 bonus Shares in order to settle certain obligations we have under our existing Employee- and Leader Share Programs. Such issuance will dilute our other shareholders, including shareholders that have acquired Offer Shares. Reference is made to Section 20 "Ownership structure" for a description of the maximum dilutive effect. In addition, the Board of Directors is, until February 19, 2019, authorized to increase the share capital of the Company in one or more issues without pre-emption rights for the existing shareholders of the Company by up to a nominal amount of DKK 490,000,000 by way of conversion of debt in exchange for issuance of compensation shares to the shareholders (or their permitted assignees) that subscribed for shares in connection with the capital increase in the Company adopted on February 20, 2014. See Section 20.4 "Investment Agreement and Siri Compensation" below. Any such issuances of further equity shares or sales of shares by shareholders, or speculative perception by investors that such issuance or sales may occur, could have a material adverse effect on the market price of the Offer Shares.

67. Differences in exchange rates could have a material adverse effect on the value of shareholdings or dividends paid.

The Offer Shares will be quoted in Danish Kroner only, and any dividends will be paid in Danish Kroner. As a result, shareholders outside Denmark may experience material adverse effects upon the value of their shareholding, as the share price and/or any dividends paid in other currencies may be adversely affected by a depreciation of the Danish Krone.

68. We are governed by Danish law, and it may be difficult or impossible for investors outside of Denmark to serve process on or enforce judgments against us.

We are a public limited company incorporated in Denmark and governed by Danish law. As a result, it may be difficult or impossible to serve process on us or enforce judgments against us from outside Denmark in connection with the Offering. All of our directors and officers are resident in countries other than the United States, and substantially all of our assets are located outside of the United States. It may not, therefore, be possible for investors to effect service of process within the United States upon such persons or upon us, or to enforce against them in US Courts, judgments obtained in such courts based upon the civil liabilities provisions of the federal securities laws of the United States or otherwise.

69. Certain shareholders outside Denmark may not be able to exercise preemptive rights.

Holders of Shares will have certain pre-emptive rights in respect of certain issues of Shares, unless those rights are disapplied by a resolution of the shareholders at a general meeting or the shares are issued on the basis of an authorization to our Board of Directors under which our Board of Directors may disapply the pre-emption rights. Securities laws of certain jurisdictions may restrict the ability for shareholders in such jurisdictions to participate in any future issue of the Shares carried out on a pre-emptive basis.

Certain shareholders outside Denmark, including, but not limited to, US holders of the Offer Shares, may not be able to exercise any preemptive or preferential rights in respect of Offer Shares held by them or to participate in a rights offer, including in connection with an offering below market value, unless we decide to comply with local requirements. Shareholders in the United States may not be able to exercise such rights unless a registration statement under the US Securities Act is effective with respect to such rights or

an exemption from the registration requirements thereunder is available. In such cases, shareholders resident in such non-Danish jurisdictions may experience a dilution of their shareholding, possibly without such dilution being offset by any compensation received in exchange for subscription rights. No assurance can be given that local requirements will be complied with or that any registration statement would be filed in the United States or other relevant jurisdiction so as to enable the exercise of such holders' pre-emption rights or participation in any rights offer.

70. There is a limited free float in the shares.

Each of the Kingdom of Denmark's and the Minority Shareholder's shareholding following the completion of the Offering may affect the demand in the Shares. If these shareholders continue to hold on to their respective shares, this may affect the liquidity of the Shares, may impair the ability of investors to sell their Shares at the time they may wish to do so and may increase the volatility of the Shares. In addition, the Kingdom of Denmark's share ownership may adversely affect the trading price of Shares because investors may perceive disadvantages in owning shares in companies with a significant shareholder.

71. The Offering may be withdrawn after the first day of trading and until settlement of the Offering

As described in Section 25.12 "Withdrawal of the Offering", the Underwriting Agreement contains provisions entitling the Joint Global Coordinators, subject to certain limitations and under certain exceptional circumstances, to terminate the Offering (and the arrangements associated with it) after pricing and prior to settlement of the Offering, including on or after the first day of trading in the Offer Shares. Furthermore, the Kingdom of Denmark (including on behalf of all Selling Shareholders, except for NEI) acting jointly with NEI and after consultation with the Company and the Joint Global Coordinators has the right, subject to certain limitations and under certain exceptional circumstances, to terminate the Offering (and the arrangements associated with it) after pricing and prior to settlement of the Offering, including on or after the first day of trading in the Offer Shares. Such termination rights will lapse upon settlement of the Offering, currently expected to take place on June 13, 2016. Nasdaq Copenhagen's approval of the Shares being admitted to trading and official listing on Nasdaq Copenhagen is subject to such termination rights not having been exercised prior to settlement of the Offering.

In addition, the Underwriting Agreement contains closing conditions which we believe are customary for offerings such as the Offering. Completion of the Offering is subject to such conditions being fulfilled or waived at the settlement of the Offering. If one or more closing conditions are not met at completion of the Offering or at all, the Offering or the related exercise of the Overallotment Option, respectively, may be withdrawn.

If the Offering is terminated or withdrawn, the Offering and any associated arrangements will lapse, all submitted orders will be automatically cancelled, no Offer Shares will be delivered against payment therefor to investors and admission to trading and official listing of the Shares on Nasdaq Copenhagen will be cancelled. Consequently, any trades in the Shares effected on or off the market before the Offer Shares have been delivered to investors may subject investors to liability for not being able to deliver the Shares sold, and investors who have sold or acquired Shares on or off the market may incur a loss. All dealings in the Offer Shares prior to settlement are for the account of, and at the sole risk of, the parties concerned and investors that acquire Shares prior to the lapsing of the aforesaid termination rights risk losing all or part of their investment.

2. BACKGROUND TO THE OFFERING

In connection with the capital injection in the Company in February 2014, it was agreed between the main shareholders to work towards an initial public offering ("IPO") and admission to trading and official listing of the Company's Shares on a regulated market. Furthermore, it was agreed that the Kingdom of Denmark, NEI and ATP would co-operate in good faith to develop an IPO roadmap together with the Company, which should include a strategic review of all the businesses of the Group. On September 18, 2015, we announced the completion of the IPO roadmap, including, in particular, that the Company would work towards an IPO and admission to trading and listing of the Shares on Nasdaq Copenhagen before the end of the first quarter of 2017.

The admission to trading and official listing of the Shares on Nasdaq Copenhagen in connection with the Offering is expected to support our future growth and strategy, advance our public and commercial profile internationally and provide us with improved access to public capital markets and a diversified base of new Danish and international shareholders.

3. SPECIAL NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Circular contains various forward-looking statements that reflect management's current views with respect to future events and anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statement as to historical facts or present facts or circumstances and are indicated by the words "targets," "believes," "expects," "aims," "intends," "plans," "seeks," "will," "may," "anticipates," "would," "could," "continues," "estimates," "forecasts," "projects" or similar expressions or the negatives thereof.

Forward-looking statements appear in a number of places within the Offering Circular, including, but not limited to, under the headings "Summary," Section 1 "Risk factors," Section 12 "Dividends and Dividend Policy," Section 14 "Industry Section," Section 15 "Business," Section 16 "Operating and Financial Review," Section 17 "Prospective Financial Information for 2016 and Prospective Directional Indications for 2017," and Section 18 "Regulation" and are, among other things, statements addressing matters such as:

- Our strategy, outlook and growth prospects, including in particular, financial and operational data
 relating to the six offshore wind projects currently under construction and the one offshore wind
 project in an advanced development stage, Wind Power's installed offshore wind capacity and
 build-out plan target, Wind Power's post-2020 development projects, potential future project rights
 and opportunities within offshore wind, Wind Power's post-2020 annual construction aspirations and
 Wind Power's anticipated divestment of ownership interests in offshore wind farms;
- Our forward-looking data or targets, including in particular, expectations related to offshore wind cost of electricity, bio-conversion of our Danish heat capacity, CO₂ emissions, expected range (average) for ROCE in 2017 to 2020 (at Group level and for Wind Power and for Distribution & Customer Solutions), components of regulated, quasi-regulated and contracted EBITDA, Bioenergy & Thermal Power income estimates, customer satisfaction reputation index and employee satisfaction and motivation scores, power distribution System Average Interruption Duration Index ("SAIDI") scores, LTIF and fatality figures and our financial and dividend policies;
- Our future results of operations, including in particular, statements relating to our expectations for FY 2016 and directional indications for 2017 and gross investment allocations;
- Our cash flows and capital expenditures, including expectations about future cash flows of each of our Bioenergy & Thermal Power business and the Oil & Gas business (including hedging positions), anticipated gross investment allocations between business segments and anticipated future investments in 2016 and in the period from 2017 to 2020;
- Our plans for future operations and facilities;
- Our ability to obtain permits and government approvals;
- The availability of government subsidies and other forms of financial support;
- The development and execution of investment projects (including our ability to complete investment projects within our anticipated budget and on time);
- The divestment of ownership interests in wind farms, oil and gas infrastructure assets and other assets;
 and
- The competitive environments in which we operate (including the forecast growth of the markets in which we operate).

Although we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that they will materialize or prove to be correct, and they are not guarantees of future financial or operational performance or of industry developments. Because these statements are based on assumptions or estimates and are subject to known and unknown risks and uncertainties, the majority of which are outside of our control, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of, among other things:

- Future prices of oil, gas, power, coal, biomass, CO2 Certificates, Green Certificates and derivated spreads;
- Fluctuations in currency exchange rates, interest rates and inflation rates;
- The financial impact of our commodity and currency hedging activities;

- Our ability to complete investments within our anticipated budget and timeframe;
- Fluctuations in the capital markets;
- Our ability to divest ownership interests in offshore wind farms;
- Our ability to reduce the cost of electricity from offshore wind;
- Our ability to win tenders and auctions for offshore wind projects rights, as well as subsidies and associated project development costs;
- The volumes of power and heat we generate, including from our offshore wind farms and from our thermal generation assets;
- Interconnector access;
- The terms of our gas purchase contracts, renegotiation of these contracts and related lump sum payments;
- Our ability to effectively manage and optimize our wholesale gas position, including our gas purchase contract portfolio, our gas storage capacity and LNG capacity;
- Our Market Trading activities;
- The volumes of power and gas distributed and sold;
- Volumes of oil and gas produced;
- Our estimated oil and gas reserves;
- Whether costs related to the termination of the Hejre EPC Contract and ancillary third party contracts will exceed the amount provided for in our accounts as at March 31, 2016;
- Levels of competition in the industries and countries in which we operate;
- Our decommissioning obligations;
- The effect of regulatory regimes in the countries in which we operate, including allocation of subsidies for Wind Power, levies on thermal generation, support for bio-conversions and capped returns on infrastructure assets;
- Our estimated share of earnings from regulated, quasi-regulated and contracted activities;
- · Taxation; and
- Litigation.

Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, our actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected. We urge investors to read the sections of this Offering Circular entitled Section 1 "Risk factors," Section 14 "Industry Section," Section 15 "Business," and Section 16 "Operating and Financial Review," for a more complete discussion of the factors that could affect our future performance and the industry in which we operate.

We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition, cash flows and the development of the industries in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in the Offering Circular. Investors are urged not to place undue reliance on any of the statements set forth above. In addition, even if our results of operations, financial condition, cash flows and the development of the industries in which we operate are consistent with the forward-looking statements contained in this Offering Circular, such results or development may not be indicative of results or developments in subsequent periods. We do not intend, and do not assume any obligation, to update any forward-looking statements contained herein, except as may be required by law. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Circular.

4. ENFORCEMENT OF CIVIL LIABILITIES AND SERVICE OF PROCESS

DONG Energy is organized under the laws of Denmark. All our directors and officers reside in countries or are organized under the laws of countries other than the United States, and a majority of our assets are located outside of the United States. The Selling Shareholders are organized under the laws of Denmark and Luxembourg, respectively. As a result, it may not be possible for investors to effect service of process upon us, the Selling Shareholders or such directors and officers or to enforce against any of the aforementioned parties a judgment obtained in a United States court.

Original actions, or actions for the enforcement of judgments of United States courts relating to the civil liability provisions of the federal or state securities laws of the United States are not directly enforceable in Denmark or Luxembourg.

The United States and Denmark do not have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a final judgment for the payment of money rendered by a United States court based on civil liability will not be directly enforceable in Denmark. However, if the party in whose favor such final judgment is rendered brings a new lawsuit in a competent court in Denmark, that party may submit to the Danish court the final judgment that has been rendered in the United States. A judgment by a federal or state court in the United States against us or the Selling Shareholders will neither be recognized nor enforced by a Danish court, but such judgment may serve as evidence in a similar action in a Danish court.

The United States and Luxembourg do not have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. A final and conclusive judgment for the payment of money rendered by a United States court based on civil liability could, however, be enforced subject to compliance with the Luxembourg procedure of exequatur of foreign court awards and provided that all other Luxembourg law requirements for enforcement of foreign court awards are complied with.

5. PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION AND SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

The financial information included in this Offering Circular consists of, or has been extracted from, the following:

- our Audited Consolidated Financial Statements as at and for the financial years ("FY") ending December 31, 2015, 2014 and 2013, prepared in accordance with IFRS as adopted by the EU and Danish disclosure requirements for listed companies and state-owned public limited companies, which have been audited by PwC; and
- our unaudited consolidated interim financial statements as at and for the three months ending March 31, 2016 and 2015, prepared in accordance with IAS 34 as adopted by the EU and reviewed, but not audited, by PwC.

The historical financial information as at and for the FYs ending December 31, 2015, 2014 and 2013 have been reported in accordance with the reporting standards that we currently anticipate will apply to the Audited Consolidated Financial Statements as of and for the FY ending December 31, 2016. We currently do not anticipate any retrospective implementation of changes in accounting policies or other retrospective adjustments. However, any such retrospective implementation of changes in accounting policies and other retrospective adjustments made in accordance with IFRS may affect subsequently published financial information.

We are also presenting operational data in this Offering Circular, including the production of power from our offshore wind farms, the generation of heat and power from our thermal generation plants, power and gas distribution, transportation of oil, sales and purchases of oil, gas and power and production of oil and gas from our Oil & Gas business to reflect the assets we owned as at the relevant dates and the historical operations relating thereto. This operational data has been derived from our regularly maintained records.

Certain percentages presented in the tables in this Offering Circular reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

As of the date of this Offering Circular, there have been no significant changes to our financial condition and operating results since March 31, 2016, other than (i) the signing of an agreement with Energinet.dk

for the divestment of our gas distribution activities, including the Gas Distribution Network, at a price of DKK 2.3 billion, which we currently anticipate will occur in September 2016, (ii) the repurchase of bonds across our four series of senior EUR bonds in a total nominal amount of EUR 524 million from investors at a total cash price of EUR 615 million, (iii) prepayment of long-term bank debt in a principal amount of DKK 1,955 million, and (iv) termination of certain interest rate swaps.

Non-IFRS Measures

This Offering Circular contains non-IFRS measures and ratios, including those listed below, which are not required by, or presented in accordance with, IFRS as adopted by the EU or the accounting standards of any other jurisdiction. We present non-IFRS measures because management uses them to measure operating performance, in presentations to our directors and as a basis for strategic planning and forecasting, as well as monitoring certain aspects of our operating cash flow and liquidity. We also believe that non-IFRS measures and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. Our non-IFRS measures are defined by us as follows:

- "EBITDA" indicates our operating profit or loss (EBIT) before depreciation, amortizations and impairment losses;
- "EBIT" is our operating profit (loss);
- "Adjusted operating profit" is our operating profit (loss) less current hydrocarbon tax plus impairment losses for the period (added back);
- "Capital employed" is calculated as non-interest-bearing assets less non-interest-bearing liabilities;
- "Average capital employed" is calculated as our capital employed at the beginning of the year plus our capital employed at the end of the year, divided by two;
- "ROCE," or return on capital employed, is calculated as (i) our EBIT less current hydrocarbon taxes, divided by (ii) our average capital employed;
- "Adjusted ROCE," or adjusted return on capital employed, is calculated as (i) our EBIT less current hydrocarbon taxes plus impairment losses for the year (added-back), divided by (ii) our average capital employed plus after-tax impairment loss added back to our capital at the end of the year;
- "Gross investments" is calculated as 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 divestments of assets and enterprises;
- "Net investments" is calculated as payments in connection with the purchase and sale of intangible assets, property, plant and equipment and other non-current assets as well as payments in connection with the acquisition and divestment of enterprises and activities;
- "Free cash flow" is calculated as cash flows from operating activities less gross investments plus divestments;
- "Net working capital" is calculated as our inventories, trade receivables, associates and joint ventures, prepayments and other operating current assets less trade payables and liabilities to associates and joint ventures, deferred income and other operating current liabilities;
- "Net working capital, excluding trade payables relating to capital expenditures" is calculated as net working capital excluding trade payables relating to purchases of intangible assets and property, plant and equipment;
- "FFO," or funds from operations, is calculated on the basis of EBITDA (business performance), adjusted for interest expenses, the interest element of decommissioning obligations, 50% of the hybrid capital coupon payments, interest expenses on the Group's operating lease obligations, operating lease payments recognized in the income statement and current tax;
- "Adjusted interest-bearing net debt" is calculated as interest-bearing net debt plus 50% of 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; and

• "FFO/Adjusted interest-bearing net debt" is calculated as the ratio between FFO and Adjusted interest-bearing net debt.

Our non-IFRS measures, including our business performance measures, may not be comparable to other similarly titled measures of other companies and should be considered together with our IFRS results. Non-IFRS measures and ratios are not measurements of our performance or liquidity under IFRS as adopted by the EU and investors should bear this in mind when considering non-IFRS measures as alternatives to operating profit or profit for the year or other performance measures derived in accordance with IFRS as adopted by the EU or any other generally accepted accounting principles, or as alternatives to cash flow from operating, investing or financing activities. Investors should rely on our IFRS results, supplemented by our non-IFRS measures, to evaluate our performance.

Business performance measure

Business performance measure is a non-IFRS alternative performance measure to supplement the Group's IFRS financial statements. The business performance measures included in this Offering Circular represent the financial performance of the Group's activities in the reporting period, as the result is adjusted for temporary fluctuations in the market value of contracts (including hedging transactions) relating to other periods. The value adjustment of hedging transactions is deferred and recognized for the period in which the hedged exposure materializes, with the exceptions mentioned in Section 16.2.5.2 ("Timing differences on purchase contracts, gas at storage and related hedges"). Contracts included in business performance measures are hedging contracts concerning energy and related currencies and commercial contracts. When hedging instruments do not fully correspond to the hedged exposure, for example, if proxy hedges are used, any difference between the development in market value of the hedging contract and the market value of the hedged exposure is recognized immediately in the income statement as part of the gain or loss from the trading portfolio. This is the only difference between the two accounting methods, and this difference is eliminated when the contracts terminate.

The main reasons for introducing business performance measures in 2011 were (i) an inability for us to achieve the same degree of timing between the recognition of our commercial exposure and hedging contracts under the IFRS rules, for example with respect to option premiums and certain commercial fixed price contracts, and (ii) a high risk of hedging contracts being in non-compliance with the IFRS hedge accounting rules, which would require us to account for the hedging contracts at fair value through profit or loss, while our commercial exposure is accrual accounted.

Business performance measures are audited by PwC as part of their audit of the Audited Consolidated Financial Statements and reviewed by PwC as part of their review of the unaudited consolidated interim financial statements. To reflect whether an income statement figure is an IFRS or a business performance measure, we write IFRS or business performance (or BP) in connection with the relevant figures in the Offering Circular, unless they are identical under IFRS and BP. For additional information on business performance measures, see Section 16.3.1 "Description of business performance measure."

Summary Consolidated Financial and Operating Data

The summary consolidated financial data as at and for the FYs ending December 31, 2015, 2014 and 2013 included in this section, is derived from our Audited Consolidated Financial Statements as at and for the FYs ending December 31, 2015, 2014 and 2013 included elsewhere in this Offering Circular. The summary consolidated financial data as at and for the three months ending March 31, 2016 and 2015 included in this section is derived from our unaudited consolidated interim financial statements as at and for the three months ending March 31, 2016 and 2015 included elsewhere in this Offering Circular. The Audited Consolidated Financial Statements as at and for the FYs ending December 31, 2015, 2014 and 2013 have been prepared in accordance with IFRS as adopted by the EU and the unaudited consolidated interim financial statements as at and for the three months ending March 31, 2016 and 2015 have been prepared in accordance with IAS 34 as adopted by the EU. Moreover, the Audited Consolidated Financial Statements have been prepared in accordance with Danish disclosure requirements for listed companies and state-owned public limited companies.

Our independent auditors PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab ("PwC") have audited the Audited Consolidated Financial Statements as at and for the FYs ending December 31, 2015, 2014 and 2013. The unaudited consolidated interim financial statements as at and for the three months ending March 31, 2016 and 2015, have been prepared in accordance with IAS 34 as adopted by the EU and reviewed, but not audited, by PwC. Results of operations for the three months ending March 31, 2016 are not necessarily indicative of the results of operations for the FY ending December 31, 2016 or for any other interim period or any future financial year.

Potential investors should read the summary financial and other data in this section in conjunction with Section 16 "Operating and financial review" and our consolidated financial information included elsewhere in this Offering Circular. This Offering Circular contains non-IFRS measures and ratios, which are not required by, or presented in accordance with IFRS as adopted by the EU or the accounting standards for any other jurisdiction.

Selected key consolidated financial information for Q1 2016, Q1 2015, FY 2015, FY 2014 and FY 2013 IFRS income statement

	Q1		FY				
	2016	2015	2015	2014	2013		
		(DKK million)					
Revenue	19,332	16,951	74,387	71,829	72,199		
Cost of sales	(7,850)	(12,340)	(45,072)	(43,063)	(47,123)		
Contribution margin	11,482	4,611	29,315	28,766	25,076		
Other external expenses	(1,571)	(1,167)	(6,237)	(7,147)	(6,955)		
Employee costs	(930)	(859)	(3,804)	(3,336)	(3,491)		
Other operating income	894	1,406	2,933	2,466	705		
Other operating expenses	(994)	(31)	(397)	(323)	(425)		
Share of profit (loss) in associates and joint ventures—							
core	24	27	112	(93)	(711)		
EBITDA ⁽¹⁾	8,905	3,987	21,922	20,333	14,199		
Current hydrocarbon tax	(255)	(723)	(2,591)	(3,526)	(1,105)		
EBITDA less current hydrocarbon tax	8,650	3,264	19,331	16,807	13,094		
Depreciation	(1,765)	(2,091)	(8,701)	(9,242)	(7,955)		
Impairment losses ⁽²⁾	750	0	(17,033)	(8,324)	(5,008)		
Operating profit (loss) (EBIT)	7,890	1,896	(3,812)	2,767	1,236		
Gain (loss) on divestment of enterprises	(3)	18	16	1,253	2,045		
Share of profit (loss) in associates and joint ventures—							
non-core	(1)	(3)	(8)	(484)	(57)		
Financial income and expenses, net	12	(849)	(2,125)	(1,710)	(3,800)		
Profit (loss) before tax	7,898	1,061	(5,929)	1,826	(576)		
Tax on profit (loss) for the period	(2,046)	(858)	(3,524)	(4,136)	(1,015)		
Profit (loss) for the period	5,852	203	(9,453)	(2,310)	(1,591)		

⁽¹⁾ EBITDA is a non-IFRS measure and indicates our operating profit (EBIT) before depreciation, amortizations and impairment losses. We present EBITDA as a supplemental performance measure because we believe that it facilitates operating performance comparisons from period to period by omitting potential differences between periods caused by variations in

capital structure, tax positions and the age of, and depreciation expenses associated with, fixed assets. EBITDA should not be considered in isolation or as a substitute for operating profit or other statement of operations or cash flow data prepared in accordance with IFRS as adopted by the EU as a measure of our profitability or liquidity. EBITDA does not take into account our debt service requirements and other commitments, including capital expenditures, and, accordingly, is not necessarily indicative of amounts that may be available for discretionary uses. In addition, EBITDA, as presented in this Offering Circular, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

(2) Includes DKK 2,516 million in FY 2015 and a reversal of DKK 750 million in Q1 2016 regarding onerous contracts relating to the construction of property, plant and equipment.

Business performance income statement

	Q1		FY			
	2016	2015	2015	2014	2013	
	(DKK million)					
Revenue	18,833	19,267	70,843	67,048	73,105	
Cost of sales	(8,167)	(12,642)	(44,966)	(42,226)	(47,224)	
Contribution margin	10,666	6,625	25,877	24,822	25,881	
Other external expenses	(1,571)	(1,167)	(6,237)	(7,147)	(6,955)	
Employee costs	(930)	(859)	(3,804)	(3,336)	(3,491)	
Other operating income	894	1,406	2,933	2,466	705	
Other operating expenses	(994)	(31)	(397)	(323)	(425)	
Share of profit (loss) in associates and joint ventures—						
core	24	27	112	(93)	(711)	
EBITDA	8,089	6,001	18,484	16,389	15,004	
Current hydrocarbon tax	(255)	(723)	(2,591)	(3,526)	(1,105)	
EBITDA less current hydrocarbon tax	7,834	5,278	15,893	12,863	13,899	
Depreciation	(1,765)	(2,091)	(8,701)	(9,242)	(7,955)	
Impairment losses	750	0	(17,033)	(8,324)	(5,008)	
Operating profit (loss) (EBIT)	7,074	3,910	(7,250)	(1,177)	2,041	
Gain (loss) on divestment of enterprises	(3)	18	16	1,258	2,045	
Share of profit (loss) in associates and joint ventures—						
non-core	(1)	(3)	(8)	(484)	(57)	
Financial income and expenses, net	12	(850)	(2,125)	(1,710)	(3,800)	
Profit (loss) before tax	7,082	3,075	(9,367)	(2,113)	229	
Tax on profit (loss) for the period	(1,866)	(1,331)	(2,717)	(3,171)	(1,222)	
Profit (loss) for the period	5,216	1,744	(12,084)	(5,284)	(993)	

Reconciliation Between Business Performance EBITDA and IFRS EBITDA

	Q1		FY			
	2016	2015	2015	2014	2013	
		(DKK million)				
EBITDA—business performance	8,089	6,001	18,484	16,389	15,004	
Market value adjustments for the period of financial and physical hedging contracts that relate to future periods Reversal of deferred gain (loss) relating to hedging contracts from previous periods, where the hedged production or trade is recognized in business performance EBITDA for this period	2,125	(1,323)	5,923 (2,485)	5,662	(162) (643)	
Total adjustments	816	(2,014)	3,438	3,944	(805)	
Total adjustments of revenue	499	(2,316)	3,544	4,781	(906)	
Total adjustments of cost of sales	317	302	(106)	(837)	101	
EBITDA—IFRS	8,905	3,987	21,922	20,333	<u>14,199</u>	

Cash Flows and Net Debt

	As at an period Marc		As at and Dec		
	2016	2015	2015	2014	2013
			(DKK millio		
Cash flow from operating activities	9,782	2,296	13,571	14,958	9,729
EBITDA (IFRS)	8,905	3,987	21,922	20,333	14,199
Financial instruments, business performance					
adjustments	(816)	2,014	(3,438)	(3,944)	805
Financial instruments, other adjustments	(557)	76	(128)	682	1,324
Other items	424	(508)	(353)	(1,341)	1,216
Interest expense, net	(854)	(134)	(659)	(1,065)	(2,872)
Paid tax	(509)	(931)	(5,091)	(3,835)	(2,856)
Change in work in progress	1,851	(732)	(1,418)	1,395	(1,592)
Change in other working capital	1,338	(1,476)	2,736	2,733	(495)
Gross investments	(4,176)	(4,668)	(18,693)	(15,359)	(21,234)
Divestments	1,950	57	2,573	10,653	15,332
Free cash flow ⁽¹⁾	7,556	(2,315)	(2,549)	10,252	3,827
Interest-bearing net debt at January 1	9,193	3,978	3,978	25,803	31,968
Free cash flow	(7,556)	2,315	2,549	(10,252)	(3,827)
Capital injection, net	0	0	0	(13,007)	0
Hybrid capital additions, net	0	0	52	0	(3,399)
Dividends and hybrid coupon paid	96	144	1,350	1,267	955
Exchange rate adjustments, etc	(793)	497	1,264	167	106
Interest-bearing net debt, end of $period^{(2)}$	940	6,934	9,193	3,978	25,803

⁽¹⁾ Free cash flow is calculated as cash flows from operating activities less gross investments plus divestments.

Balance Sheet Items

	As at March 31,		As at December 31,		
	2016	2015	2015	2014	2013
	(DKK million)				
Property, plant and equipment and intangible assets	81,211	94,556	81,363	87,275	93,689
Investments in associates and joint ventures as well as					
other equity investments	1,533	1,673	1,642	1,584	2,323
Net working capital, operations	(6,216)	904	(2,887)	(1,632)	2,104
Net working capital, capital expenditure	(4,719)	(4,288)	(3,772)	(2,415)	(1,551)
Derivative financial instruments, net	8,970	(70)	6,111	2,870	628
Assets classified as held for sale, net	1,572	0	1,452	0	278
Decommissioning obligations	(11,645)	(10,810)	(11,144)	(10,368)	(8,821)
Other provisions	(7,451)	(5,645)	(8,044)	(5,566)	(4,789)
Tax, net	(5,134)	(6,263)	(3,700)	(6,041)	(6,183)
Other receivables and other payables, net	(499)	(188)	(91)	(196)	(333)
Capital employed	57,622	69,871	60,930	65,511	77,345
Equity	56,682	62,937	51,736	61,533	51,543
Shareholders	37,614	42,768	32,029	41,654	31,527
Hybrid capital	13,248	13,236	13,309	13,318	13,308
Minority interests	5,820	6,933	6,398	6,561	6,708
Interest-bearing net debt	940	6,934	9,193	3,978	25,803
Equity and Interest-bearing net debt	57,622	69,871	60,930	65,511	77,345

⁽²⁾ Interest-bearing net debt includes bank loans, issued bonds and other interest-bearing debt.

Key Ratios

ROCE, Adjusted ROCE and FFO/adjusted interest-bearing net debt	Q1 2016 ⁽³⁾	Q1 2015 ⁽³⁾	FY 2015 (%)	FY 2014	FY 2013
Return on capital employed (ROCE) ⁽¹⁾	(9.7)%	(6.4)%	()	(6.6)%	1.2%
Adjusted ROCE ⁽²⁾	14.1%	4.9%	10.1%	4.8%	7.4%
Funds from Operations (FFO)/adjusted interest- bearing net debt	58.8%	32.3%	40.4%	<u>36.1</u> %	23.1%

⁽¹⁾ ROCE, or return on capital employed, is calculated as (i) our EBIT less current hydrocarbon taxes, divided by (ii) our average capital employed, which is calculated as our capital employed (non-interest-bearing assets less non-interest-bearing liabilities) at the beginning of the year plus our capital employed at the end of the year, divided by two.

⁽²⁾ Adjusted ROCE is calculated as (i) our EBIT less current hydrocarbon taxes plus impairment losses for the year (added-back), divided by (ii) our average capital employed (calculated as non-interest-bearing assets less non-interest-bearing liabilities), plus after-tax impairment loss added back to our capital at the end of the year.

⁽³⁾ Numerators are for the last 12 months.

Reporting Segment Performance Highlights As at and for the As at and for the period period ending March 31, ending December 31, 2015 2014 2016 2015 2013 Wind Power **Business drivers GW** 6.3 3.8 5.1 3.8 3.6 Installed capacity, offshore wind **GW** 3.0 2.5 3.0 2.5 2.1 Production capacity, offshore wind **GW** 1.7 1.4 1.7 1.4 1.3 Wind energy content ("WEC")(2) % 121 102 97 97 113 55 44 42 % 47 45 89 94 94 93 % 93 TWh 1.7 1.6 5.8 5.0 5.3 Denmark TWh 0.6 0.6 2.2 2.5 2.3 3.3 2.4 2.3 TWh 0.9 1.0 TWh 0.1 0.0 0.3 0.0 0.0 0.7 TWh 0.0 0.0 0.0 0.1 GBP/MWh 45.7 55.1 40.3 40.2 50.1 DKK/GBP 10.0 10.3 9.2 8.8 9.7 Financial performance Revenue (IFRS) DKK million 6,877 17,096 9,724 3,152 11,664 Wind farm operations, including O&M agreements and PPAs⁽⁶⁾ DKK million 3,374 1,189 8,279 5,816 5,291 Construction contracts DKK million 3,430 1,733 8,287 2,897 5,606 Other revenue, including A2SEA⁽⁷⁾..... DKK million 73 230 530 1,011 767 4,017 6,053 3,956 EBITDA (IFRS)..... DKK million 1,115 6,742 Wind farm operations, including O&M agreements and PPAs DKK million 2,888 796 6,556 4,024 3,672 Construction contracts and divestment gains . DKK million 1,598 323 751 2,239 1,552 Other, including A2SEA and project development DKK million (469)(4)(565)(210) (1,268) 11,960 Revenue (BP)..... DKK million 5,761 3,934 16,505 9,728 Wind farm operations, including O&M agreements and PPAs DKK million 2,258 1,971 7,688 5,820 5,587 Construction contracts DKK million 3,430 1,733 8,287 2,897 5,606 Other revenue, including A2SEA DKK million 230 1,011 767 73 530 1,897 2,900 6,057 4,253 EBITDA (BP) DKK million 6,151 Wind farm operations, including O&M 5,965 4,028 3,969 agreements and PPAs DKK million 1,771 1,578 Construction contracts and divestment gains . DKK million 1,598 323 751 2,239 1,552 Other, including A2SEA and project development DKK million (469)(565)(210) (1,268)(4)Depreciation (excluding impairment losses) . . . DKK million (806)(712)(3,164)(2,574)(2,020)2,094 3,483 1,894 EBIT (total operating profit) (BP) DKK million 1,185 2,483 Impairment losses (add-back) DKK million 0 0 504 0 339 Adjusted operating profit (BP)⁽⁸⁾ DKK million 2,094 2,987 2,233 3,483 1,185 Cash flow from operating activities DKK million 5,712 (157)3,074 5,198 2,485 (9,485)Gross investments DKK million (2,772)(2,965) (10,192)(7.827)7.972 Divestments DKK million 1,887 2 1,603 7,330 Free cash flow⁽⁹⁾ DKK million 4,827 (3,120)(5.515)4,701 972 Capital employed⁽¹⁰⁾ DKK million 39,935 43,350 44,051 48,006 38,701 % 7.8 5.5 5.7 8.9 4.8 % 8.9 5.5 6.9 8.9 5.7

		As at and period Marc	period r 31,			
		2016	2015	2015	2014	2013
Bioenergy & Thermal Power						
Business drivers						
Degree days ⁽¹³⁾	number	1,300	1,211	2,621	2,462	2,890
Heat generation	TWh	4.3	4.4	9.3	8.7	11.2
Power generation	TWh	3.0	3.0	7.1	8.7	13.8
Power price, $DK^{(14)}$	EUR/MWh	22.8	28.2	23.7	31.4	39.3
Green Dark Spread, DK ⁽¹⁵⁾	EUR/MWh	2.7	2.2	(1.9)	5.3	12.8
Green Spark Spread, DK ⁽¹⁶⁾	EUR/MWh	(5.6)	(17.4)	(19.1)	(13.1)	(16.4)
Financial performance			. ,			
Revenue (IFRS)	DKK million	1,762	1,951	5,224	6,642	9,886
Heat sales	DKK million	885	821	2,061	2,302	2,729
Power sales, including ancillary services	DKK million	877	1,130	3,163	4,340	7,157
EBITDA (IFRS)	DKK million	117	245	349	752	925
Heat	DKK million	132	136	346	464	505
Ancillary services	DKK million	68	106	383	402	404
Power	DKK million	(83)	3	(380)	(114)	16
Revenue (BP)	DKK million	1,842	2,054	5,178	6,338	9,658
Heat sales	DKK million	885	821	2,061	2,302	2,729
Power sales, including ancillary services	DKK million	957	1,233	3,117	4,036	6,929
EBITDA (BP)	DKK million	154	274	283	422	744
Heat	DKK million	132	136	346	464	505
Ancillary services	DKK million	68	106	383	402	404
Power	DKK million	(46)	32	(446)	(444)	(165)
Depreciation (excluding impairment losses)	DKK million	(179)	(349)	(1,367)	(1,405)	(1,546)
EBIT (BP)	DKK million	(25)	(75)	(1,764)	(983)	(1,802)
Impairment losses (add-back)	DKK million	0	0	680	0	1,000
Adjusted operating profit (BP)	DKK million	(25)	(75)	(1,084)	(983)	(802)
Cash flow from operating activities	DKK million	360	508	2,488	1,469	968
Gross investments	DKK million	(342)	(176)	(1,214)	(725)	(680)
Divestments	DKK million	5	3	280	294	4,911
Free cash flow	DKK million	23	335	1,554	1,038	5,199
Capital employed	DKK million	2,180	4,404	2,222	4,837	6,412
ROCE	%	(52.1)	(20.6)	(50.0)	(17.5)	(17.7)
Adjusted ROCE	%	(29.1)	(20.6)	(28.6)	(17.5)	(7.6)

		As at and period Marc	ending	As at a	e period ber 31.	
		2016	2015	2015	2014	2013
Distribution & Customer Solutions						
Business drivers						
Regulatory asset base (power) ⁽¹⁷⁾	DKK million	10,778	10,373	10,778	10,373	10,12
Regulatory asset base (gas) ⁽¹⁷⁾	DKK million	3,231	3,438	3,231	3,438	3,57
Long-term mortgage rate	%	2.86	2.33	2.87	3.1	3.
Degree days	Number	1,300	1,211	2,621	2,462	2,89
Gas sales	TWh	41.6	43.9	159.1	151.3	131.
Sales	TWh	12.2	13.2	40.9	42.9	48.
Markets (excluding volumes to Sales)	TWh	29.4	30.7	118.2	108.4	82.
Power sales	TWh	10.7	8.5	35.5	34.5	25.
Sales	TWh	2.2	2.5	8.2	8.8	7.
Markets (excluding volumes to Sales)	TWh	8.5	6.0	27.3	25.7	17.
Power distribution	TWh	2.4	2.3	8.4	8.4	8.
Gas distribution	TWh	3.2	3.1	8.1	8.2	9.
Gas price, TTF ⁽¹⁸⁾	EUR/MWh	12.8	21.3	19.8	20.8	27.
Oil price, Brent ⁽¹⁹⁾	USD/boe	33.9	54.0	52.5	99.0	108.
US Dollar	DKK/USD	6.8	6.6	6.7	5.6	5.
British pound	DKK/GBP	9.7	10.0	10.3	9.2	8.
•	DINIGODI	2.1	10.0	10.5	7.2	0.
Financial performance						
Revenue (IFRS)	DKK million	10,110	12,914	50,675	47,849	48,69
Revenue from distribution and transportation.	DKK million	1,723	1,730	5,328	5,485	5,21
Sales of gas	DKK million	4,539	7,297	26,578	28,836	33,92
Sales of power	DKK million	3,667	3,510	18,725	15,284	8,95
Other revenue, including hedges	DKK million	181	377	44	(1,756)	59
EBITDA (IFRS)	DKK million	3,636	647	3,001	463	1,50
Distribution	DKK million	680	621	1,661	1,714	1,74
Sales	DKK million	29	55	97	178	46
Markets, including liquefied natural gas						
("LNG")	DKK million	2,927	(29)	1,243	(1,429)	(71)
Revenue (BP)	DKK million	10,582	12,850		48,055	49,66
Revenue from distribution and transportation.	DKK million	1,723	1,730	5,328	5,485	5,21
Sales of gas			7,998	26,102	27,247	34,52
Sales of power		3,582		18,587		8,87
Other revenue, including hedges		112	(456)		276	1,04
EBITDA (BP) ⁽²⁰⁾		3,906	289	2,173	1,404	2,34
Distribution		680	621	1,661	1,714	1,74
Sales		34	48	160	203	38
Markets		3,260	(275)		450	55
LNG		(68)	(105)	(388)	(963)	(33
Depreciation (excluding impairment losses)		(181)	` /	` /	(1,321)	`
EBIT (BP)	DKK million	3,725	(10)	1,064	(1,321) (133)	91
Impairment losses (add-back)		0	0	0	216	71
Adjusted operating profit (BP)		3,725	(10)	1,064	83	91
Cash flow from operating activities		3,058	312	3,691	1,952	3,05
Gross investments		(114)	(190)	*		
Divestments		58	(190)	108	2,818	55
		3,002		2,689		
Free cash flow			131		3,031	2,15
Capital employed		8,601	9,997	8,657	9,902	14,55
ROCEAdjusted ROCE	%	51.6 51.6	(3.5)		(1.1) 0.7	5. 5.
	%	216	(1.6)	11.5	11.7	\

		As at and period Marc	ending	As at an	period er 31,	
		2016 2015 2015 20				2013
Oil & Gas						
Business drivers						
Oil and gas production	million boe	10.0	9.9	40.9	41.8	31.7
Denmark	million boe	1.4	1.3	5.4	4.3	3.5
Norway	million boe	8.2	8.6	35.5	37.5	28.2
United Kingdom	million boe	0.4	0.0	0	0	0
Gas share of production	%	75.9	73.4	75.3	74.6	74.1
Average lifting costs ⁽²¹⁾	USD/boe	6.3	7.1	7.3	8.6	8.8
Average lifting costs	DKK/boe	42.5	47.1	49.3	48.1	49.3
Oil price, Brent	USD/boe	33.9	54.0	52.5	99.0	108.7
Gas price, NBP ⁽²²⁾	EUR/MWh	13.5	21.9	20.0	21.0	27.3
•	LONIVII	13.3	21.7	20.0	21.0	21.5
Financial performance						
Revenue (IFRS)		2,904	2,187	15,051	18,206	12,664
Sales of oil (including condensate)	DKK million	532	872	3,260	5,331	4,695
Sales of gas	DKK million	1,203	1,924	7,499	8,190	7,927
Hedges	DKK million	1,112	(727)	3,938	4,171	(558)
Other revenue	DKK million	57	118	354	514	600
EBITDA (IFRS)	DKK million	1,247	2,425	12,034	12,786	7,644
Denmark	DKK million	(715)	927	1,370	509	768
Norway	DKK million	940	1,939	7,358	9,479	9,188
United Kingdom	DKK million	(13)	358	237	(81)	(28)
Exploration and appraisal	DKK million	(77)	(71)	(868)	(1,292)	(1,726)
Hedges	DKK million	1,112	(728)	3,937	4,171	(558)
Revenue (BP)	DKK million	2,661	3,278	12,770	14,011	12,344
Sales of oil (including condensate)	DKK million	532	872	3,260	5,331	4,695
Sales of gas	DKK million	1,203	1,924	7,499	8,190	7,927
Hedges	DKK million	869	364	1,657	(24)	(878)
Other revenue	DKK million	57	118	354	514	600
EBITDA (BP)	DKK million	1,004	3,517	9,754	8,591	7,324
Denmark	DKK million	(715)	927	1,370	509	768
Norway	DKK million	940	1,939	7,358	9,479	9,188
United Kingdom	DKK million	(13)	358	237	(81)	(28)
Exploration and appraisal	DKK million	(77)	(71)	(868)	(1,292)	(1,726)
Hedges	DKK million	869	364	1,657	(24)	(878)
Depreciation (excluding impairment losses)	DKK million	(589)	(727)	(3,028)	(3,922)	(2,925)
EBIT (BP)	DKK million	1,165	2,790	(9,123)	(3,439)	736
Current hydrocarbon tax	DKK million	(255)	(723)	(2,591)	(3,526)	(1,105)
Impairment losses (add-back)	DKK million	(750)	0	15,849	8,108	3,664
Adjusted operating profit (BP)	DKK million	159	2,067	4,135	1,143	3,295
Cash flow from operating activities	DKK million	1,422	1,390	6,049	5,390	3,976
Gross investments	DKK million	(945)	(1,303)	(5,985)	(5,032)	(9,610)
Divestments	DKK million	1	35	591	94	3
Free cash flow	DKK million	478	122	655	452	(5,631)
Capital employed	DKK million	5,281	17,977	5,444	17,538	20,663
ROCE	%	(110.7)	(29.0)		(36.5)	(1.9)
Adjusted ROCE	%	11.9	12.0	21.9	5.1	16.7
<u>-</u>						

Decided capacity means installed offshore wind capacity and capacity for wind farms where a final investment decision ("FID")
has been taken.

⁽²⁾ WEC is calculated as the ratio between the actual reported generation in a given period, adjusted for downtime, and the generation in a "normal wind year," based on historical wind data for the individual areas where the wind farms are located.

⁽³⁾ Load factor in our Wind Power business is the ratio between the actual power generation in a given period relative to the potential generation that is possible by continuously exploiting the maximum capacity over the same period.

⁽⁴⁾ Time-based availability is the ratio of the number of hours in a given period the offshore turbines are available for power generation to the total number of hours in the same period.

- (5) London Energy Brokers' Association.
- (6) Operation and Maintenance Agreements ("O&M") and Power Purchase Agreements ("PPAs").
- (7) The Group's offshore wind installation vessel company A2SEA A/S.
- (8) Adjusted operating profit is our operating profit (loss) less current hydrocarbon tax plus impairment losses for the period (added back).
- (9) Free cash flow is calculated as cash flows from operating activities less gross investments plus divestments.
- (10) Capital employed is calculated as non-interest-bearing assets less non-interest-bearing liabilities.
- (11) ROCE, or return on capital employed, is calculated as (i) our EBIT less current hydrocarbon taxes, divided by (ii) our average capital employed, which is calculated as our capital employed at the beginning of the year plus our capital employed at the end of the year, divided by two.
- (12) Adjusted ROCE is calculated as (i) our EBIT less current hydrocarbon taxes plus impairment losses for the year (added-back), divided by (ii) our average capital employed (calculated as indicated in footnote (11) above, plus after-tax impairment loss added back to our capital at the end of the year.
- (13) Number of degrees in absolute figures in the difference between the average temperature and the official Danish average indoor temperature of 17 degrees Celsius.
- (14) Based on average prices in the West Denmark exchange ("DK1") and East Denmark exchange ("DK2").
- (15) Green Dark Spread represents contribution margin per MWh of power generated at a coal-fired power plant of a given efficiency. It is determined as the difference between the price of power and the cost of coal (including associated freight costs) and CO₂ Certificates used to generate power.
- (16) Green Spark Spread represents the contribution margin per MWh of power generated made at a gas-fired power plant of a given efficiency. It is determined as the difference between the market price of power and the costs of gas and CO₂ Certificates used to generate power.
- (17) The figures indicate values from the latest regulatory financial statements (i.e., with some delay).
- (18) The Title Transfer Facility gas trading market in the Netherlands operated by the Dutch gas transmission systems operator.
- (19) Brent is a classification of light crude that serves as a benchmark price for global purchases of oil.
- (20) Including EBITDA from the Danish oil and gas infrastructure assets and the Stenlille gas storage facility of DKK 860 million, DKK 797 million, DKK 654 million, DKK 230 million and DKK 267 million in FY 2013, FY 2014, FY 2015, Q1 2015 and Q1 2016, respectively.
- (21) Lifting costs include operating expenses and processing costs taken into consideration in accordance with industry practice. Siri repair costs are excluded as these costs were not part of ordinary operations. Average lifting costs are the above expenses divided by production (in barrel of oil equivalent (boe)).
- (22) The National Balancing Point gas trading market in the UK.

6. CERTAIN INFORMATION WITH RESPECT TO THE OFFERING

In this Offering Circular, the "Company" or "DONG Energy" refers to DONG Energy A/S and "we," "our," "us," or the "Group" refers to DONG Energy A/S and its subsidiaries, unless the context requires otherwise.

No representation or warranty, express or implied, is made by any of the Selling Shareholders or J.P. Morgan Securities plc, Morgan Stanley & Co. International plc, Nordea Markets (division of Nordea Bank Danmark A/S) (together, the "Joint Global Coordinators"), Citigroup Global Markets Limited, Danske Bank A/S and UBS Limited (the "Joint Bookrunners"), ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, Coöperatieve Rabobank U.A. and RBC Europe Limited (trading as RBC Capital Markets) (the "Co-Lead Managers" and together with the Joint Global Coordinators and the Joint Bookrunners, the "Managers"), N M Rothschild & Sons Limited ("Rothschild") or Lazard and Co., Limited ("Lazard") as to the accuracy, completeness or verification of any information set forth in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. Neither the Selling Shareholders nor the Managers, Rothschild or Lazard assume any responsibility for the accuracy, completeness or verification of the Offering Circular and, accordingly, disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Offering Circular.

The information in this Offering Circular is as of the date printed on the front cover page, unless expressly stated otherwise. The delivery of this Offering Circular at any time does not imply that there has been no change in our business or affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof. In the event of any significant new factor, material mistake or inaccuracy relating to the information in this Offering Circular that may affect the assessment of the Offer Shares during the period from the date of publication of this Offering Circular and the completion of the Offering, such changes will be announced pursuant to the rules in the Danish Executive Order on Prospectuses which, *inter alia*, governs the publication of prospectus supplements.

In connection with the Offering, we have prepared four versions of this offering document: (i) a prospectus in English for purposes of the Danish Offering (the "English Language Offering Circular"); (ii) an offering circular in Danish to be made available in connection with the Danish Offering (the "Danish Offering Circular"); (iii) an offering circular in English for use in the international private placement outside of Denmark and the United States and Canada (the "International Offering Circular"); and (iv) an offering circular in English in connection with the private placement in the United States and Canada (the "US Offering Circular," and together with the English Language Offering Circular, the Danish Offering Circular and the International Offering Circular, the "Offering Circular"). The English Language Offering Circular and the Danish Offering Circular have been prepared in compliance with the standards and requirements of Danish law. The English Language Offering Circular was approved by the Danish Financial Supervisory Authority on May 26, 2016. The English Language Offering Circular, the Danish Offering Circular, the International Offering Circular and the US Offering Circular are equivalent except that: (i) the English Language Offering Circular includes a summary in Danish; (ii) the English Language Offering Circular and the Danish Offering Circular include an application form for the Danish Offering; (iii) the English Language Offering Circular, the Danish Offering Circular and the International Offering Circular contain a report that is required under the Prospectus Regulation, which report is not included or incorporated by reference in the US Offering Circular, and (iv) the US Offering Circular contains a description of the consolidated prospective financial information in Section 5 "Presentation of financial and certain other information and summary consolidated financial and operating data" but not the report referenced in (iii). In the event of any other discrepancy between the Danish Offering Circular, the International Offering Circular and the English Language Offering Circular, the English Language Offering Circular shall prevail. The US Offering Circular shall be the prevailing version for any private placement to qualified institutional buyers in the United States and Canada as contemplated herein.

No person has been authorized to give any information or to make any representation not contained in this document and, if given or made, such information or representation must not be relied upon as having been authorized by us, the Selling Shareholders or the Managers, Rothschild or Lazard. Neither we, the Selling Shareholders, the Managers, Rothschild nor Lazard accept any liability for any such information or representation.

In making an investment decision, investors must rely on their own examination of us and the terms of this Offering, including the merits and risks involved. None of the Managers, the Selling Shareholders,

Rothschild or Lazard are making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares. Any purchase of Offer Shares should be based on an assessment of the information in the Offering Circular as each investor may deem necessary, including the legal basis and consequences of the Offering, and including possible tax consequences that may apply. Investors should rely only on the information contained in this Offering Circular, including the risk factors described herein, and any notices that are published by us under current legislation or the rules of Nasdaq Copenhagen applying to issuers of shares.

The investors acknowledge that (i) they have not relied on the Selling Shareholders, the Managers, Rothschild or Lazard or any person affiliated with the Selling Shareholders, the Managers, Rothschild or Lazard in connection with any investigation of the accuracy of any information contained in this Offering Circular or their investment decision; (ii) they have relied only on the information contained in this Offering Circular; and (iii) no person has been authorized to give any information or to make any representation concerning the Company or its subsidiaries or the Shares (other than as contained in this Offering Circular) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Company or its subsidiaries, the Selling Shareholders, the Managers, Rothschild or Lazard.

The Offering will be completed under Danish law, and none of the Company, the Selling Shareholders, the Managers, Rothschild or Lazard has taken any action or will take any action in any jurisdiction, with the exception of Denmark, that is intended to result in a public offering of the Offer Shares.

The distribution of this Offering Circular and the offer or sale of the Offer Shares in certain jurisdictions are restricted by law. By purchasing Offer Shares, investors will be deemed to have made certain acknowledgements, representations and agreements as described in this Offering Circular. Prospective investors should be aware that they may be required to bear the financial risks of any such investment for an indefinite period of time. No action has been or will be taken by the Selling Shareholders, the Managers, Rothschild, Lazard or us to permit a public offering in any jurisdiction other than Denmark. Persons into whose possession this Offering Circular may come are required by the Selling Shareholders, the Managers, Rothschild, Lazard and us to inform themselves about and to observe such restrictions. This Offering Circular may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorized or is unlawful. For further information with regard to restrictions on offers and sales of the Offer Shares and the distribution of this Offering Circular, see Section 27.9 "Selling restrictions." This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy any of the Offer Shares in any jurisdiction or to any person in which or to whom it would be unlawful to make such an offer. Investors may not reproduce or distribute this Offering Circular, in whole or in part, and investors may not disclose the content of this Offering Circular or use any information herein for any purpose other than considering the purchase of Offer Shares. Investors agree to the foregoing by accepting delivery of this Offering Circular.

The Managers, Rothschild or Lazard will not regard any other person (whether or not a recipient of this Offering Circular) other than the Selling Shareholders, the Majority Shareholder and the Company as their respective clients in relation to the Offering and will not be responsible to anyone other than the Selling Shareholders, the Majority Shareholder and the Company, as applicable for providing the protections afforded to clients of the Managers, Rothschild or Lazard, as applicable nor for providing advice in relation to the Offering or any transaction or arrangements referred to herein.

Rothschild and Lazard are acting for the Majority Shareholder and the Company, respectively, and no one else in relation to the Offering and will not be responsible to anyone other than the Majority Shareholder (in the case of Rothschild) and the Company (in the case of Lazard) for providing the protections afforded to clients of Rothschild and Lazard, nor for providing advice in relation to the Offering.

NOTICE TO INVESTORS IN THE UNITED STATES

The Offer Shares have not been recommended by any US federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Circular. Any representation to the contrary is a criminal offense in the United States.

The Offer Shares have not been and will not be registered under the US Securities Act and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Accordingly, the Offer Shares are being offered and sold (a) in the United States, only to QIBs in reliance upon the exemption from the registration requirements of the US Securities Act provided by Rule 144A, and (b) outside the United States, pursuant to, and in accordance with, Regulation S and applicable securities regulations in each jurisdiction in which the Offer Shares are offered. For certain restrictions on transfer of the Offer Shares, see Section 28 "Transfer Restrictions."

In the United States, this Offering Circular is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Offering Circular has been provided by us and other sources identified herein. Distribution of this Offering Circular to any person other than the offeree specified by the Managers or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized, and any disclosure of its contents, without our prior written consent, is prohibited. Any reproduction or distribution of this Offering Circular in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Offer Shares.

EUROPEAN ECONOMIC AREA ("EEA") RESTRICTIONS

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (as defined below), excluding Denmark (a "Relevant Member State"), no offer of the Offer Shares may be made to the public in that Relevant Member State, except that offers of the Offer Shares may be made under the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Offer Shares shall result in a requirement for the publication by the Company or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this paragraph, the expression an "offer of the Offer Shares may be made to the public" in relation to any of the Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto), and includes any relevant implementing measure in the Relevant Member State.

UNITED KINGDOM RESTRICTIONS

Offers of the Offer Shares pursuant to the Offering are only being made to persons in the United Kingdom who are "qualified investors" or otherwise in circumstances which do not require publication by the Company of a prospectus pursuant to section 85(1) of the UK Financial Services and Markets Act 2000.

Any investment or investment activity to which the Offering Circular relates is available only to, and will be engaged in only with persons who: (i) are investment professionals falling within Article 19(5); or (ii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc."), of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available (together, "**relevant persons**"). Persons who are not relevant persons should not take any action on the basis of the Offering Circular and should not act or rely on it.

CANADA

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Offering Circular Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

STABILIZATION

In connection with the Offering, Morgan Stanley & Co. International plc as the Stabilizing Manager, or its agents, on behalf of the Managers, may over-allot Offer Shares or effect transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail. However, there is no assurance that the stabilization manager or its agents will undertake stabilization action. Any stabilization action may begin on the first day of trading in, and official listing of, the Shares until 30 calendar days thereafter solely to cover the Overallotment Option.

7. FOREIGN CURRENCY PRESENTATION AND EXCHANGE RATES

We publish our financial information in Danish Kroner. Unless we note otherwise, all amounts in this Offering Circular are expressed in Danish Kroner. Solely for the convenience of the reader, this Offering Circular contains translations of certain Euro amounts into Danish Kroner amounts at specified rates. These translations should not be construed as representations that those Euro amounts could have been, or can be, converted into Danish Kroner amounts at any particular rate, at the rates stated below, or at all.

The Euro Buying Rate as at December 30, 2015 was DKK 7.4625 for one Euro (Source: Danmarks Nationalbank (the "Danish Central Bank")).

As used herein, references to (i) "GBP," "£" or "British Pounds" are to the British pound sterling, the lawful currency of the UK, (ii) "Danish Kroner" or "DKK" are to the Danish Krone, the lawful currency of Denmark, (iii) "Euro," "EUR" or "€" are to the Euro, the lawful currency of the participating member states in the Third Stage of the European and Monetary Union of the Treaty Establishing the European Community, (iv) "Norwegian Kroner" are to the Norwegian Krone, the lawful currency of Norway and (v) "US Dollar" "USD" or "\$" are to the United States Dollar, the lawful currency of the United States of America.

Amounts included in our consolidated financial information included elsewhere in this Offering Circular that were not originally denominated in Danish Kroner have been translated into Danish Kroner using the average exchange rate of the Danish Central Bank for the relevant year or other financial period with respect to income statement items and the period-end exchange rate with respect to balance sheet items.

The following table sets forth, for the periods and dates indicated, the average, high, low and period-end Euro Buying Rates based on the Danish Central Bank's foreign exchange reference rate expressed in Danish Kroner per one Euro. The Danish Central Bank fixes exchange rates on the basis of information obtained from a number of central banks on a daily conference call hosted by the European Central Bank at 2:15 p.m. (CET). The average rates for each calendar year represent the average of the Euro Buying Rates on the last business day of each month for such calendar year except for May 2016, for which the date used is May 23, 2016, and the average rates for each month, or for any shorter period, represent the daily average of the Euro Buying Rates for such month.

	Reference Rates of Danish Kroner per Euro					
	Average	High	Low	Period End		
Calendar Year						
2013	7.4580	7.4636	7.4524	7.4603		
2014	7.4548	7.4667	7.4370	7.4481		
2015	7.4586	7.4717	7.4345	7.4625		
2016 (through May 23, 2016)	7.4511	7.4645	7.4366	7.4371		
Month						
January 2016	7.4619	7.4638	7.4596	7.4628		
February 2016	7.4628	7.4645	7.4600	7.4602		
March 2016	7.4570	7.4614	7.4512	7.4512		
April 2016	7.4428	7.4503	7.4411	7.4440		
May 2016 (through May 23, 2016)	7.4393	7.4424	7.4366	7.4371		

As at May 23, 2016, the latest practicable date for which exchange rate information was available prior to the printing of this Offering Circular, the Euro Buying Rate was DKK 7.4371 per one Euro.

The following tables set forth, for the periods and dates indicated, the average, high, low and period end Bloomberg Composite Rate expressed in Danish Kroner for one US Dollar, British Pound or Norwegian Krone, respectively.

The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the Audited Consolidated Financial Statements, the unaudited consolidated interim financial statements and other financial information appearing in this Offering Circular. The average rates for each calendar year represent the average of the Bloomberg Composite Rates on the last business day of each month during such calendar year except for May 2016, for which the date used is May 23, 2016, and the average

rates for each month, or for any shorter period, represent the daily average of the Bloomberg Composite Rates during such month, or shorter period, as the case may be.

	Reference Rates of Danish Kroner per US Dollar				
	Average	High	Low	Period End	
Calendar Year					
2013	5.6148	5.8377	5.4025	5.4171	
2014	5.6206	6.1533	5.3596	6.1533	
2015	6.7242	7.1078	6.1557	6.8683	
2016 (through May 23, 2016)	6.6856	6.9427	6.4559	6.6338	
Month					
January 2016	6.8720	6.9427	6.8155	6.8824	
February 2016	6.7248	6.8592	6.5881	6.8592	
March 2016	6.6975	6.8722	6.5470	6.5470	
April 2016	6.5606	6.6296	6.5057	6.5057	
May 2016 (through May 23, 2016)	6.5460	6.6363	6.4559	6.6338	

As at May 23, 2016, the latest practicable date for which exchange rate information was available prior to the printing of this Offering Circular, the US Dollar Buying Rate was DKK 6.6338 per one US Dollar.

	Reference Rates of Danish Kroner per British Pound					
	Average High Lo			Period End		
Calendar Year						
2013	8.7818	9.1951	8.5225	8.9625		
2014	9.2955	9.5871	8.8906	9.5871		
2015	10.3129	10.7403	9.4703	10.1194		
2016 (through May 23, 2016)	9.5757	10.1797	9.2021	9.6082		
Month						
January 2016	9.9011	10.1797	9.6881	9.7883		
February 2016	9.6171	9.8585	9.4268	9.5429		
March 2016	9.5441	9.6663	9.4063	9.4239		
April 2016	9.3935	9.6091	9.2021	9.5151		
May 2016 (through May 23, 2016)	9.4946	9.6985	9.3768	9.6082		

As at May 23, 2016, the latest practicable date for which exchange rate information was available prior to the printing of this Offering Circular, the exchange rate was DKK 9.6082 per one British Pound.

	Reference Rates of Danish Kroner per Norwegian Kroner					
	Average	High	Low	Period End		
Calendar Year						
2013	0.9493	1.0233	0.8741	0.8924		
2014	0.8890	0.9206	0.7992	0.8218		
2015	0.8329	0.8936	0.7758	0.7758		
2016 (through May 23, 2016)	0.7945	0.8099	0.7680	0.7944		
Month						
January 2016	0.7789	0.7923	0.7680	0.7907		
February 2016	0.7810	0.7894	0.7687	0.7894		
March 2016	0.7901	0.7978	0.7823	0.7918		
April 2016	0.7989	0.8099	0.7827	0.8062		
May 2016 (through May 23, 2016)	0.7989	0.8056	0.7943	0.7944		

As at May 23, 2016, the latest practicable date for which exchange rate information was available prior to the printing of this Offering Circular, the exchange rate was DKK 0.7944 per one Norwegian Kroner.

8. AVAILABLE INFORMATION

Copies of the following documents may be inspected and obtained during usual business hours on any day (excluding Saturdays, Sundays and Danish public holidays) at our registered office, at Kraftværksvej 53, DK-7000 Fredericia, Denmark, during the period in which this Offering Circular is in effect:

- (i) our memorandum of association and our Articles of Association;
- (ii) our Audited Consolidated Financial Statements, as at and for the FYs ending December 31, 2015, 2014 and 2013;
- (iii) our reviewed, but unaudited, consolidated interim financial statements as at and for the three months ended March 31, 2016 and March 31, 2015 with an Independent Auditors Review Report dated May 26, 2016. The reviewed interim financial statements include among other notes a note 17 concerning events after the reporting period that was not included in the interim financial statements published on April 27, 2016;
- (iv) the statutory financial statements of our material subsidiaries, as set out in Section 31 "Additional Information," as at and for the financial years ending December 31, 2015, 2014 and 2013, except for those of such statutory financial statements for the financial year ending December 31, 2015, which have not yet been prepared as of the date of this Offering Circular;
- (v) the Competent Person's Report (the "CPR"); and
- (vi) this Offering Circular.

The Danish Consolidated Act no. 1089 of September 14, 2015 on limited liability companies (the "Danish Companies Act") requires us to make our statutory annual reports, including the Audited Consolidated Financial Statements, available to our shareholders on the Company's website three weeks before our annual general meeting. At the same time, we are required to send these documents to registered shareholders who have so requested.

The English Language Offering Circular and the Danish Offering Circular are, subject to certain restrictions, together with our Articles of Association and the Company's statutory financial statements as at and for the years ending December 31, 2015, 2014 and 2013, available on our website at www.dongenergy.com. Information included on our website does not form part of and is not incorporated into this Offering Circular.

We have agreed that, for so long as any Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act, we will, during any period in which the Company is neither subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended (the "US Exchange Act") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the US Securities Act. We are not currently subject to the periodic reporting and other information requirements of the US Exchange Act.

9. MARKET AND INDUSTRY INFORMATION

This Offering Circular contains forecasts, statistics, data and other information relating to markets, market size, market share, market position and other industry data pertaining to our business and markets, particularly to our Wind Power business. Unless otherwise indicated, such information is based on statistics prepared by Bloomberg New Energy Finance ("BNEF"), the DEA, Energinet.dk, Eurostat, DECC, the Danish Government, the International Energy Agency, the Dutch Government, the Taiwan Bureau of Energy, the National Energy Administration in China, the China Energy Research Institute, the Japan Wind Power Association, the US Department of Energy, the US Energy Information Administration and the Carbon Trust, the EU Commission, the UK Chancellor of the Exchequer, the Federal Ministry of Economic Affairs and Energy, turbine manufacturers, Platts, ICIS Heren, Nord Pool, LEBA, EPEX, Argus-McCloskey and the Danish Central Bank. Such information has been accurately reproduced herein and as far as we are aware from such information, no facts have been omitted which would render the information provided inaccurate or misleading.

Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. We have not independently verified and cannot give any assurance as to the accuracy of market data and industry forecasts contained in this Offering Circular that were taken or derived from these industry publications. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents. Accordingly, there can be no assurance that a third party using different methodologies or sources could not arrive at different results from the analysis presented in this Offering Circular.

As a result, prospective investors should be aware that forecasts, statistics, data and other information relating to our markets, market size, market share, market positions and other industry data pertaining to our business and markets in this Offering Circular, may not be reliable indicators of our future results of operations or business performance.

10. EXPECTED TIMETABLE OF OFFERING AND FINANCIAL CALENDAR

10.1 Expected timetable of principal events

Offer Period commences	May 26, 2016 June 4, 2016 at 0:01 a.m. CET June 8, 2016 at 4:00 p.m. CET
Publication of the pricing statement containing the Offer Price, the number of Offer Shares being sold in the Offering and the	•
number of Option Shares Decision by the Board of Directors to acquire the DSP Shares,	June 9, 2016 around 8:00 a.m. CET
if any	June 9, 2016 around 8:00 a.m. CET
Publication of the Company's acquisition of the DSP Shares, if any	June 9, 2016 around 8:00 a.m. CET
Nasdaq Copenhagen under the permanent ISIN (subject to the Offering not being withdrawn)	June 9, 2016 at 9:00 a.m. CET
Completion of the Offering, including settlement of the Offer Shares (excluding the Option Shares, unless the Overallotment	
Option has been exercised by that date) and publication of an announcement confirming that the Offering will not be	
withdrawn	June 13, 2016
Expected issuance of up to 2,686,884 bonus Shares to satisfy the Company's obligation under the Employee Share Program and the Leader Share Program	June 27, 2016
·	Julie 27, 2010
10.2 Financial calendar	
Our financial year runs from January 1 through December 31. DONG on a quarterly basis. We currently expect to publish our financial recalendar:	2, 1
Annual report for 2015	February 4, 2016 (published)

Annual report for 2015	February 4, 2016 (published)
Annual general meeting	February 26, 2016
Interim report for as at and for the three months ended March 31, 2016	April 27, 2016 (published)
Interim report as at and for the six months ended June 30, 2016	August 4, 2016
Interim report as at and for the nine months ended September 30, 2016	November 8, 2016

11. USE OF PROCEEDS

The Kingdom of Denmark is the Majority Shareholder and intends to sell 8.32% of the total number of Shares in the Company in the Offering. The gross proceeds to be received by the Majority Shareholder from the Offering are expected to be approximately DKK 7,907 million assuming an Offer Price at the mid-point of the Offer Price Range.

The Minority Shareholders in the aggregate intend to sell up to 9.12% (before the exercise, if any, of the Overallotment Option) of the total number of Shares in the Company in the Offering. The number of Offer Shares sold by such Minority Shareholders may be increased to 11.73% of the total number of Shares if the Overallotment Option is exercised in full. The gross proceeds to be received by the Minority Shareholders from the Offering are expected to be approximately DKK 8,663 million, assuming the maximum number of Offer Shares (excluding the Option Shares) are being sold in the Offering and assuming the Overallotment Option is not exercised (and approximately DKK 11,148 million if the Overallotment Option is exercised in full), assuming an Offer Price at the mid-point of the Offer Price Range.

The Company will not receive any portion of the proceeds from the sale of the Offer Shares by the Selling Shareholders in the Offering except that if and to the extent there are any profits earned from any stabilization transaction, any such profits will be remitted to the Company after deduction of reasonable and documented costs.

12. DIVIDENDS AND DIVIDEND POLICY

12.1 General

The Offer Shares rank pari passu with all other Shares, including in respect of voting rights and eligibility to receive dividends.

12.2 Dividend policy

We expect to pay a dividend of DKK 2.5 billion for FY 2016. For subsequent years towards 2020, our target, supported by expected cash flow growth from new offshore wind farms coming into operation, is to increase the dividend annually by a high single digit rate compared to the dividend for the previous year. Our dividend policy is subject to our commitment to maintain a BBB+/Baa1 rating profile.

As an alternative to paying dividends, we may conduct share buybacks.

Dividends paid to our shareholders generally will be subject to withholding tax, while share buybacks will generally be deemed a sale of shares for Danish tax purposes and therefore as a general rule will not be subject to Danish withholding tax provided that the Company is admitted to trading on a regulated market. For a description of Danish withholding taxes and certain other tax considerations relevant to the purchase or holding of the Shares, see Section 24 "*Taxation*."

The actual payment of any dividends in the future will depend on a number of factors, including, but not limited to, the Company's future earnings, capital requirements, financial condition and prospects, applicable restrictions on the payment of dividends under Danish law and other factors that the Company's Board of Directors may consider relevant. Under our outstanding hybrid capital arrangements, we have undertaken certain restrictions with regard to our payment of cash dividends; in case we defer any coupon payments on any of our hybrid capital securities, such deferred coupon payments must be paid if a decision is taken to pay any dividends to our shareholders. See Section 16.8.3.4 "Hybrid capital."

Statements relating to our dividend policy constitute forward-looking statements. Forward-looking statements are not guarantees of future financial performance and actual dividends or share buybacks could differ materially from those expressed or implied by such forward-looking statements as a result of many factors, including those described in Section 1 "Risk factors" and Section 3 "Special notice regarding forward-looking statements."

12.3 Recent dividends

In respect of FY 2015, FY 2014 and FY 2013, we have not declared or paid dividend to our shareholders.

12.4 Legal and regulatory requirements

12.4.1 Dividends

In accordance with the Danish Companies Act, ordinary dividends, if any, are declared with respect to a financial year at our annual general meeting in the following year at the same time as the statutory annual report, which includes the Audited Consolidated Financial Statements, for that financial year is approved.

Further, the general meeting may resolve to distribute interim dividends or authorize the Board of Directors to decide on the distribution of interim dividends. Any resolution to distribute interim dividends within six months after the date of the Company's latest adopted annual report must be accompanied by the statement of financial position from the Company's latest annual report or an interim statement of financial position, which must be reviewed by the Company's auditor. If the decision to distribute an interim dividend is passed more than six months after the date of the Company's latest adopted annual report, then an interim statement of financial position must be prepared and reviewed by the Company's auditor. The statement of financial position or the interim statement of financial position, as applicable, must show that the Company has sufficient funds available for distribution.

The general meeting may not resolve to distribute a dividend which has not been recommended or otherwise accepted by the Board of Directors. Moreover, dividends, including interim dividends, may only be made out of our distributable reserves, may not exceed an amount that is considered to be sound and adequate with regard to the financial condition of the Company.

As at the date of this Offering Circular, the Board of Directors has been authorized by the general meeting to distribute interim dividends, but currently does not intend to do so.

12.4.2 Share buybacks

In accordance with the Danish Companies Act, share buybacks, if any, may only be carried out by our Board of Directors using funds that could have been distributed as dividends at the most recent annual general meeting. The Board of Directors may only carry out share buyback upon and in accordance with an authorization granted by the general meeting. The authorization must be granted for a specific period not to exceed five years. The authorization must also specify the maximum permitted value of treasury shares, as well as the minimum and maximum amount that we may pay as consideration for such shares. The decision by the Board of Directors to engage in a share buyback, if any, will be made in accordance with the factors applicable to dividend payments described above.

As at the date of this Offering Circular, our Board of Directors is authorized to purchase treasury Shares to the extent that the Company's holding of treasury Shares at no time exceeds 10% of the Company's share capital. From the time the Company's Shares are listed, the purchase price may not deviate by more than 10% from the quoted price on Nasdaq Copenhagen at the time of the purchase. Prior to the listing, the purchase price shall be either (i) the price at which Shares are sold in connection with the listing of the Company's Shares on Nasdaq Copenhagen with a deviation of up to 10% or (ii) not less than DKK 1 and not more than DKK 225 per Share. The authorization is valid until May 19, 2021. We expect that the Board of Directors will exercise the authorization so granted partially in connection with completion of the Offering to acquire up to a maximum of the DSP Shares, which are pre-allocated to the Company for the purpose of ensuring that we hold the maximum number of Shares that we may be required to deliver to the participants in the new share program (the "DSP") upon vesting of the first grant of PSUs after the first performance period, see Section 19.5.9 "DONG Energy Share Program" of this Offering Circular.

12.5 Other requirements

Dividends, if any, will be paid in accordance with the rules of VP Securities and will be paid to the shareholders' accounts with their account holding banks in Danish Kroner to those recorded as beneficiaries.

Dividends not claimed by our shareholders are forfeited in favor of the Company, normally after three years, under the general rules of Danish law on statute of limitations.

Under the Articles of Association and applicable Danish law, there are no dividend restrictions or special procedures for holders of Shares not resident in Denmark.

13. CAPITALIZATION

The following table sets forth our actual capitalization as at March 31, 2016. See Section 23 "Description of the Shares and Share Capital" for information relating to our issued share capital. Potential investors should read this table in conjunction with our consolidated financial information (and the notes thereto) included elsewhere in this Offering Circular and Section 16 "Operating and Financial Review." We will not receive any proceeds from the sale of the Offer Shares in the Offering, except that if and to the extent there are any profits earned from any stabilization transaction, any such profits will be remitted to the Company after deduction of reasonable and documented costs. All the proceeds of the Offering are to be received by the Selling Shareholders.

	As at March 31, 2016
	(DKK million)
Bank loans	6,279
Issued Bonds	24,572
Non-current interest-bearing debt	30,851
—Of which Guaranteed	0
—Of which Secured	0
—Of which Unguaranteed/Unsecured	30,851
Bank loans	905
Issued Bonds	3,728
Other interest-bearing debt	751
Current interest-bearing debt	5,384
—Of which Guaranteed	0
—Of which Secured	0
—Of which Unguaranteed/Unsecured	5.384
Total interest-bearing debt	36,235
Available cash and securities	30,985
Non-available cash and securities	2,623
Receivables from associates and joint ventures	797
Other interest-bearing receivables	890
Total interest-bearing assets	35,295
Total interest-bearing net debt	940
Share capital	4,177
Reserves	20,372
Retained earnings	13,065
Shareholders' equity	37,614
Hybrid capital	13,248
Non-controlling interests	5,820
Total equity	56,682
Total capital employed	57,622

In April and May 2016, we reduced our excess cash position by prepaying long-term bank debt in a principal amount of DKK 1,955 million and by terminating certain interest rate swaps. Additional reductions of our excess cash position have been initiated from notices given in April 2016 to lenders for prepayment during June 2016 of additional long-term bank debt in a total nominal amount of DKK 298 million. Furthermore, on May 11, 2016, we priced and announced the results of a public bond tender offer launched by us on April 28, 2016. Through the bond tender offer, we repurchased bonds across our four senior EUR bond series in the total nominal amount of EUR 524 million from investors at a total cash price of EUR 615 million, which was settled on May 13, 2016. All bonds repurchased by us are cancelled. We actively monitor the developments in the markets on an ongoing basis and may in the future further reduce our excess cash position by prepaying additional long-term bank debt and/or by repurchasing outstanding senior bonds through a public tender process.

14. INDUSTRY SECTION

The information presented in this Section 14 reflects information, including expectations as to future developments, derived from industry sources and from our own internal surveys. The following discussion should be read in conjunction with Section 1 "Risk factors" and Section 3 "Special notice regarding forward-looking statements."

14.1 Select industry trends in renewable energy and offshore wind power

14.1.1 Global macro trends—move to a low carbon economy

A solidifying international scientific consensus over climate change caused by greenhouse gas emissions has favored the development of renewable energy technologies in recent years. The growing environmental awareness of both governments and among the general population has led to international and national policies supporting the transition towards low-carbon generation technologies.

14.1.2 Global macro renewable energy trends-Kyoto Protocol and the Paris Agreement

At the international level, the Kyoto Protocol came into force in 2005, providing an international framework for regulating emissions of greenhouse gases ("GHG"), including carbon dioxide. The Kyoto Protocol sets binding GHG emission reduction targets for 37 countries and the European community. Over the five-year "commitment period" from 2008 to 2012, under the Kyoto Protocol, these countries targeted a 5% average reduction in GHG emissions compared to 1990 levels. The target reduction for EU members was an average of 8%.

In 2015, the United Nations Climate Change Conference in Paris (the so-called COP21) resulted in 195 countries adopting a global climate agreement (also referred to as the Paris Agreement) setting out a global action plan to combat climate change. The Paris Agreement is due to enter into force in 2020, subject to being ratified by a sufficient number of parties. The new framework:

- Sets the goal of limiting the global temperature increase to below 2 degrees Celsius between now and year 2100 and urges countries to limit the increase to 1.5 degrees;
- establishes binding commitments on each party to the agreement to make "nationally determined contributions" ("NDCs") towards combatting climate change and to pursue domestic measures;
- commits all relevant parties to regular reporting on progress made in implementing and achieving their NDCs as well as undergoing international review; and
- commits all relevant parties to submit new NDCs every five years, with the expectation that they will "represent a progression" beyond the ones set out in previous years.

14.1.3 EU 2020 target

The EU's energy security strategy is rooted in its existing Energy Security Strategy published by the EU Commission in 2014. One long-term measure of the Energy Security Strategy is to decrease the EU's dependency on imported energy through deploying renewable energy technology in the EU to increase energy production. In addition, the Energy Security Strategy seeks to diversify the EU's energy technologies and to make better, more efficient use of energy produced within the EU.

The primary piece of EU legislation for the support of renewable energy is the Directive on the Promotion of the Use of Energy from Renewable Sources (2009/28/EC) (the "Renewable Energy Directive"). The Renewable Energy Directive requires the EU to fulfil at least 20% of its total energy needs through renewable energy technologies by 2020. The Directive specifies binding national renewable energy targets for each member state, taking into account the member state's starting point and overall potential for generating renewable energy.

Following the commitments made under the Kyoto Protocol, in 2010 the EU adopted the 2020 Energy Strategy, known as the 20-20-20 Initiative. This initiative sets out the EU's energy priorities for the period 2010 to 2020. Its stated goals are, by 2020, to:

- reduce GHG by at least 20% (from 1990 level);
- increase the share of renewable energy in the EU's energy mix to at least 20% of consumption; and
- improve energy efficiency by at least 20% (from 2005 level).

Member states of the EU have implemented various national policies and regulations to increase the share of renewables in the energy mix, including offshore wind. A detailed explanation of the regulatory regimes relevant to power production from offshore wind is set out in Section 18 "Regulation"

14.1.4 EU 2030 target

In 2014, the EU countries agreed on a new 2030 policy framework for climate and energy. This new framework includes EU-wide targets and policy objectives for the period between 2020 and 2030, with the intention to support achieving a sustainable energy system and meeting its long-term 2050 target of reducing GHG emissions by 80-95% compared to the 1990 level. The targets for 2030 include:

- a 40% cut in GHG emissions compared to 1990 levels; and
- at least 27% of the gross final energy consumption to come from renewable energy.

In contrast to the renewable energy target for 2020, the renewable energy target for 2030 is not binding on a national level.

14.1.5 Country specific targets

In order to implement the EU's 20-20-20 Initiative and to live up to the binding national targets for renewable energy, the EU member states have started to adopt policies which encourage the development and construction of renewable energy capacity.

The targets with respect to renewable energy and offshore wind of the countries where our Wind Power business has offshore wind operations, as well as certain other countries with significant offshore wind potential, are summarized below.

14.1.5.1 Denmark

In March 2012, the Danish Government and a broad majority of the Danish Parliament entered into an agreement governing the development of the Danish energy supply (the "2012 Energy Agreement"). The 2012 Energy Agreement includes an aim to establish an additional 1,000 MW of offshore wind capacity in Danish waters during the period from 2012 to 2021. In combination with the expected development of nearshore and onshore wind, wind energy is projected to cover more than 50% of power consumption in 2020.

In June 2015, the Danish Government announced that it would establish an energy commission to consider the energy policy targets and measures for the period 2020 to 2030 in order to ensure that Denmark will meet its international climate commitments in a cost efficient and market based manner. At the same time, the Danish Government also restated the overall goal that total energy consumption in Denmark in 2050 will be covered by energy produced from renewable technologies. The Danish Energy Commission was established on March 31, 2016, and is expected to publish its results in early 2017.

14.1.5.2 UK

The Promotion of the Use of Energy from Renewable Sources Regulations from 2011 enshrines the target under the Renewable Energy Directive which sets out that 15% of the UK's energy is to come from renewable sources by 2020. To meet this commitment, the Secretary of State estimates that by 2020 around 30% of UK power needs to come from renewable technologies.

In November 2015, DECC announced a new direction for UK energy policy, announcing plans to support the installation of 10 GW of new offshore wind power capacity to be installed post 2020 with the intention to hold three auctions before the end of this parliament in 2020. However, DECC also stated that it continues to consider offshore wind currently to be expensive, and that further support for the industry would be strictly conditional on further cost reductions.

This intention was confirmed in March 2016, when the UK Chancellor of the Exchequer announced the 2016 Budget, setting aside up to GBP 730 million, equivalent to approximately 4 GW of the 10 GW announced in November 2015, for the support of offshore wind and other less established renewable technologies for projects installed between 2021 and 2026. About GBP 290 million has been allocated for the first auction of the three auctions mentioned above, to be held in 2016. For offshore wind, support will be capped at a predetermined level and thereafter decrease depending on the commissioning year.

14.1.5.3 Germany

The Federal Ministry for Economic Affairs and Energy is expected to enact in 2016 the "Offshore Wind Power Act," which will apply a tender model to offshore wind power projects which are operational as of 2020. The Federal Ministry for Economic Affairs and Energy is expected to, for the most part, maintain the so-called "deployment corridor" ("Ausbaukorridor") from 2014, which sets out targets for offshore wind expansion of 7.7 GW by 2020, and 15 GW by 2030. The capacity volumes auctioned per year will be in line with these targets and are expected to be between 600 and 900 MW (on average 730 MW) per year as of 2021.

Further, Germany has announced the following renewable energy targets for 2020:

- 18% of gross final energy consumption stemming from renewable sources; and
- 37% of electricity demand met by electricity generated from renewable energy sources.

14.1.5.4 Netherlands

Under its Energy Agreement for Sustainable Growth, the Dutch Government has set a target for 14% of all energy to be generated from renewable sources by 2020, rising to 16% by 2023. In 2013, the Dutch Government signed a national energy agreement (the so-called "Energieakkoord"), with a target of reaching 4.5 GW offshore wind capacity by 2023.

14.1.5.5 United States

The Obama administration initially set a goal of issuing permits for 10 GW of renewable energy on public lands, which was reached in 2012. A new target was set in the US Climate Action Plan from June 2013, where the government committed to issuing permits of an additional 10 GW renewables on public lands by 2020 and 3 GW in military installations by 2025. The Clean Power Plan dated 2015, currently pending judicial review, presents revised and advanced goals such as power sector carbon pollution reduction to 32% below 2005 levels by 2030.

Since June 2014, the government has approved a number of renewable projects, including four competitive offshore wind energy leases for a total capacity of up to 3.4 GW. In addition, the government announced a competitive leasing policy in September 2014 to encourage solar and wind energy development on public lands and to provide greater certainty to renewable energy developers.

In recognition of their countries' common interests in developing offshore wind as a clean and sustainable energy source, Denmark and the United States signed a Memorandum of Understanding to strengthen cooperation on offshore wind energy projects. The U.S. Bureau of Ocean Energy Management will be working together with relevant Danish authorities to share knowledge, experiences, data and best practices relevant to offshore wind energy development. The Memorandum of Understanding was signed on May 4, 2016 at the Embassy of Denmark in Washington, D.C.

14.1.5.6 Taiwan

In September 2015, the Taiwan Bureau of Energy, part of the Ministry of Economic Affairs, increased its 2030 renewable energy target by 25% to 17.3 GW. This included an increase in the target for offshore wind from 3 GW to 4 GW by 2030.

14.1.5.7 China

In 2013, the National Energy Administration in China put forth a plan targeting offshore wind capacity of 5 GW by the end of 2015 and 30 GW by 2030.

14.1.5.8 Japan

In 2014, the Japan Wind Power Association raised their target for wind energy development to 75 GW by 2050, under which offshore wind accounts for 37 GW.

14.2 Advantages of offshore wind

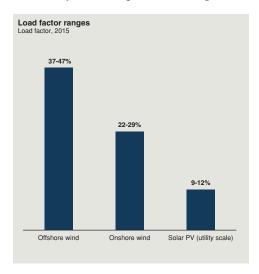
Offshore wind offers certain key advantages compared to other renewable technologies, which are summarized below.

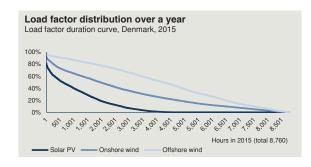
14.2.1 Large scale technology with high load factors

Whereas the typical plant size (median, according to BNEF) of onshore wind farms and solar generation is 18 MW and 11 MW, respectively, the typical plant size of current operating offshore wind farms is 288 MW (median, according to BNEF), and is expected to increase in the coming years. Technological advances in offshore wind power generation capabilities have led to the design and approval of wind farms with capacity in the range of 600–1,200 MW. For instance, our Walney Extension project will have a capacity of 659 MW, and our Hornsea 1 project will have a capacity of 1,200 MW.

Further, on average, offshore wind generation has significantly higher load factors¹ (i.e. less idle capacity) than onshore wind and solar power generation as illustrated in the figure below. The latest offshore wind farms for which we have taken FID are on average expected to have higher load factors as exemplified by our projects currently under construction and by our project in late maturation. See Section 15.5.10.2 "Assets under construction."

Figure 1: Load factor comparison among selected renewable technologies





Source: BNEF. Offshore and onshore wind load factors for Denmark, Germany and UK; Solar PV load factors for

Germany and UK

Source: Energinet.dk 2015

14.2.2 Global potential

Northwestern Europe offers excellent offshore wind resource and sea bed conditions to support continued strong growth in the offshore wind industry. In parallel, the industry has started to look for new opportunities in other parts of the world, where similar attractive conditions are present. Market estimates show a large long-term resource potential in the US and Asia with a possible potential for installed capacity by 2050 of up to 86 GW in the US², 300 GW in China³, 37 GW in Japan⁴ and up to 15 GW before 2030 in Taiwan⁵.

Load factor is the ratio between the actual power generation in a given period relative to the potential generation which is possible by continuously exploiting the maximum capacity over the same period.

US Department of Energy "Wind Vision: A New Era for Wind Power in the United States"

China Energy Research Institute "China 2050 High Renewable Energy Penetration Scenario and Roadmap Study"

The Carbon Trust "Appraisal of the Offshore Wind Industry in Japan"

Taiwan Bureau of Energy, Ministry of Economic Affairs

Figure 2: Potential for offshore wind in existing and new markets



14.2.3 Cost reduction potential

It can be assumed that cost reduction potential for offshore wind is still significant and that the cost decrease over time will be faster than for competing, more mature technologies. This assumption is driven by empiric evidence for cost of power generation technologies to decrease as a function of volume installed as well as by the fact that the growth rate for offshore wind compared to competing technologies is higher. Details on offshore wind's cost reduction potential can be found in Section 14.4 "Levelized Cost of Electricity."

14.2.4 Limited visual impact

While other sources of renewable power, especially onshore wind, increasingly face resistance due to visual and acoustic impact, offshore wind farms are characterized by limited visual impact on residents and on landscape. In markets where the distance to shore for future wind farms is expected to increase, the visible impact from shore will be even lower.

14.3 Offshore wind development

While the offshore wind industry has grown rapidly in Northwestern Europe, where we operate today, the industry is now expected to also establish a global footprint in the future.

14.3.1 Development through 2015

The market for offshore wind power had its beginnings in Denmark in the early 1990s, driven by a political decision to test wind power offshore, and has since developed steadily mainly in Northwestern Europe, primarily in Denmark, the UK, the Netherlands, Belgium and Germany. The initial development of the supply chain primarily occurred in Denmark with Bonus Energy (today Siemens Wind Power) and Vestas Wind Systems developing the first megawatt-scale turbines in the early 2000s.

The world's first offshore wind farm, Vindeby, installed by us, is located in the southern part of Denmark and was inaugurated in 1991. It is situated less than 2 km from shore and employs 11 Bonus Energy turbines with a total capacity of just below 5 MW. In 2002, we completed Horns Rev 1, the first large-scale offshore wind farm in the world, with a total capacity of 160 MW (Vestas 2.0 MW turbines) in the Danish North Sea 18 km from shore.

The UK took over as the world's leading nation in offshore wind in 2007 and remains today the largest market for offshore wind. In 2009, the first offshore wind farm was commissioned in Germany.

From 2011 to 2015, offshore wind has experienced significant growth with an increase in total installed capacity of approximately 8 GW, which predominantly comes from an ambitious and stable build-out strategy in the UK as well as in Germany. At the end of 2015, cumulative installed offshore wind capacity amounted to 10.8 GW as shown in the table below.

Table 1: European offshore wind capacity 2010-2015

Installed offshore wind (GW)	2010 accum.	2011	2012	2013	2014	2015	2015 accum.
United Kingdom	1.3	0.2	1.2	1.0	0.4	1.1	5.1
Germany	0.1	0.0		0.4	0.1	2.6	3.3
Denmark	0.7			0.4			1.1
Netherlands	0.2					0.1	0.4
Belgium	0.2		0.2	0.1	0.2		0.7
France	_	_	_	_	_	_	_
Sweden	0.2	_	_	0.0	_	_	0.2
Other	0.0	_	0.0		_	0.0	0.0
Europe total	2.8	0.2	1.3	1.9	0.7	3.8	10.8

Source: BNEF

In general, this market creation phase from the mid-1990s to 2015 was less competitive, with subsidy levels determined by governments and subsidies allocated directly by governments or through a tender process. Examples of this phase include the tender bids for the Danish offshore wind farm projects Rødsand 2 (207 MW, won by E.ON) in 2008 and Anholt (400 MW, won by our Wind Power business) in 2010, in which only one or two tenderers participated. Until 2015, subsidies were generally available for all viable projects in the UK and Germany.

14.3.2 Anticipated development from 2015 to 2025

14.3.2.1 Europe

According to industry expectations (BNEF), offshore wind will continue to grow and installed offshore wind capacity in Europe is expected to reach approximately 27 GW by 2020 and approximately 49 GW by 2025, as shown in the table below. This is more than four times the current installed capacity and corresponds to approximately 3 GW per year on average from 2015 to 2020 and approximately 4 GW per year from 2020 to 2025. The primary country contributors to the new-build capacity from 2015 to 2025 are the UK with expected 15 GW, Germany with expected 7 GW, France with expected 5 GW and the Netherlands with expected 4 GW.

This will make offshore wind the renewable technology in the OECD with the highest relative growth rate, with a forecasted installed capacity compound annual growth rate (CAGR) of 25% from 2014 to 2020 according to BNEF. In comparison, according to BNEF, solar power and onshore wind power, although beginning from a larger starting point, are set to grow at a CAGR of 14% and 7%, respectively, and hydropower is expected to stagnate with no capacity expansion.

Table 2: Anticipated offshore wind capacity development 2015–2025

Installed offshore wind (GW)	2015 accum.	2016	2017	2018	2019	2020	2020 accum.	2021	2022	2023	2024	2025	2025 accum.
United Kingdom	5.1	0.0	1.5	1.6	1.0	2.0	11.3	1.7	1.7	1.2	3.2	0.9	19.9
Germany	3.3	1.0	1.1	1.1	_	0.5	6.8	0.8	0.8	0.8	0.8	0.8	10.8
Denmark	1.1		0.4	0.2	0.2	_	1.9	0.6	—	—			2.5
Netherlands	0.4	0.1	0.6	_	0.7	0.7	2.5	0.7	0.7	0.7			4.6
Belgium	0.7	_	—	0.8	0.5	0.2	2.3			_			2.3
France	_		0.0	—	1.0	0.5	1.5	1.0	0.5	1.0	1.0	—	5.0
Sweden	0.2		—	—	_	0.1	0.3	_	_	—	—	0.7	1.0
Other	0.0	-0.0	0.0	0.0	_	0.4	0.5	0.0	0.9	0.5	0.4	0.3	2.7
Europe total	10.8	1.1	3.6	3.7	3.4	4.4	27.1	4.8	4.6	4.2	5.4	2.7	48.8
China	0.8	0.6	0.9	1.8	2.5	5.2	11.9	3.0	3.0	3.0	3.0	3.0	26.9
Japan	0.0	0.0		0.0	0.1	0.2	0.4	0.1	0.1	0.5	0.2	0.2	1.5
Taiwan	_	0.0	_	_	0.2	0.3	0.5	0.3	0.3	0.3	0.3	0.3	2.0
Korea (Republic)	0.0	_	0.0	0.1	0.2	0.1	0.4	0.2	0.2	0.2	0.2	0.3	1.4
Other				_				0.2	_	0.2		_	0.4
Asia total	0.9	0.6	0.9	2.0	3.0	5.7	13.1	3.8	3.6	4.2	3.7	3.8	32.2
United States	_	0.0	_	0.0	0.0	0.1	0.2	0.2	0.2	0.3	_	0.3	1.1
Other				_				0.1	0.1	0.1	0.1	0.1	0.6
North America		0.0	_	0.0	0.0	0.1	0.2	0.3	0.3	0.4	0.1	0.4	1.8
Global	<u>11.7</u>	1.8	4.6	<u>5.6</u>	6.5	<u>10.2</u>	<u>40.4</u>	8.9	8.5	8.8	9.2	6.9	82.7

Source: BNEF

In addition to the geographical development summarized above, the key characteristics of offshore wind projects are also changing. The majority of past projects have been in shallow waters and close to shore, however, the capacity to be installed from 2016 to 2020 is anticipated to be increasingly located further from shore and in deeper waters.

14.3.2.2 Rest of the world

According to industry expectations (BNEF), growth from 2015 to 2025 is expected to increasingly happen in countries such as China, Taiwan, Japan and the US. It is expected that approximately half of the growth until 2025 will happen in other parts of the world than Europe, mainly in China.

In China, concerns about the environmental impact of the country's rapid industrialization have been growing in recent years and are now firmly on the government's agenda with the stated goal to achieve a 40–45% reduction in carbon intensity by 2020 compared to 2005. As island nations with limited domestic energy resources, Japan and Taiwan are even more dependent on energy imports than the EU. Currently, (according to the US Energy Information Administration) more than 91% and 98% of the primary energy consumption comes from imported sources in Japan and Taiwan respectively.

Development outside Europe is expected to accelerate, and is anticipated to reach an installed capacity of approximately 34 GW in 2025. Capacity additions are expected to amount to 2.5 GW per year on average from 2015 to 2020 and 4.1 GW from 2020 to 2025. As a result, the share of non-European offshore wind capacity is expected to rise from 33% in 2020 to 41% in 2025.

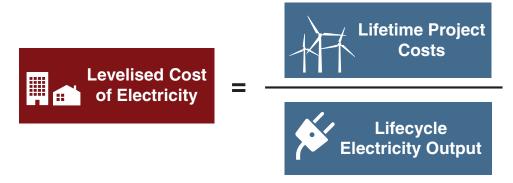
14.4 Levelized Cost of Electricity

One of the key drivers enabling the expected growth in offshore wind is the expected continued reduction in the cost of electricity produced by offshore wind farms through technological innovation and industrialization as well as through the introduction of competition for subsidies.

We define the cost of electricity using the concept of Levelized Cost of Electricity ("LCoE") as applied by DECC. LCoE allows for tracking the cost development of a specific generation technology over time as well as for comparing the cost efficiency of different power generation technologies.

As illustrated by the figure below, LCoE measures the cost of various electricity generation technologies over the lifetime of the asset (including development, construction, operational and decommissioning costs) relative to the power output generated. LCoE is discounted back to 2012 prices in order to ensure comparable figures for generating assets installed in different years.

Figure 3: Levelized Cost of Electricity of an electricity generation technology

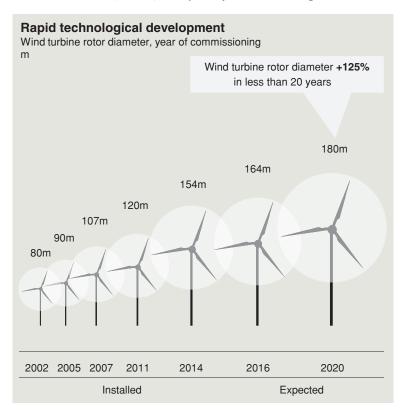


The LCoE of offshore wind has been significantly higher than the LCoE of most competing technologies over the past years. This has repeatedly led to controversial public debates over the affordability of offshore wind. After having proven the technical viability of developing offshore wind farms further offshore and in deeper water, offshore wind developers have shifted their focus to cost reductions, so as to ensure the cost-competitiveness of the technology in the long-term.

Through the usage of larger scale technology (especially wind turbines), construction of larger wind farms, better wind conditions at the sites selected as well as learning effects, offshore wind has started to rapidly decrease in cost. While the absolute cost of offshore wind technology is still higher than onshore wind or CCGT (Combined Cycle Gas Turbine power plant), it can be assumed that cost decrease over time will be faster than for those more mature technologies. This assumption is driven by empiric evidence for cost of power generation technologies to decrease at approximately 14% to 15% per doubling of the installed capacity according to BNEF, as well as by the fact that the growth rate for offshore wind compared to competing technologies is higher.

The rapid technological development can be illustrated with the significant increases in turbine rotor diameter as shown in the figure below.

Figure 4: Wind turbine rotor diameter (meters) and year of commissioning



Source: Turbine manufacturer announcements

We have previously announced an LCoE target of being at or below €100/MWh for UK projects in respect of which FID will be taken in 2020. We have made significant progress in reducing the cost of electricity for offshore wind, and we are well on track to meeting this cost level ahead of time and we remain strategically committed to continuing to reduce the LCoE for offshore wind.

Using specific, public targets for offshore wind cost of electricity has become more sensitive under tender and auction regimes. For competitive and commercial reasons we have decided to no longer set a Group-specific LCoE target for our offshore wind farms. Going forward, competitive tenders and auctions will support the continued reduction in the cost of offshore wind and will provide a more accurate measure of our ability to reduce the cost of electricity from offshore wind.

Based on the significant progress by us and other participants in the offshore wind industry in recent years in lowering the LCoE and the foreseeable increase in the build-out for offshore wind for the period 2016 to 2025, we expect the LCoE for the offshore wind industry to decline even further to become close to cost competitive with gas projects with FID in 2025.

14.5 Offshore wind market participants

The offshore wind industry market players are divided into companies developing, constructing and operating wind farms on the one hand, and the supply chain on the other hand.

14.5.1 Developers, constructers and operators

The offshore wind industry grew out of the onshore wind industry but is today a fully-fledged, yet still maturing industry. Traditionally offshore wind was driven by utilities but now increasingly other types of players are entering the industry with varying degree of in-house competence on development, construction and operation.

In addition to our Wind Power business, utilities such as Centrica, Vattenfall, E.ON and RWE developed, constructed and operated a number of offshore wind farms (mainly in the UK) during the first decade of the century. We, however, entered the market earlier and more decisively than others and we now hold a market share of 26% of the world's operational installed offshore wind capacity which is more than twice

the market share of our nearest competitor. At a country level, we have a significant market position in all our key markets, see the figure below.

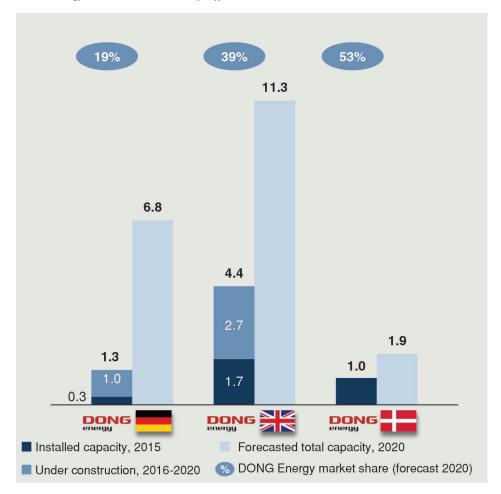


Figure 5: DONG Energy market shares in key offshore wind markets

Source: BNEF. DONG Energy market share defined as: current installed capacity and expected installed capacity to be added in 2015–2020 divided by expected total market capacity in respective markets by 2020.

In our view, the offshore wind market is now entering a new phase, with significant changes to the industry's competitive landscape. We expect and see early evidence of a significant widening in the number of market players within offshore wind. Competitors will continue to include utility firms seeking to expand into offshore wind as a complement to other renewables, but also increasingly companies currently active in other parts of the offshore supply chain seeking to further integrate their businesses, and companies seeking stable regulated cash flows across conventional and renewable technologies.

14.5.2 Supply chain

The supply chain for certain offshore wind farm equipment has expanded from a single source, local supply base to a much more balanced set-up with multinational, robust supply chain players like Siemens, GE, MHI Vestas and Nexans among others. As a result of this, we anticipate fewer bottlenecks in the supply chain compared to the situation as recently as three years ago. Certain areas of supply to the offshore industry have turned into commodities and previous areas of supply scarcity have become over-supplied.

In several countries, the governments have increasingly focused on assuring the creation of a local supply chain for offshore wind in order to create local jobs in return for subsidies.

14.5.3 Financing

Beginning in 2010, most utility players in Europe became capital constrained and increasingly faced balance sheet issues as a consequence of their declining traditional utility business. Simultaneously, according to BNEF, an increasing share of offshore wind projects are being developed and constructed by

non-utility players without large balance sheets. These two trends have led to a significant need for financing of offshore wind projects via debt or equity partnerships instead of the traditional balance sheet financing.

As the industry continues to mature, the risks related to offshore wind technology are declining. Also, there is an increasing understanding and acceptance of the risks associated with the offshore wind industry. This has contributed to increased opportunities to finance offshore wind projects through capital markets. According to BNEF, the number of debt providers for offshore wind has more than tripled from 2010 to 2015, mainly due to the strong track record from experienced players delivering projects from development through commissioning. We believe the increased competition amongst commercial debt providers, with increasing debt contributions in single projects, could reduce transaction costs and further drive down the cost of financing. Beside the traditional debt financing, we believe commercial debt providers view innovative financial solutions, such as the use of project bonds, as a possible alternative to the more established project financing structures.

14.6 Other selected industry trends

14.6.1 Conventional fossil fuel-based heat and power generation

In recent years, the contribution margin (spreads) within conventional fossil fuel-based power generation has been under pressure due to lower demand during and after the financial crisis, energy optimization and increased capacity, including renewable energy capacity. The low demand and high supply of power has caused power prices to fall more than fuel prices and as a result, the contribution margin has fallen, which makes it challenging for conventional power plants to generate sufficient earnings. However, an opportunity has arisen in certain markets, including Denmark, to convert existing thermal heat and power plants to biomass firing, which has created a new market for the Group, where heat generation rather than power generation is the primary product together with ancillary services.

14.6.2 Power distribution, gas and power purchase and sales

Power distribution is a stable and regulated activity where profitability is dependent on the attractiveness of the regulatory framework and the distributor's ability to deliver efficient results within the regulatory framework, for example on operating expenditures. The competition in the European energy markets for the purchase and sale of gas and power has meant that margins in sales activities have been under pressure for a number of years. Focus has therefore shifted from the straightforward sale of energy towards delivering service solutions which can help customers optimize their energy consumption.

As an element of the 2012 Energy Agreement, the Danish government appointed the Power Regulation Review Committee ("PRR Committee") to inspect the power supply sector and the regulation of the sector with a view to ensuring incentives where appropriate for cost-efficiency, conversion to green energy, competition and consumer protection. In December 2014, the PRR Committee published its final report, recommending a new income cap model to be implemented. The Minister of Energy presented the recommendations to the parties to the Energy Agreement and is now working on implementing a new model for regulation of power DSO companies. We understand that the current goal is to have the new regulation in force on January 1, 2018, meaning that a hearing process followed by a proposal for a new Electricity Supply Act to the Danish Parliament will occur during 2017.

14.6.3 Oil and gas industry

The oil and gas industry has been affected by a decrease of approximately 60% in oil prices since mid-2014 as well as a general market trend of cost overruns and delayed expansion projects. The North Sea, which is a mature hydrocarbon area, has also been affected by increasing unit costs for produced oil and gas. The markedly deteriorated short and mid-term outlook for the oil and gas industry has prompted many companies, including us, to adapt to the new market environment by postponing, down-scaling or cancelling new exploration activities and investments and reducing employee headcount.

15. BUSINESS

15.1 Overview

DONG Energy is a focused energy company with a strong profile in renewables. We have activities primarily in Northwestern Europe. We aim to create value for our customers, shareholders and the communities in which we operate. Our strategy focuses on identifying and growing areas of activity where we have key competences and value propositions differentiating us from our competitors. We are building a world-class energy company with a renewables portfolio based on leading competences in offshore wind, bioenergy, and energy solutions.

We divide our operations into four businesses: Wind Power, Bioenergy & Thermal Power, Distribution & Customer Solutions, and Oil & Gas. The Bioenergy & Thermal Power and Distribution & Customer Solutions businesses jointly constitute our Danish utility business. The key features of each of our businesses are as follows:

Wind Power (75% of our capital employed as of December 31, 2015)

We are a leader in the offshore wind market. We are active in the development, construction, operation and ownership of offshore wind farms, primarily in the UK, Denmark and Germany, where we operate an integrated business model across the entire value chain. We have constructed 22 offshore wind farms with a current installed capacity of 3.0 GW, which represented 27% of Europe's and 26% of the world's operational offshore wind installed capacity at the end of 2015. We have a robust and highly visible build-out plan of 3.7 GW, with six projects currently under construction and one project in an advanced development stage. All seven projects are expected to be commissioned no later than by the end of 2020, which will more than double our current capacity to above our 2020 strategic target of 6.5 GW. For our post-2020 pipeline, we have secured project rights of approximately 8.1 GW, although planning consents, subsidies and grid connections, among other things, must still be secured.

See Section 15.5 "Wind Power" for a complete description of the business.

Danish Utility Business (16% of our capital employed as of December 31, 2015, including 3% in Bioenergy & Thermal Power and 13% in Distribution & Customer Solutions)

Bioenergy & Thermal Power

We generate and sell heat and power and provide ancillary services. We are the largest producer of heat and power in Denmark. Our heat and power generation primarily takes place at our eight large scale CHP plants in Denmark, the Svanemøllen heat plant and the peak load power plant Kyndbyværket in Denmark with a total capacity of approximately 3.0 GW. Over the past several years, our Bioenergy & Thermal Power business has, as a response to deteriorating market conditions in the Northwestern European power markets, been transformed from a business focusing on generation and sale of power to generation and sale of heat to municipalities on long-term contracts resulting in a more resilient and stable business. We are now in the process of converting a number of our CHP plants to biomass; two such conversions have been completed, three are under construction and two are under development. We are thus transforming our business to fit current and expected future market conditions and reduce our CO₂ footprint. We are also developing certain innovative bioenergy solutions, the most mature of which is REnescience, which is an enzyme-based waste treatment technology. We are currently in the process of building our first full-scale REnescience plant in Northwich in the UK.

See Section 15.6 "Bioenergy & Thermal Power" for a complete description of the business.

Distribution & Customer Solutions

Distribution & Customer Solutions consists of three main activities: Distribution, Sales and Markets. Within Distribution we own, operate and maintain a power distribution network in the greater Copenhagen and Northeastern Zealand area consisting of approximately 19,000 km cables. Through the power distribution network, we are distributing power to approximately 1 million customers corresponding to a Danish market share of 26%. Our power distribution business is subject to regulated returns on the regulatory asset base which is expected to amount to DKK 10.7 billion (as at December 31, 2015), which provide stable and regulated income for the Group. Within Distribution, we also have our Oil Pipeline Business, which consists of an oil pipeline with a total length of 330 kilometers, of which 110 kilometers are onshore and 220 kilometers are offshore and includes the Gorm E platform, Filsø booster station, various valve stations, and our crude terminal and stabilization plant in Fredericia. Within Sales, our activity

consists of selling power, gas and energy solutions to our customers through our B2C business in Denmark, and our B2B business in Denmark, Sweden, Germany and the UK. We have a Danish B2C market share for both power and gas of approximately 26% and a Danish B2B market share of approximately 20% and 25% for power and gas, respectively. Within Markets, our activity mainly consists of management and optimization of power and gas from a portfolio of internal and third party assets in the Northwestern European energy markets, and execution of the Group's commodity hedging policy. In the course of these activities, we also engage in a limited amount of proprietary trading.

See Section 15.7 "Distribution & Customer Solutions" for a complete description of the business.

Oil & Gas (9% of our capital employed as of December 31, 2015)

Our oil and gas portfolio is centered around three key producing assets in Northwestern Europe. At March 31, 2016, we owned 2P reserves of 238 million boe and we produced 40.9 million boe in FY 2015. The above-mentioned three key assets are Syd Arne in Denmark (37% working interest, operated by Hess Denmark ApS), Ormen Lange in Norway (14% working interest, operated by A/S Norske Shell) and Laggan-Tormore in the UK (20% working interest, operated by Total E&P UK Limited). These assets accounted for approximately 75% of our production in FY 2015. Our key development assets are our 20% working interests in the development fields Edradour and Glenlivet adjacent to Laggan-Tormore in the West of Shetlands (operated by Total E&P UK Limited), where production is expected to begin in 2017 and 2018, respectively. Our Oil & Gas business is adapting to changes in the Group's portfolio strategy, and continues to respond to the significant decrease in oil and gas prices over the last 18 months. Our objective is to optimize value in our existing core producing assets in Denmark, Norway and the UK by focusing on delivering strong returns and positive cash flows, which will be reinvested in renewable energy. Given our decision not to invest in reserve replacements, we do not view the Oil & Gas business as a long-term strategic commitment for the Group.

See Section 15.8 "Oil & Gas" for a complete description of the business.

Group Functions

Each of our business areas are tied together and serviced by our group functions, consisting of among others IT, finance, insurance, facility management, procurement, stakeholder relations, legal, and HR functions.

15.2 The transformation of DONG Energy (2006–2015)

We were founded as Dansk Naturgas A/S by the Kingdom of Denmark in 1972, as a vehicle for the development of Danish energy activities. In 2006, the acquisitions of five regional Danish energy companies (Elsam, NESA, Energi E2, part of Københavns Energi, and part of Frederiksberg Forsyning) were completed, and the name was changed to DONG Energy A/S. The acquisitions allowed the Group to expand into power generation, sales and distribution activities.

In the years following the acquisitions, the growing demand for renewable energy and the need to reduce coal-fired thermal generation capacity in the Nordic area led us to revise our strategy. International coal-fired power plant projects under preparation were cancelled in 2009, capacity closures of Danish power plants were initiated and a plan to reduce CO_2 emissions was adopted.

In 2012, we experienced significant financial challenges, primarily related to losses on gas-fired power plants, gas purchase contracts, and long-term gas storage and LNG capacity contracts.

As a result, a financial action plan was launched in February 2013 to improve our capital structure and to ensure a sufficient financial foundation to continue the transformation of the Group and enable the implementation of the strategy towards achieving our 2020 goals. Consistent with the financial action plan, in FY 2013 and FY 2014, we divested DKK 23 billion in non-core assets, including the sale of a 25% ownership interest in London Array, in FY 2013 we achieved cost reductions of DKK 1.4 billion, and in February 2014, we recorded a capital injection of DKK 13 billion through the investment by NEI, the Danish pension funds ATP and PFA as well as several existing minority shareholders and employees.

Today we consider ourselves to be one of the leaders of the European transition into renewable energy. Since 2007 we have:

• Reduced our CO₂ emissions by 46% from 613 g/kWh in 2007 to 334 g/kWh in 2015;

- Transformed our business mix measured on capital employed from 16% Wind Power, 60% Danish Utility Business (Bioenergy & Thermal Power and Distribution & Customer Solutions), and 24% Oil & Gas in 2007 to 75% Wind Power, 16% Danish Utility Business (Bioenergy & Thermal Power and Distribution & Customer Solutions) and 9% Oil & Gas in 2015;
- Increased our share of EBITDA (BP) from international activities from 12% in 2007 to 63% in 2015;
- Doubled our EBITDA (BP) from DKK 9.3 billion in 2007 to DKK 18.5 billion in 2015.

15.3 Strategy & strengths

15.3.1 Strategy

Our mission is to continue to develop and enable renewable energy systems that are economically viable. Our vision is to lead the transformation to renewable energy. We want DONG Energy to maintain a global leading position in offshore wind and be recognized as a leader in European energy more generally. We are committed to continuing the transformation of our business, tailoring it to the new market conditions in the European energy industry.

Our strategy focuses on identifying and growing the areas of activity in which we have strong competences, and in which we can make value propositions that differentiate us from our competitors. Our strongest and most differentiated competitive positions are within offshore wind power and this is where we see the biggest potential for long-term growth and value creation. We aim to build a bridge from fossil fuels to an increasingly decarbonized future and further reinforce our position as a global leader in offshore wind. Investments to support future growth will be focused on renewable energy. Based on our current plans, in the period from 2016 to 2020, we expect to allocate approximately 80% of our gross investments to Wind Power, approximately 10% to 15% to our Danish utility activities, which include our Bioenergy & Thermal Power business and our Distribution & Customer Solutions business, and approximately 5% to 10% to our Oil & Gas business. In 2016, we expect to invest DKK 18 to 21 billion and in the period from 2017 through 2020 we expect to invest DKK 60 to 70 billion (see Section 16.7 "Anticipated future investments").

For a more detailed description of the strategy of each of our businesses, see Sections 15.5.4 "Wind Power—Strategy," 15.6 "Bioenergy & Thermal Power" 15.7 "Distribution & Customer Solutions" and 15.8.2 "Oil & Gas—Strategy."

We track the progress of our strategy through a number of financial and strategic targets, divided into four themes:

Creating shareholder value

- Average expected range on return on capital employed ("ROCE") for the Group of 12% to 14% in the period from 2017 through 2020 (including ROCE for Wind Power of 13% to 15% and ROCE for Distribution & Customer Solutions of 9% to 11% in this period);
- Bioenergy & Thermal Power to be free cash flow positive from 2018 onwards; and
- Oil & Gas to be free cash flow positive, including our hedging positions, from 2017 onwards;

Addressing profound societal challenges within energy and environmental matters

- CO₂ emissions of no more than 260 g/kWh by 2020;
- Installed offshore wind capacity of 6.5 GW by 2020;
- · Continuing to reduce the LCoE for offshore wind; and
- Reducing coal consumption in our Danish power plants and increasing the use of biomass, with the target that bio-conversion of at least 60% of our Danish heat capacity is completed by 2020.

Serving the energy needs of our customers

• A continued customer satisfaction score of more than 80 (on a scale from 0 to 100, with 80 or above reflecting very satisfied customers) for our power distribution business, and more than 80 and 75 (on a scale from 0 to 100, with 75 or above reflecting very satisfied customers) for our B2C and B2B businesses, respectively, by 2020;

- A reputation index score of more than 55 (on a scale from 0 to 100, with 55 or above reflecting a broad recognition of the Group in the Danish market) by 2020; and
- A SAIDI for our power distribution business equal to, or better than, the Danish power sector average.

Being a safe and great place to work

- Lost time injury frequency ("LTIF") of less than 1.5 by 2020;
- No fatalities;
- Employee satisfaction and motivation score of no less than 77 (on a scale from 0 to 100, with 70 or above reflecting above-average satisfied and motivated employees) by 2020.

Our financial policies as described in Section 16.8.4 "Credit ratings and funds from operations (FFO)" can be summarized as follows:

Rating Min. Baa1/BBB+/BBB+ Moody's/S&P/Fitch Capital structure 730% FFO/adjusted net debt

For information on our dividend policy, see Section 12 "Dividend and Dividend policy."

See Risk Factor 56 "The prospective financial information and the targets included in this Offering Circular may differ materially from our actual results."

15.3.2 Competitive strengths

Our strategy and our path towards reaching our financial and strategic targets are supported by the following key competitive strengths:

1. We are a global leader in the offshore wind market with a differentiated, integrated business model

According to BNEF, the market for offshore wind is expected to have the highest relative growth rate in renewable technology in the OECD countries from 2014 to 2020, with an installed capacity CAGR of approximately 25% from 2014 to 2020. The significant growth is supported by the increasingly important role of such technology in the long-term energy and decarbonization strategies of a growing number of countries in Europe, North America and Asia. Offshore wind has been proven successful as a large-scale renewable technology in Europe, and has great potential in this regard in North America and Asia. The offshore wind industry has achieved very significant cost reductions in recent years, and offers further significant cost reduction potential with a view to being close to cost competitive with gas projects with FID in 2025.

We were one of the first entrants in the offshore wind market, and we are today a global leader, having 27% and 26% of the operational installed capacity on the European and global market, respectively, and a differentiated, integrated end-to-end business model with competitive positions across the entire value chain. Our business model provides us with (i) the ability to design and optimize projects based on our presence in the entire value chain, (ii) a solid understanding of and ability to manage risks, and (iii) scale effects, learning and flexibility throughout our organization through operating a large portfolio and a continuous string of projects. Our business model facilitates our ability to be at the forefront of continuously bringing down LCoE.

Further, we have a proven partnership model where we typically divest 50% of an offshore wind farm 12–24 months following the FID. We bring in partners at a price approximately equal to our cost of capital, thereby allowing for upfront value realization, which enables us to invest in new value creating projects. Installing more offshore wind farms allows us to further leverage and develop our capabilities and benefit from economies of scale. We were the first company within the sector to employ such a model, and we have raised over DKK 42 billion from 10 partnerships with a range of investors. The amount is most often raised through sale of shares and through installments under construction agreements as and when certain construction milestones are met or at pre-agreed dates during the construction period. We believe that our partnership model will continue to provide us with a substantial competitive strength going forward.

2. We have a robust and highly visible offshore wind build-out plan delivering strong and profitable growth Our offshore capacity build-out plan of 3.7 GW is formed by six projects that are currently under construction and one project that is in advanced development stage. The projects under construction are

(i) Gode Wind 1 (330MW) and Gode Wind 2 (252MW) in Germany, which are expected to be commissioned in Q3 and Q2, 2016, respectively, (ii) Burbo Bank Extension in the UK, a 258 MW project with expected commissioning year in 2017, (iii) Race Bank in the UK, a 573 MW project with expected commissioning year in 2018, (iv) Walney Extension in the UK, a 659 MW project with expected commissioning year in 2018, and (v) Hornsea 1 in the UK, a 1,200 MW project with expected commissioning year in 2020. All projects have secured planning consent and subsidies, and construction is progressing on budget and according to plan (see Section 15.5.10.2 "Assets under construction"). The seventh project in our 2020 build-out plan is Borkum Riffgrund 2 in Germany, a 450 MW project. The project is pending a FID, which we expect to take later in 2016, but is in an advanced development stage. Our build-out plan will more than double our current capacity to above our 2020 strategic target of 6.5 GW. Our ability to develop all projects on time and on budget is supported by our strong construction track record with full control of engineering, procurement and construction.

We have currently secured project rights of approximately 8.1 GW in both existing markets (Germany, and the UK) and new markets (the US), although planning consents, subsidies and grid connections, among other things, must still be secured (see Section 15.5.10.4 "Development projects"). We also aim to participate selectively in tender and auction rounds for projects, and may otherwise seek to acquire additional project rights, in our existing markets and new markets. We have currently identified 4.8 GW of additional potential project rights in Europe and 2–3 GW of additional potential project rights in Asia; in each case, project rights have not yet been secured. Out of the projects for which we have secured rights and any additional project rights we may secure, our aspiration is to construct 1 GW of additional installed offshore wind power capacity per annum from 2021 to 2025.

3. We are the leading Danish utility business with a highly regulated profile and a platform to continue developing innovative renewable energy technologies

Our Danish utility business comprise of the following major activities:

- Power distribution. Through leveraging of our position as Denmark's largest power distributor, we are able to generate a stable and predictable return and cash flow on an increasing total regulatory asset base (RAB) which is expected to be DKK 10.7 billion (as at December 31, 2015). Our return on regulatory asset base in the period 2010–2014 was 6.0% on average, which is higher than that of our peers.
- Heat and power generation, and bio-conversions. With an approximate 26% market share in Danish heat production based on a thermal generation fleet, of which 19% of our Danish heat capacity had been converted to biomass by 2015, we operate the market leading Danish heat and power production and wholesale business. We believe that our ongoing bio-conversions provide a potential for long-term earnings growth in our Danish utility business. Our heat sales from those parts of our thermal generation fleet that have been or are being converted to biomass are locked in on long-term contracts (15–20 years), providing stable income. Further, our flexible power generation portfolio offers earnings from ancillary services in a market with an increasing share of intermittent capacity.
- Leading Danish Sales business of power, gas, and energy solutions. Our leading B2C and B2B sales activities in Denmark, and our B2B sales activities in the UK, Germany and Sweden generate earnings with little or no capital employed. Our large customer base across B2B and B2C position us well to capture some of the significant growth potential within flexible energy solutions.
- *Markets*. Our midstream markets position allows us to realize synergies from our consolidated energy flows within the Group providing a competitive route to market for the Group and third parties, and to execute the Group's hedging strategy.
- *Bioenergy.* We have developed innovative technologies in bioenergy, where a number of growth avenues are being pursued. The most mature opportunity is REnescience, which is an enzyme-based technology for the separation of unsorted household waste. We are currently in the process of building our first full-scale REnescience plant in Northwich in the UK.
- 4. Positive cash flow from our oil and gas portfolio supporting investments in renewable energy

We possess an attractive oil and gas portfolio centered around three low-cost, low-risk long-term key producing assets being Ormen Lange, West of Shetlands, and Syd Arne in an attractive Northwestern Europe geographic footprint. Our production is mainly gas weighted and we have attractive 2015 lifting costs on a portfolio basis compared to peers, primarily driven by low lifting costs on Ormen Lange. Further, we believe the blue chip partners and operators we work with on our three key producing assets,

i.e., Hess Denmark ApS, A/S Norske Shell and TOTAL E&P UK Limited, will bring robustness and stability to our future business. The cash flow from our Oil & Gas business will be used to support future investments in renewable technologies.

5. We have a highly visible EBITDA and cash flow growth to support attractive shareholder returns

The majority of our operations are in developed and stable Northwest European countries with established regulatory frameworks, and strong long-term commitments towards energy sector decarbonization. In FY 2015, 34% of our EBITDA (BP) came from regulated and quasi-regulated activities, and 7% of our EBITDA (BP) came from short and long-term contracted activities. Our targeted investment program, under which we expect to allocate more than 80% of our medium-term total gross investment to renewables, will serve to further strengthen our cash flow and EBITDA visibility, driving cash flow coming from regulated, quasi-regulated and contracted activities and cash flow growth, primarily in offshore wind. On this basis, we expect that approximately 80% to 90% of our EBITDA (BP) in 2020 will come from regulated, quasi-regulated and contracted activities, which is mainly driven by offshore wind farms currently under construction coming into operation.

6. We have attractive growth and returns supported by a robust capital structure

In 2015 our EBITDA (BP) for the Group was DKK 18.5 billion, increasing from DKK 16.4 billion in FY 2014 and DKK 15 billion in FY 2013. 2016 EBITDA (BP) is expected to total DKK 20 to 23 billion, corresponding to a CAGR from 2013 to 2016 of approximately 10% to 15%. Future EBITDA growth will first and foremost come from a portfolio of offshore wind projects currently under construction. See Section 17 "Prospective Financial Information for 2016 and Prospective Directional Indications for 2017."

In 2015, our Adjusted ROCE for the Group was 10.1%. Our key ROCE drivers are (i) an investment program focused on high return projects in Wind Power, (ii) a continuing reduction of capital employed through the partnership model while maintaining high returns, and (iii) investments in power distribution and bioenergy activities with stable returns. We target an average range of ROCE for the Group of 12% to 14% in the period from 2017 to 2020, broken down into a 13% to 15% targeted range for Wind Power, and a 9% to 11% targeted range for Distribution & Customer Solutions in this period.

For Bioenergy & Thermal Power and Oil & Gas, we consider ROCE to be a less meaningful measurement, and therefore focus on free cash flow. Our target for Bioenergy & Thermal Power is to be free cash flow positive from 2018. Our target for Oil & Gas is to be free cash flow positive from 2017, including our hedging positions, with a medium-term (2017–2020) free cash flow break-even price of approximately USD 35/bbl, excluding our hedging position. We have solid credit metrics, with an FFO/adjusted net debt ratio of 40% in 2015, supporting our rating target of Baa1/BBB+.

7. We have a highly experienced management team and a capable and passionate organization

Our management team has a strong track record and significant operational experience within the energy industry, and has been instrumental in leading DONG Energy through the financial challenges starting in 2012 and in turning our Group from an integrated utility into a focused leader in renewable energy. We believe our strong DONG Energy culture and highly skilled and motivated employees give us a key competitive strength through the responsible way in which we engage with each other, our partners and our customers.

Certain statements in this Section 15.3 "Strategy & strengths," including the financial, strategic and operational targets described in Section 15.3.1 "Strategy" and Section 15.3.2 "Competitive strengths", including in particular, anticipated gross investment allocations, anticipated future investments in 2016 and in the period from 2017 to 2020, targeted range (average) for ROCE in 2017 to 2020 (at Group level and for Wind Power and for Distribution & Customer Solutions), expectations about future cash flows of each of our Bioenergy & Thermal Power business and the Oil & Gas business (including hedging positions), CO₂ emissions, expectations relating to offshore wind cost of electricity, the six offshore wind projects currently under construction and the one offshore wind project in an advanced development stage, Wind Power's installed offshore wind capacity and build-out plan target, Wind Power's post-2020 development projects, potential future project rights and opportunities within offshore wind, Wind Power's post-2020 annual construction aspirations, Wind Power's anticipated divestment of ownership interests in offshore wind farms, bio-conversion of our Danish heat capacity, customer satisfaction, reputation index and employee satisfaction and motivation scores, power distribution SAIDI scores, LTIF and fatality figures, our financial and dividend policies, targets relating to components of regulated, quasi-regulated and contracted

EBITDA, 2016 EBITDA, and our medium-term (2017–2020) free cash flow break-even price for Oil & Gas, constitute forward-looking statements. These forward-looking statements are not guarantees of future financial performance and actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under Section 3 "Special notice regarding forward-looking statements" and Section 1 "Risk factors." Investors are urged not to place undue reliance on any of the statements set forth above.

15.4 Recent developments

In accordance with the Political Agreement and the Confirmation Political Agreement, we are seeking to divest, on market terms, the gas distribution, oil pipeline and offshore gas pipeline activities to the Danish TSO, Energinet.dk at an appropriate time. In pursuance thereof, on May 10, 2016 we entered into an agreement with Energinet.dk for the divestment of our gas distribution activities to Energinet.dk, including the Gas Distribution Network. Completion of the divestment is conditional on certain conditions, including conditions outside our control. We currently anticipate that the divestment will be completed in September 2016. For further information, see Section 15.13.3 "Gas Distribution."

In April and May 2016, we reduced our excess cash position by prepaying long-term bank debt in a principal amount of DKK 1,955 million and by terminating certain interest rate swaps. Additional reductions of our excess cash position have been initiated from notices given in April 2016 to lenders for prepayment during May 2016 of additional long-term bank debt in a total nominal amount of DKK 298 million. Furthermore, on May 11, 2016, we priced and announced the results of a public bond tender offer launched by us on April 28, 2016. Through the bond tender offer, we repurchased bonds across our four senior EUR bond series in the total nominal amount of EUR 524 million from investors at a total cash price of EUR 615 million, which was settled on May 13, 2016. All bonds repurchased by us are cancelled. We actively monitor the developments in the markets on an ongoing basis and may in the future further reduce our excess cash position by prepaying additional long-term bank debt and/or by repurchasing outstanding senior bonds through a public tender process.

On May 19, 2016, DONG Energy Wind Power Holding A/S signed and closed an agreement with EDF Energies Nouvelles regarding the sale of our ownership share (40%) in the joint venture company Eolien Maritime France, co-owned with EDF Energies Nouvelles since 2012. Eolien Maritime France is a shareholder in the French Courseulles, Fécamp and Saint-Nazaire offshore wind projects.

We are in advanced pre-contract stage negotiations with an investor in regards to a divestment of an ownership interest in one of our wind farms under construction. No binding contracts for such a divestment have been entered into as of the date of this Offering Circular and there can be no assurance that such contracts will be entered into in 2016 or later. The current status and content of such negotiations are accounted for in the prospective financial information for 2016 set forth in Section 17.3 "Prospective financial information for 2016 and prospective directional indications for 2017" of this Offering Circular, where we have assumed that we will complete a divestment of our ownership interest in an offshore wind farm before the end of 2016, in addition to the divestment of an ownership interest in Burbo Bank Extension completed in Q1 2016.

15.5 Wind Power

15.5.1 Overview

Our Wind Power business has been a pioneer in offshore wind since the industry's inception in the 1990s in Denmark and is now a global market leader. Through our integrated business model, we are engaged in the development, construction and operation and ownership of offshore wind farms, primarily in the UK, Denmark and Germany. We have constructed 22 offshore wind farms with a current installed capacity of 3.0 GW, which represented 27% of Europe's and 26% of the world's operational offshore wind installed capacity at the end of 2015. Towards 2020, offshore wind is projected by BNEF to continue to grow in Europe, driven by the UK and Germany as the largest markets, as well as outside of Europe (see Section 14.1.5 "Country specific targets").

We have six projects currently under construction and one additional project in an advanced development stage, all with targeted completion by no later than the end of 2020. Our current installed capacity of 3.0 GW is more than twice that of our nearest global competitor, and we expect to continue to expand through our projects under construction and by seeking to mature projects in our long-term pipeline. For more information on our assets, see Section 15.5.10 "Wind Power assets."

We have a long track record of executing large-scale construction projects, including the first offshore wind farm in the world (Vindeby, 1991, 5 MW), the first offshore wind farm in the world to use megawatt-scale turbines (Middelgrunden, 2001, 40 MW), the first large-scale offshore wind farm in the world (Horns Rev 1, 2003, 160 MW) and, as part of a consortium of which we owned 50% at the time of construction, the largest operational offshore wind farm in the world (London Array, 2013, 630 MW).

We intend to maintain this leading position through, among other projects, Hornsea 1 (1,218 MW installed capacity, 1,200 MW export capacity), on which we have recently taken FID. Hornsea 1 is by far the Group's largest investment, and when completed will be the largest offshore wind farm in the world in terms of installed capacity.

One of the main strategic priorities for our Wind Power business is reducing the cost of electricity generated by offshore wind farms. Lowering the cost of electricity is essential to make offshore wind less dependent on subsidies and a commercially viable long-term energy technology.

We have developed a partnership model whereby financial or institutional investors have become partners in our offshore wind farms, typically by acquiring a 50% share in a project. We have entered into 10 such partnerships. These partnerships enable us to maximize our participation and experience in the construction of offshore wind farms, while employing capital as efficiently as possible and creating value for our shareholders.

In total, at March 31, 2016, our Wind Power business employed approximately 1,880 Full Time Equivalent ("FTE") employees, excluding employees in A2SEA and CT Offshore (534 FTE employees), our offshore wind farm installation vessel companies. This number of Wind Power FTE employees is, we believe, substantially more than the number of FTE employees employed by any of our competitors, reflecting our integrated business model. Our greater number of employees allows us to specialize to a larger degree and to develop, construct and operate a greater number of offshore wind farms in parallel. The number of FTE employees in A2SEA and CT Offshore is set to decrease to approximately 190 FTE employees at end of this year or early next year as a consequence of the restructuring of our offshore wind farm installation vessel companies.

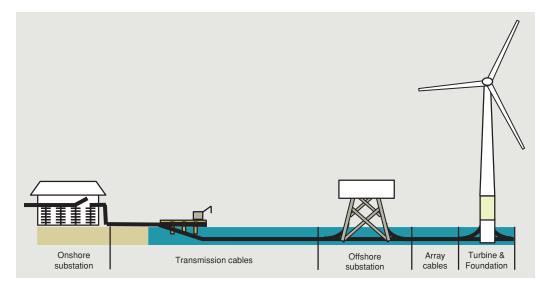
15.5.2 Simplified illustration of an offshore wind farm

An offshore wind farm consists of a number of turbines mounted on top of a tower standing on foundations (typically monopiles) which are embedded deep into the seabed. The turbines are connected to the offshore substation via array cables, usually in groups of 5–10 turbines per array cable. The array cables transmit the power produced by the turbines to the offshore substation.

A turbine works by converting the kinetic energy in the wind to electrical energy. The wind turns the rotor blades of the turbine, which drives a generator inside the nacelle (the housing on top of the turbine), which converts the rotational energy to electrical energy.

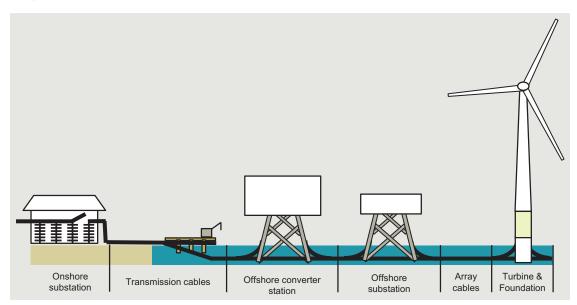
At the offshore substation, the power is converted to higher voltage and is transmitted to shore through the transmission cables, which then feeds the power into the onshore transmission grid through the onshore substation. From here, the power is transmitted to the end-users through the existing transmission and distribution grid.

The illustration below provides a simplified depiction of a typical offshore wind farm installation in the UK and Denmark:



In the UK, we construct the transmission infrastructure from the wind farm to the grid connection point defined by National Grid Electricity Transmission ("NGET") (i.e. the on- and offshore substation and export cables), which is then divested to an OFTO as required by the offshore transmission regime. In Denmark, the TSO, Energinet.dk provides all of the transmission infrastructure.

The illustration below provides a simplified depiction of a typical offshore wind farm installation in Germany:



In Germany, we build and own the wind farms' offshore substations, while the TSO, TenneT TSO GmbH, ("TenneT"), operating in relation to our assets provides the remaining transmission infrastructure, including an offshore converter station that has the capacity to service several offshore wind farms. See Section 18 "Regulation" for more details on transmission regulation and Section 15.5.8 "Partnerships" for more details on the divestment of offshore transmission infrastructure to the OFTO in the UK.

15.5.3 Offshore wind industry background

The section below describes our development within the offshore wind market and provides a high-level outlook of the offshore wind market. See Section 14 "Industry Section" for more details on the offshore wind market in general.

15.5.3.1 Development of our offshore Wind Power business

The world's first offshore wind farm, Vindeby, installed by us, is located in the southern part of Denmark and was inaugurated by us in 1991. It lies less than 2 km from shore and employs 11 Bonus Energy turbines with a total capacity of just below 5 MW.

A decade later, in 2001, we installed Middelgrunden, located approximately 5 km from shore near Copenhagen. This was the first offshore wind farm in the world to use megawatt-scale turbines. The project was comprised of 20 Bonus Energy turbines, each with a capacity of 2 MW totaling 40 MW. In 2003, we completed Horns Rev 1, the first large-scale offshore wind farm in the world, with a total capacity of 160 MW (Vestas 2.0 MW turbines) in the Danish North Sea 18 km from shore.

After having constructed a number of large-scale wind farms in the UK from 2009 to 2012, we inaugurated London Array (630 MW) in 2013, which is currently the world's largest operating offshore wind farm and employs Siemens Wind Power 3.6 MW turbines. Since London Array, the rapid development in turbine size has continued. The FID in 2014 on the Burbo Banks Extension (258 MW), which uses the 8 MW turbine from MHI Vestas, marked the return of MHI Vestas as one of the key turbine suppliers to our Wind Power business. In 2015, we completed Westermost Rough (210 MW), the first offshore wind farm to use the 6 MW turbine from Siemens Wind Power following a test of two 6 MW turbines at the Gunfleet Sands Demo wind farm starting in 2013. In 2015 we also inaugurated our first German wind farm, Borkum Riffgrund 1 (312 MW), which uses the 4 MW turbine from Siemens Wind Power. In October 2015, we took a FID on Walney Extension (659 MW) where the largest turbines from both Siemens Wind Power (7 MW) and MHI Vestas (8.0 MW with performance enhancing features delivering 8.25 MW) are to be employed, and we recently took FID on Hornsea 1 (1,218 MW installed capacity, 1,200 MW export capacity), which will use the 7 MW turbine from Siemens Wind Power.

15.5.3.2 Current offshore wind market outlook

We view 2015 to 2016 as a turning point, with the offshore wind industry moving from collaborative development between project developers, supply chain and government into increased competition in several parts of the industry's value chain. We see this as a result of, among other things, the EU guidelines requiring member states to allocate financial support through competitive auctions or tenders. The UK has changed its regime from government-directed allocation of subsidies to an auction system in which the participant with the lowest bid wins the subsidy. Similarly, Germany is in the process of replacing its feed-in tariff system with a tender-based subsidy regime, where developers compete on the price of their bids. The Netherlands has also implemented a tender-based subsidy regime. See Section 15.5.9 "Financial support regimes" for more details on the subsidy regimes. Despite these changes, there continues to be a strong governmental commitment to developing offshore wind power in the European markets in which we operate.

The tenders for the Horns Rev 3 and Kriegers Flak offshore wind farm projects in Denmark provide examples of the increasing level of competition: only four bidders prequalified for the Horns Rev 3 tender, whereas there are now seven bidders prequalified for Kriegers Flak. While we are confident in our ability to continue to compete effectively, the mix of competitors is also different from the traditional utilities that were present in the market creation phase. Competitors now include utility firms seeking to expand into offshore wind as a complement to other renewables, firms currently active in other parts of the offshore supply chain seeking to further integrate their businesses, and firms seeking stable regulated cash flows across conventional and renewable technologies.

While competition is expected to continue to increase, the geographical footprint of the offshore wind market is also expected to expand, primarily in the United States, China, Taiwan and Japan.

15.5.4 Strategy

The strategy for our Wind Power business is designed to address the fundamental changes taking place in the industry and to grow our portfolio to maintain our global leadership. Key elements of our strategy are to:

- sustain a competitive cost advantage against competitors through scale, scope and experience and through our integrated business model;
- utilize our partnership model to ensure we attract capital at the lowest possible cost;
- · prioritize market segments where profitability and success rate are maximized; and

• follow the geographical expansion of the offshore wind industry and enter selected markets outside Europe as a first mover.

Our Wind Power business' strategic 2020 targets include:

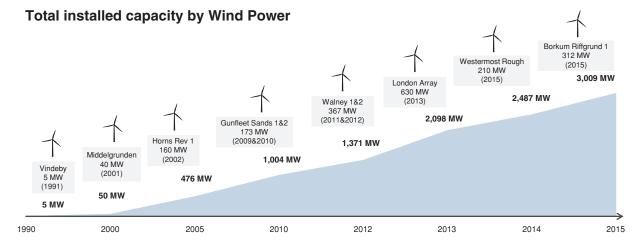
- achieving an installed gross capacity of 6.5 GW (2015: 3.0 GW); and
- achieving a ROCE of between 13% and 15% in the period from 2017 to 2020 (2015: 6.9%).

From 2021 to 2025, we have an aspiration of constructing 1 GW of additional installed offshore wind capacity per annum. To help achieve this aspiration, we have currently secured project rights of approximately 8.1 GW in both existing markets (Germany and the UK) and new markets (the United States), although subsidies, grid connections and planning consents must still be obtained (see Section 15.5.10.4 "Development projects" for additional information on these projects). We also aim to participate selectively in tender and auction rounds for, and may otherwise seek to acquire, additional project rights in our existing markets and new markets. We have currently identified 4.8 GW of additional potential project rights in Europe and 2–3 GW of additional potential project rights in Asia; in each case, project rights have not yet been secured. See Section 3 "Special notice regarding forward-looking statements."

We have previously announced an LCoE target of being at or below €100/MWh for UK projects in respect of which FID will be taken in 2020. We have made significant progress in reducing the cost of electricity for offshore wind, and we are well on track to meeting this cost level ahead of time. For competitive and commercial reasons we have decided to no longer set a Group-specific LCoE target for our offshore wind farms. Nonetheless, we remain strategically committed to continuing to reduce the LCoE for offshore wind.

15.5.5 Installed capacity, capacity under construction and development pipeline

At the end of 2015, we had installed a total of 3.0 GW of offshore wind capacity of which we currently own 1.7 GW. The figure below demonstrates our total installed capacity since 1990, together with selected examples constructed during this period:



The table below lists our offshore wind assets in operation as of March 31, 2016:

Asset	Total Capacity	DONG Energy Ownership Share	Net Ownership	Year Commissioned	Country
Anholt	400 MW	50%	200 MW	2013	Denmark
Avedøre Demo	7 MW	100%	7 MW	2009 / 2011	Denmark
Barrow	90 MW	100%	90 MW	2006	UK
Borkum Riffgrund 1	312 MW	50%	156 MW	2015	Germany
Burbo Bank	90 MW	100%	90 MW	2007	UK
Gunfleet Sands 1&2	173 MW	50.1%	87 MW	2010	UK
Gunfleet Sands Demo	12 MW	100%	12 MW	2013	UK
Horns Rev 1	160 MW	40%	64 MW	2003	Denmark
Horns Rev 2	209 MW	100%	209 MW	2010	Denmark
Lincs	270 MW	25%	68 MW	2013	UK
London Array	630 MW	25%	158 MW	2013	UK
Middelgrunden	20 MW	100%	20 MW	2001	Denmark
Nysted	166 MW	42.75%	71 MW	2003	Denmark
Vindeby	5 MW	100%	5 MW	1991	Denmark
Walney 1&2	367 MW	50.1%	184 MW	2011 / 2012	UK
West of Duddon Sands	389 MW	50%	194 MW	2014	UK
Westermost Rough	210 MW	50%	105 MW	2015	UK

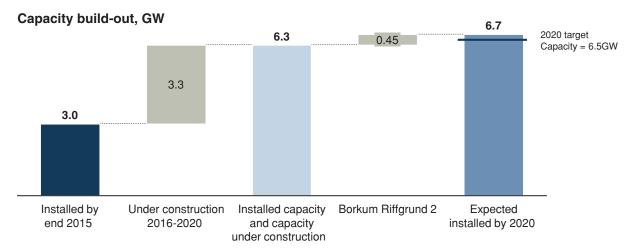
The table below shows the total production in TWh from our offshore wind farms (onshore included until divestment in 2014), by region for the periods indicated:

Region	FY2015	FY2014 (TWh)	FY2013
Denmark	2.2	2.5	2.1
Germany	0.3	_	_
UK	3.3	2.5	2.3
Onshore		0.1	0.5
Total	5.8	5.0	4.8

We currently have an aggregate of 3.3 GW of capacity under construction (Burbo Bank Extension, Gode Wind 1 and 2, Race Bank, Walney Extension and Hornsea 1). These projects are in various stages of construction, ranging from onshore construction works (Hornsea 1) to commissioning of turbines (Gode Wind 1 and 2). For all of the projects, substantial external commitments have been entered into under supply agreements, grid connection agreements or through other commercial contracts. See 15.5.10.2 "Assets under construction." Since 2012, we have completed the construction of every wind farm on which we have taken a FID and we aim to continue to do so in respect of offshore wind projects on which we have recently taken the FID.

We are developing an additional 450 MW on the German project Borkum Riffgrund 2, for which we have secured financial support under the relevant subsidy regime. However, key project consent is still pending. We have not yet taken FID on Borkum Riffgrund 2, but expect to do so later in 2016. Completion of

Borkum Riffgrund 2 as well as the 3.3 GW described above by 2020, would allow us to not only meet but exceed our 2020 target of 6.5 GW installed capacity by 0.2 GW, as shown in the figure below:



The table below lists our offshore wind assets under construction as of the date of this Offering Circular. In the future, we generally intend to sell a 50% ownership share in our offshore wind farms.

Asset	Total Capacity	DONG Energy Ownership Share	Net Ownership	Capacity	Expected Year of Commissioning	Country
Borkum Riffgrund 2 ⁽¹⁾ .	450 MW	100%	450 MW	450 MW	2019	Germany
Burbo Bank Extension.	258 MW	50%	129 MW	258 MW	2017	UK
Gode Wind 1	330 MW	50%	165 MW	330 MW	2016	Germany
Gode Wind 2	252 MW	50%	126 MW	252 MW	2016	Germany
Hornsea $1^{(2)}$	1,218 MW	100%	1,218 MW	1,218 MW	2020	UK
Race Bank	573 MW	100%	573 MW	573 MW	2018	UK
Walney Extension	659 MW	100%	659 MW	659 MW	2018	UK

⁽¹⁾ We have not yet taken a FID on this wind farm, but we expect to do so later in 2016.

We are also pursuing business opportunities outside of Northwestern Europe. In 2015 and 2016, we acquired project rights in the United States for two offshore wind projects off the coasts of Massachusetts (the Bay State Wind project) and New Jersey (the Ocean Wind project), with an aggregate potential capacity of up to 2.5 GW. We have established an office in Boston to undertake early development work for these projects, as well as engage in the ongoing policy-making process. We expect that the decision as to whether to move forward with these projects will be taken in the second half of 2016, and will, to a large extent, depend on the development of the regulatory regimes in the United States. We are currently in the process of establishing an office in Taiwan with the aim of securing project rights. Further, we have recently established an office in Den Haag in the Netherlands to prepare for our participation in the coming Dutch tender rounds. We may enter into partnerships in new markets in the Development Phase with local developers or utility companies in order to establish ourselves in the relevant market.

In addition, we are developing a number of other projects for installation and commissioning post-2020 in the UK and Germany with a total capacity of more than 5.5 GW, and we expect to participate selectively in tender and auction rounds for, and may also otherwise seek to acquire, projects rights in existing and new markets.

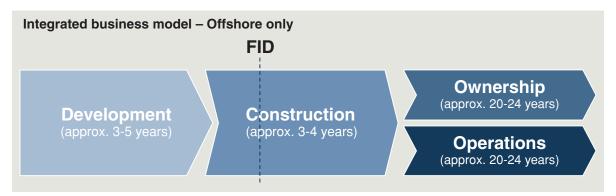
15.5.6 Integrated business model

Our leading position within wind energy has been achieved through an integrated business model focusing solely on offshore wind. Our business model provides us with (i) the ability to design and optimize projects based on our presence in the entire value chain, (ii) a solid understanding of and ability to manage risks, and (iii) scale effects, learning and flexibility throughout our organization through operating a large portfolio and a continuous string of projects. In contrast to many of our competitors, our business model is fully integrated and covers every key aspect of the life cycle of an offshore wind farm, starting from site selection and development (the "Development Phase") to construction and commissioning (the

^{(2) 1,218} MW installed capacity; 1,200 MW export capacity.

"Construction Phase") to asset management, operation and finally decommissioning (the "Ownership Phase" and "Operations Phase"). Through our partnership model, we have constructed and operated our offshore wind assets in investment partnerships with third parties, enabling us to maximize our participation in the construction of wind farms while employing capital as efficiently as possible and creating value for our shareholders. See 15.5.8 "Partnerships."

The figure below illustrates our business model:



An offshore wind project will typically go through the Development Phase in three to five years. Once the project has sufficiently matured, it will enter into the Construction Phase, which includes preparation of a detailed project design and the procurement of key components as well as the construction and commissioning of the wind farm. The Construction Phase typically lasts for three to four years, depending on the size and complexity of the project. Any divestment of a project to investors (typically a share of 50%) will most often occur during the Construction Phase, with the divestment process typically commencing immediately after the FID. Once operational, the wind farm will generate power for up to 24 years (based on the expected economic and technical lifetime of the turbines and key components). During the Operational Phase, we typically provide relevant O&M services (on our own or through subcontractors managed by us) to the owners of the wind farm, including but not limited to conducting scheduled and non-scheduled maintenance, repairs and major overhauls, management of the asset, as well as ensuring revenue optimization throughout the asset's lifespan. We typically enter into a SWA with the turbine supplier covering the first five years of operation, which includes the terms of our provision of O&M services where we are providing such services during that period.

15.5.6.1 Development Phase

The Development Phase includes the initial identification of a potential project, site evaluation, applying for required consents and permits and the negotiation of various commercial agreements, among other activities. Approximately 95 FTE employees including finance and other support functions, have the Development Phase as their main area of responsibility.

Our development activities vary depending on the jurisdiction. Many of the development activities for a Danish offshore wind project are provided by the DEA. Having matured the offshore wind project, the DEA calls for a tender inviting pre-qualified bidders to participate in the tender whereby the winning bidder is granted a license to construct and operate the wind farm under certain terms and conditions and will have to pay for the development work carried out by DEA. The full development scope described below is representative of a typical UK offshore wind project. A German offshore wind project involves many, but not all, of the development activities similar to those of a UK project, as the scope of German offshore wind projects is not as extensive. As shown in the Simplified Illustration of an Offshore Wind Farm in Section 15.5.2, parts of the transmission infrastructure in Germany are developed and constructed by the relevant TSO.

The early stages of the Development Phase are primarily focused on the identification and scoping of a potential project through environmental, technical and financial feasibility studies. Key considerations include site conditions, technology employed, construction logistics and scope of the required O&M set-up. Site conditions are related to the layout of the wind farm (e.g. the individual positioning of the turbines to optimize yield), seabed and soil conditions and "metocean" data, which include wind and wave loads as well as data on currents, tides and ice. Assessing site conditions requires detailed surveys such as wind measurements and geotechnical and geophysical surveys. Technology considerations include, among others, the selection of potential turbines and foundation types. Other key elements include grid

connection possibilities and electrical solutions for on- and offshore substations. The construction logistics and O&M setup focuses on the selection of a logistics plan and base harbor for the Construction Phase and O&M service facilities. Certain of these specialized services, such as geotechnical and geophysical surveys, are provided by third parties. Our proprietary site assessment and development tools allow us to optimize the design of our sites, taking into consideration aerodynamics, foundation costs and cable costs.

A key part of the Development Phase is the process by which the required development consents and permits are obtained from relevant authorities. During the application process an environmental impact assessment will be prepared and there will be ongoing consultations and negotiations with authorities and stakeholders such as local municipalities and fishermen's and landowners' associations to ensure that the interests of the project are aligned with local requirements and the interests of affected stakeholders. Commercial agreements such as offshore leases in relation to the seabed and on- and offshore export cable routes are typically also required. Other examples of common commercial agreements include crossing and proximity agreements with third party cable and pipeline owners inside the project site area.

During the later stages of the Development Phase, technical concept analysis and design become more specific, and are narrowed down from several alternative scenarios with differences in concept, technology and layout to one base case scenario subject to only minor adjustments in technology and layout. Business case assessments are updated continuously throughout the Development Phase to ensure financial feasibility of the scenarios selected. Costs in the Development Phase are, aside from geotechnical and geophysical surveys and costs for internal and external resources, mostly related to securing long lead component items (e.g. reservation fees paid to suppliers as part of this process), lease rights and grid connection. If no FID is taken and the project cannot be divested, these expenses are considered sunk costs.

It is not uncommon for our Wind Power business to purchase projects from specialized developers or from other market participants at various stages of maturity. For example, we acquired the rights to Race Bank from Centrica and the rights to the Hornsea zone from Mainstream Renewable Power and Siemens Financial Services. Preparations for securing subsidies or project rights through participation in tender bids or auction rounds for offshore wind farm projects are also handled in the Development Phase.

15.5.6.2 Construction Phase

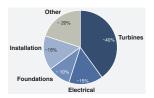
Following the end of the Development Phase, the project transitions into the Construction Phase, which includes advanced engineering and design planning, procurement and contracting activities as well as physical installation and commissioning. The Construction Phase is the most demanding phase of a wind power project in terms of resources and costs. The FID has typically been taken when advanced engineering, design planning and parts of the procurement and contracting processes have been concluded, and support regimes, consents, grid connections and key commercial contracts, such as crossing agreements, have been obtained or entered into. Today, however, some of these activities will not take place until after the time of tender and/or subsidy award. Approximately 1,090 FTE employees in our Wind Power business, including finance and other support functions, have the Construction Phase as their main area of responsibility.

Engineering. The early stages of the Construction Phase involve project design maturation and detailed design of selective components by our in-house engineering department. The department's skilled engineers have developed several tools to optimize the design process, thereby reducing costs and lead times, for example in relation to the design of foundations, where the design must be tailored to the specific site conditions of a project. In addition, our competencies within technical risk management have allowed us to consistently adopt the latest generations of turbines and to build and optimize the electrical system, as recently evidenced by Hornsea 1, which includes an alternating current solution far from shore that enables us to transport power over greater distances. In addition, standardized designs allow us to minimize costs, while ensuring high quality construction across all of our projects. See Section 15.5.7 "Cost of electricity reduction initiatives."

Procurement. Sourcing and supply for the construction and operation of a wind farm is managed through a multi-contracting approach with 10 to 15 main packages totaling 150 to 200 contracts for one project. This is in contrast to a turnkey approach with only one contract for an entire project. Our multi-contracting approach and in-house engineering allows for full engineering, procurement and construction ("EPC") control, with the benefits of an optimized and transparent allocation of risk and full control over interfaces

between main packages. Through multi-contracting, we avoid exposure to the immature turnkey market for offshore wind projects.

The chart below illustrates the typical cost split of the key components of an offshore wind farm with a UK scope based on our reference wind farm (see Section 15.5.7 "Cost of electricity reduction initiatives"):



Other costs include potential acquisition costs in the case where project rights are acquired from third parties, development costs, internal and external resources needed for construction, onshore site facilities and contingencies, among others.

Although we experienced budget overruns in the construction of certain of our earlier wind farms, the construction of our more recent wind farms has occurred at or under our anticipated budget at the time of FID.

Our key turbine suppliers include Siemens Wind Power and MHI Vestas. Key foundation suppliers include Bladt Industries, Steelwind, Bilfinger Berger, EEW and OSB. ABB, Siemens, JDR, Nexans, Fabricom Iemants Joint Venture and NKT have historically supplied our electrical systems (on- and offshore substations and export and array cables). A2SEA (our subsidiary), Van Oord, DeepOcean, DEME, Swire Blue Ocean or Seajacks often provide services covering installation of turbines, foundations and array and export cables. As part of our efforts to reduce the cost of electricity, we seek to broaden our supply chain by introducing new suppliers whenever possible.

Construction and Commissioning. The engineering, procurement, planning and execution of the construction of an offshore wind farm, including onshore electrical works, is managed by a dedicated program organization for each project. The program organization manages and delivers all HSE, technical (construction and installation), financial, commercial, legal and contractual aspects of a project. A key focus is to deliver the project at or below the approved construction budget, and within the approved timeline, without compromising health, safety, environmental and quality standards.

The construction of a UK offshore wind farm typically follows a sequence starting with onshore substation civil works and establishing the construction logistics set-up (base harbor and construction site facilities). This process typically takes between 6 and 12 months depending on the size and complexity of the project. This is followed by the offshore construction starting with installation of one or more offshore substations, export cable(s) and foundations. Once this process has progressed sufficiently, the installation of first array cables and subsequent installation and commissioning of the turbines commence. The installation of the foundations, array cables and turbines is conducted in parallel to avoid knock-on effects from delays in the installation of foundations and array cables. This optimizes and reduces the installation time, leading to earlier commissioning of the turbines, and contrasts with the installation approach of earlier offshore wind projects, where an installation track would typically be completed before the next commenced.

Depending on the number of turbines in a wind farm, offshore construction typically occurs during a period of 12 to 18 months. The offshore installation on a wind farm requires complex planning, with a high number of vessels working together around the clock in a coordinated order within a relatively limited area, in weather conditions which can include strong winds and wave heights of up to several meters. If weather conditions exceed pre-defined boundaries, installation activities need to be stopped due to safety considerations and so as not to compromise our HSE standards.

15.5.6.3 Operations and Ownership Phase

The Operations Phase and the Ownership Phase begin at the same time and overlap for the majority of their duration. However, the Ownership Phase is slightly longer than the Operations Phase, as the Ownership Phase includes decommissioning of the offshore wind farm.

15.5.6.3.1 Operations Phase

We are an industry leader in offshore wind O&M services, operating 900 turbines equivalent to 26% of total operational installed offshore wind capacity globally. We operate and maintain more than twice the

number of turbines of our nearest competitor. We are currently not providing O&M services to unaffiliated third parties.

We typically provide O&M services following installation and commissioning of an offshore wind farm. Approximately 610 FTE employees, including finance and other support functions, have the Operations Phase, which runs in parallel with the Ownership Phase, as their main area of responsibility.

As an O&M service provider, we offer services on commercial terms, with a high HSE performance and with the aim of safeguarding asset integrity during the entire lifetime of the wind farm and maintaining high availability. We are the first offshore wind O&M service provider with the internationally recognized ISO 55001:2014 certification, reflecting our role in setting the standard for operating offshore wind farms. All of our back-office functions and the Anholt offshore wind farm were ISO-certified in June 2015 by Bureau Veritas and the ISO certification of our other wind farms is ongoing.

In the Operations Phase, each offshore wind farm benefits from a SWA from the turbine supplier covering service and maintenance of the turbines typically during the first five years of operation. As a result, the turbine supplier is responsible for the service and maintenance of the turbines during this period. In order to ensure operational control and optimized handover of responsibility at end of the warranty period, we typically provide the logistics and 50% of the technicians required to service and maintain the turbines during the SWA period. After the SWA period, we take over the responsibility for the maintenance of the turbines through our O&M agreements. As an O&M service provider we are responsible for service and maintenance of all parts of the wind farm owned by us and our investors (including balance of plant elements, i.e. all components of a wind farm other than the turbine itself), and we have developed a good track record of maintaining turbine availability while performing maintenance activities.

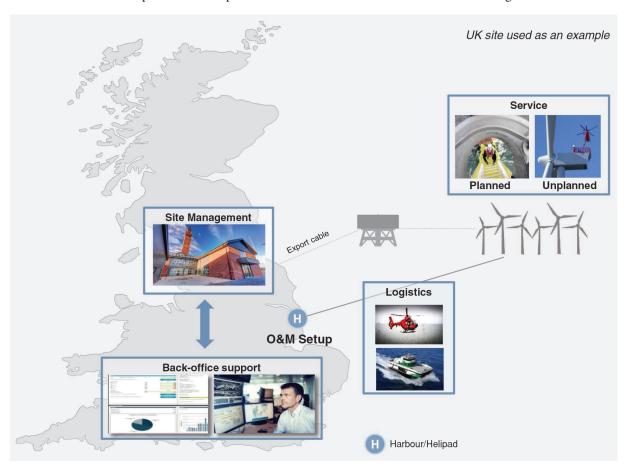
Our provision of O&M services is governed by long-term O&M agreements, which will typically have a term of 15 years.

The O&M agreements we offer include preventative maintenance, as well as regular and condition-based inspections (planned during the summer periods to minimize production losses) of both turbines and the balance of the plant, so as to secure the wind farm's long-term integrity and availability. The services also include an on-site management team, which is supported by back-office expertise from commercial and technical specialists who cover supply chain, asset integrity management, warranty management and risk management, as well as administrative functions responsible for asset reporting, O&M budgeting and cost controlling. Further, we deliver the onshore facilities and logistics required for the services. These O&M services constitute a significant part of the annual O&M expenses for each of our wind farms, and our experience in providing O&M services to the offshore wind farms enables us to offer these services under a fixed annual fee in the O&M agreements.

In addition, the O&M agreement covers major overhauls and corrective maintenance undertaken in response to materialized or imminent breakdowns, which will typically be undertaken on as pass-through basis at a variable fee utilizing a pre-agreed schedule of rates.

Our O&M agreements generate a stable source of revenue for Wind Power. When an O&M agreement expires, we generally seek to extend or renegotiate the O&M agreement.

The illustration below provides a simplified view of our standard O&M service arrangement:



Each wind farm includes a site organization which is headed by a site manager who is responsible for the on-site team, including technicians and has extensive experience and skills to operate the site. The site organization will manage the day-to-day logistics with vessels and helicopters, as applicable, and carry out the maintenance activities on the wind farm. The back-office support will provide specialist competences and administrative support to each site organization across our portfolio of wind farms.

We draw on our experience in the Operations Phase to improve future concepts, both internally and in consultation with our suppliers, and use our experience of having operated the largest number of offshore wind farms globally to continue to improve operations and efficiency.

15.5.6.3.2 Ownership Phase

Following installation and commissioning, an offshore wind farm will be handed over to our Asset Management department as it enters the Ownership Phase (which runs in parallel to the Operations Phase). Approximately 85 FTE employees, including finance and other support functions, have the Ownership Phase as their main area of responsibility, which includes approximately 20 employees focused on our partnership transactions.

Our Asset Management function has three focus areas:

- post-construction investment management on behalf of our Wind Power business, with profit and loss ownership for all operational assets;
- investor management for all offshore wind co-investors and joint venture operations for certain wind farms; and
- portfolio support, including reporting, transparency, compliance and cross-portfolio optimization.

In its post-construction investment management activities, Asset Management seeks to maximize asset value for all operational wind farms by using a risk management system and monitoring threats and opportunities. Asset Management also ensures that relevant experience from an owner's perspective during the post-construction phase is applied to the Development and Construction Phases going forward.

In its joint venture operations and investor management role, Asset Management provides contract and revenue management and administrative services to 20 investors. In most of our joint ventures, Asset Management acts as general manager of the joint venture entity on behalf of our Wind Power business and the co-investors, managing different service level agreements, including the O&M agreement and power sales, and working to ensure compliance with regulatory frameworks and HSE standards. Asset Management also provides shareholder reporting, accounting support and administrative services to the joint venture companies.

Our Distribution & Customer Solutions business is also involved in the management of power production, handling sales to customers and through power exchanges for us and our partners. For more information, see Section 15.7.4.2 "Power Portfolio."

15.5.7 Cost of electricity reduction initiatives

One of the main strategic priorities for our Wind Power business is reducing the cost of electricity. Lowering the cost of electricity is essential to making offshore wind as equally cost efficient as other renewable technologies. It is equally important because of the competitive allocation of project rights and/or subsidies where the price per unit of power produced is the only decisive criterion in the selection of the winning bid. We anticipate that support levels for future offshore wind farms in certain countries, including the UK and Germany will be lowered in the future. See Risk Factor 5 "We are exposed to reductions in, or abandonment of, national support for offshore wind power produced by current or future wind farms or other changes in laws or policies."

We define the cost of electricity using the concept of Levelized Cost of Electricity as used by DECC, which measures the cost of a technology over the lifetime of the asset (including development, construction, operational and decommissioning costs) relative to the power output generated, discounted by a standardized hurdle rate of 10%. Cost of electricity is used to measure offshore wind's relative competitiveness compared to other power generation technologies. See Section 14.4 "Levelized Cost of Electricity."

Our Wind Power business' cost of electricity reduction efforts are based on the principle of modulization and standardization and are pursued through a number of initiatives. We systemically identify, qualify and track all cost reduction initiatives of an offshore wind farm. We focus on three areas to reduce the cost of electricity:

- i. reduction of capital and operational expenditures;
- ii. reduction of execution risk in the Construction Phase; and
- iii. optimal site selection including wind farm size.

Of the three focus areas, we expect reductions in capital expenditures and operating expenditures and reduction of execution risk to make the largest contribution towards lowering our cost of electricity.

All progress is measured on a like-for-like basis against a reference wind farm with defined size and site conditions which is divided into key elements (modules), and a cost reduction target has been defined for each element. Commercial and technical cost reduction opportunities are systematically identified and turned into well-defined improvement initiatives where all levers have an implementation plan. The portfolio of all such cost reduction initiatives is driven by our dedicated "product line" organization, which continuously drives progress to lowering our cost of electricity.

We have previously announced an LCoE target of being at or below €100/MWh for UK projects in respect of which FID will be taken in 2020. We have made significant progress in reducing the cost of electricity for offshore wind, and we are well on track to meeting this cost level ahead of time.

Using specific, public targets for offshore wind cost of electricity has become more sensitive under tender and auction regimes. For competitive and commercial reasons we have decided to no longer set a Group-specific LCoE target for our offshore wind farms. Going forward, competitive tenders and auctions will support the continued reduction in the cost of offshore wind and will provide a more accurate measure of our ability to reduce the cost of electricity from offshore wind.

We remain strategically committed to continuing to reduce the LCoE for offshore wind.

Through the use of standardized modules with a well-defined design across our construction project portfolio, we benefit from economies of scale, which helps to reduce costs. The resources allocated to these

cost improvement initiatives are sourced from across our entire Wind Power business. This allows us to properly utilize and allocate the necessary know-how to develop these "product line" projects.

Reductions in Capital Expenditures and Operating Expenditures. We have developed standard modules adaptable to project-specific site conditions for all key cost drivers including turbines, foundations, substations and electrical systems, as well as logistic installation setup. An example is the standardized offshore export cable module utilized by all four of our UK offshore wind farms currently under construction (Burbo Bank Extension, Race Bank, Walney Extension and Hornsea 1). A key benefit is its increased specific export capacity. Re-using the modules over several projects allows us to achieve procurement savings (a reduction in capital expenditures), remove supplier bottlenecks, optimize interfaces across the modules, such as the interface between the wind farm's foundation and the turbine, and identify and reduce risks. Other of our cost improvement initiatives include utilizing larger size turbines and reducing the weight and increasing the application depth of our monopile foundations.

We involve our strategic suppliers in our cost improvement initiatives and closely cooperate with them on innovation and implementation. In doing so, we seek to secure a sustainable competitive advantage by securing exclusivity over innovative technology and design for at least a limited period of time.

As part of our systematic cost reduction initiatives, we have significantly improved our procurement and purchasing position by moving from a project-by-project approach to a portfolio approach, a transition facilitated by our modularized, standardized approach. We are systematically broadening our supply chain by identifying, pre-qualifying and developing new suppliers, and we manage our supply chain as a portfolio across our full current and future portfolio of projects when procuring components for new projects.

For example, we successfully introduced a second supplier of wind turbines and are now utilizing turbines from both Siemens Wind Power and MHI Vestas for the projects currently under construction. We believe that using multiple suppliers will encourage competition in the supply chain, driving both price down and performance up and thereby reducing the cost of electricity.

Reductions in capital expenditures contribute the most to reducing the cost of electricity, but we also expect reductions in operating expenditures through scale effects, operational efficiency and O&M cluster synergies (i.e. establishing joint O&M on-site facilities to service several wind farms) to contribute towards lowering our cost of electricity.

Execution Risk Reduction. Using standardized modules across multiple projects not only improves sourcing cost, but also reduces execution risk. In addition, we also continuously evaluate lessons learned and translate them into best practice procedures or use them to improve the design of the modules for future projects. This improves our offshore installation and commissioning performance, thereby reducing the risk contingency (and associated costs) needed to construct an offshore wind project. Building on our long experience in offshore installation and commissioning, we have been able to significantly reduce the cost of electricity by reducing project execution risk. Our experience bringing large-scale offshore wind farms into operation—since 2009, we typically have two to four projects in various stages of offshore installation and commissioning at any given point in time—has provided us with a solid understanding of the risks related to offshore installation and commissioning and how to manage these risks.

Optimal Site Selection. While we expect optimal selection of sites for future projects to contribute the least towards reducing the cost of electricity, it is nonetheless a key part of that effort. Site conditions such as wind speed, size of wind farm, distance to shore, water depth and sea bed conditions all impact the cost of electricity and hence the future competitiveness of a site relative to others. Selecting projects with optimal site conditions is a key focus for our project development organization when they look for new project opportunities.

15.5.8 Partnerships

From an early stage, we have constructed and operated our offshore wind assets in investment partnerships with third parties, enabling us to maximize our participation in the construction of wind farms while employing capital as efficiently as possible and creating value for our shareholders.

Our partnership model has enabled us to grow our exposure to the offshore wind market, using capital from the direct or indirect sale of up to 50% of our ownership interest in offshore wind assets. As of the date of this Offering Circular, we have divested more than 1,400 MW of capacity to our investors. Being involved in the construction and operation of a larger portfolio of wind farms allows us to take advantage of various benefits of operating at scale, and we earn an attractive income from constructing and operating the respective share of the assets on behalf of our investors. We bring in partners at a price approximately equal to our cost of capital, thereby allowing for upfront value realization, which enables us to invest in new value creating projects.

To date we have entered into two types of partnerships: (i) development partnerships to secure pipeline rights and share construction risks with utility partners and (ii) early stage Construction Phase or early Operations Phase partnerships with financial or strategic investors. Recently executed transactions as well as transactions currently under execution fall into the second category with risk allocated according to the partner's risk appetite and expertise. We also expect most of our future transactions to fall into the second category.

Our dedicated partnership team consists of 20 FTE employees including finance and other support functions. To date, we have raised more than DKK 42 billion in capital through the divestment of our partnership interests and have executed 10 partnerships with financial and institutional investors. The amount is most often raised through the sale of shares and through installments under construction agreements when certain construction milestones are met. These installments are subject to a pre-agreed payment schedule. The partnership model is also an integrated part of our business strategy and not an opportunistically driven ad-hoc process motivated by, for example, imminent needs for capital.

While other firms in the offshore wind industry also operate partnerships, we believe that our presence across the value chain, our track record of accomplishment and reliability in construction and operation and our relationships with our existing investors combine to ensure our status as a favored partner.

15.5.8.1 The evolution of our partnership model

Our early partnerships involved mainly utility firms such as Centrica, SSE, E.ON, Iberdrola and Vattenfall. These early partnerships were driven by the desire to share capital commitments, expertise and project risks in a developing market and enabled us to expand our market share, particularly in the UK. In these utility partnerships, all equity participants shared equally the risk and reward of the assets.

By 2010, we were an established market participant with good pipeline visibility and a desire to increase investment into offshore wind, and we modified our partnership model accordingly by seeking out financial investors to purchase up to 50% of the ownership of each of our offshore wind farms. Initially these investors acquired their ownership during the Operations Phase, but as the industry has developed and based on our track record of delivering projects, we have been able to introduce financial and institutional investors during the Construction Phase.

Our initial financial and institutional investors included Danish pension funds such as PensionDanmark and PKA, PGGM, the Dutch pension fund-backed investment fund Ampere and large Danish corporates including KIRKBI, parent company of the LEGO Group, and William Demant Invest A/S. We expanded our partnership model to include strategic investors such as the Japanese trading house Marubeni, the UK's Green Investment Bank, institutional investors including the Canadian pension fund Caisse de Dépôt et Placement du Québec and Global Infrastructure Partners LLC ("GIP"). Our partners KIRKBI, Marubeni, PKA and PensionDanmark have invested in more than one of our wind farms, most recently with KIRKBI and PKA acquiring ownership interests in Burbo Bank Extension.

15.5.8.1.1 Tailored innovative debt funding solutions for our investors

As detailed in Section 16.8.2 "Debt and debt funding," we finance ourselves at a corporate level and do not utilize non-recourse project financing at the asset level, with the exception of the Lincs wind farm, which is secured by our shareholding. However, a number of our investors do obtain non-recourse debt financing to fund their acquisition, secured by their 50% shareholding in the wind farm and on their share of power revenues. The structure we have developed enables investors to achieve substantially similar leverage and terms to those seen in conventional asset-level project finance. This structure was first used for Marubeni's project financing of its acquisition of 49.9% of Gunfleet Sands offshore wind farm and subsequently replicated with other assets.

In one of our most recent transactions, the divestment of 50% of Gode Wind 1 to GIP, we structured a private placement bond, with Talanx (a German insurance company) as a cornerstone debt investor, which was executed by GIP to finance its acquisition. The bond structure was developed to address the regulatory restrictions on German insurance companies and facilitate their entrance into the German offshore wind market. This transaction was the first investment grade rated green bond to be secured by offshore wind revenues. This represented a significant evolution of our partnership model; while we have worked closely to support investors achieving debt financing in previous transactions, the Gode Wind 1 divestment saw us initiate and lead the development of the rated bond structure, and take an active role with GIP and Talanx in implementing the bond solution. The BBB investment grade rating achieved by the transaction confirms that, to equity and debt investors alike, offshore wind is an increasingly recognized asset class, comparable to other large infrastructure assets.

We continue to develop the partnership model and to innovate structures enabling us to access new sources of investor capital, and we seek to remain the preferred partner for financial and institutional investors seeking a partnership on an offshore wind asset.

15.5.8.2 Tailoring risk to investor appetite

Our partnership model for financial and institutional investors is distinguished by our ability to tailor the balance of project risk to address investors' specific risk appetite. The partnership models we have developed enable us to target investors of varying risk appetites within established structures, thereby reducing execution risk for both us and our investors.

We have developed different legal structures to accommodate our various financial and institutional investors and the different countries in which we operate.

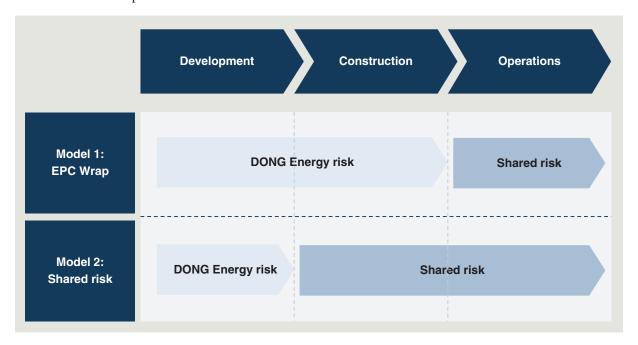
In each project, we enter into a SHA with the investors setting out the governance and voting arrangements between us. The majority of our partnerships are on a 50/50 basis, in which we and incoming investors acting jointly, have equal shareholder voting rights except in specific commercially negotiated instances. Each partner is obligated to fund the project pro rata based on its partnership interest, up to an agreed cap. If the construction of the project is not completed prior to a pre-determined date, the partnership may be terminated and we may be required to re-purchase the investors' share in the asset or to repay any funding provided by the investor.

The majority of macro risks, such as regulatory risks, risks associated with changes in laws and wind resource and production risks are characterized as shared risks. However, our experience across the value chain in construction, operation and power offtake enables us to offer construction agreements, construction management agreements, O&M agreements and, where necessary, PPAs to investors, assisting them to manage their risk exposure and at the same time offering value creation opportunities for us.

15.5.8.2.1 Risk allocation during the Construction Phase

Since 2012, most of our partnerships have been entered into during the early Construction Phase, approximately 12–24 months after taking a FID on the relevant offshore wind farm. At this time, the wind farm is fully designed and procured and early stage construction has commenced. We have developed two risk models for financial and institutional investors: (a) an "EPC Wrap Model," wherein certain construction risks are taken by us and we commit to the delivery of an offshore wind farm at an agreed specification on an agreed date, and (b) a shared risk model (the "Shared Risk Model"), whereby the incoming partner shares in all construction risks, including delay, cost overruns, interface and supply chain risk and also benefits from potential upsides.

An illustrative example of risk allocation in the two models is shown below:



For the Operations Phase, unscheduled O&M is a shared risk in each model. In each model, we remain in control of the construction process within agreed parameters. In case of an unexpected event, decisions are made jointly with our partners.

The development of these two construction models has enabled us to diversify our partnership offerings and appeal to two very different pools of investors: those who have experience in construction risks from other sectors and are seeking exposure to offshore wind construction for strategic or return-related reasons, and those who have had limited previous exposure to construction risk and/or the offshore wind industry or are targeting a more conservative risk profile. As described in Section 15.5.10 "Wind Power assets" below, the majority of our partnerships with financial investors to date have used the EPC Wrap Model, but the Shared Risk Model remains a key element in our partnership strategy going forward.

Model 1: EPC Wrap

In the EPC Wrap Model, we offer a construction agreement covering design, engineering, procurement, construction, installation, commissioning and testing of a given offshore wind asset for a fixed price and on a fixed schedule; the majority of the procurement, construction, cost overrun and delay risk is retained by our Wind Power business including risks related to sea bed conditions and adverse weather below a certain threshold. In addition, if the assumptions applied by us and the investors deviate significantly, the parties may agree to an earn-out structure where the parties can be obliged to compensate each other with respect to these deviations.

Excluded risks generally relate to the turbine supply and installation, or to risks beyond our control. Risks relating to the delivery and installation of turbines are shared with investors in certain of our projects as our investors take comfort from the TSA and the protection contained therein. Other specified risks beyond our control such as force majeure, change in law, delayed provision of grid connection and extreme weather above a certain threshold are also shared with investors. However, if a long stop date is reached before construction of the wind farm has been completed, we may be required to re-purchase the investors' share in the asset and/or to repay any funding provided. This structure enables investors to view this investment as being similar in risk profile to an operating asset and allocates construction risk to us. In general, we expect that the income we receive from investors for taking construction risk and delivering EPC services will exceed our expected cost (including costs associated with risks materializing).

In the UK, if we enter into construction agreements for the wind farm, we offer corresponding construction agreements related to the transmission infrastructure which are subsequently transferred to the OFTO. Although we are allowed to earn a return on the capital we have used during the construction phase of the transmission asset, under these construction agreements we generally assume the risk that Ofgem may disallow some of the costs we have incurred. Disallowed costs will not be able to be recovered

through our OFTO divestment proceeds and will therefore result in an initial loss on the transaction. However, as the transmission tariffs payable to the UK grid operator during the first 20 years of operation of the wind farm are determined primarily by the price paid for the transmission asset, the transmission tariff we pay in proportion to our ownership interests will therefore be lower than if no disallowed costs were incurred. The initial loss may therefore be offset during the lifetime of the wind farm. The divestment process may usually be managed by us but will be limited to the authority delegated to us. See 15.5.8.3 "UK Offshore transmission asset regime."

Model 2: Shared Risk

In the Shared Risk Model, we act as construction manager in the multi-contract Construction Phase, managing and progressing construction on behalf of the shareholders of the project within an agreed decision-making framework. As such, risks arising from the use of multiple suppliers, as well as certain construction risks, including the risk of contractor delays, variations and insolvency, are shared between our Wind Power business and the investor. However, investors usually enter into the project approximately 12–24 months after we take a FID and commence early stage construction works and therefore investors benefit from a highly mature and hence significantly de-risked project program and capital expenditures budget, which enables significant value realization opportunities for our Wind Power business.

Under the Shared Risk Model, investors in the UK generally share equally in the risks and benefits related to the construction and divestment of the transmission infrastructure to the OFTO, while we typically manage the construction and divestment process within delegated authorities.

15.5.8.2.2 Risk allocation during the Operations Phase

During the Operations Phase, each project benefits from an SWA with the turbine supplier. In addition, we offer our investment partners an O&M agreement for the provision of all O&M services typically during the first 15 years of operation. In most of our O&M agreements, the partners have the right to terminate the O&M agreement if we no longer hold a specified minimum direct or indirect share in the project. See Section 15.5.6.3 "Ownership and Operations Phase" for additional information on O&M agreements, including risk allocation.

For UK wind farms, both those which have qualified under the ROC regime and those which benefit from a CfD subsidy, we offer a long-term PPA to investors to enable them to monetize their pro rata share of the power generated by the wind farm asset. In a CfD context this is a market standard "route-to-market" PPA under which we also accept the majority of the long-term balancing market risk for investors. For those wind farms which have qualified for the ROC regime, we offer a long-term PPA to our investors under which we typically purchase the power produced by our partner's share of the wind farm (which includes cap and floor prices for power to provide our partners with a more stable return) and we purchase their ROCs at a portion of the ROC buy-out price in cash. For our UK wind farms that have qualified under the ROC regime, sale of power constitutes approximately one third of their revenue from the sale of power production in the market, depending on market prices for power and the number of ROCs they receive. See Risk Factor 1 "We are exposed to fluctuations in the prices of commodities, certificates, currency exchange rates, inflation rates and general developments in the securities markets."

15.5.8.3 UK offshore transmission asset regime

As described in Section 18.2.2.2 "Legislation relevant to offshore wind power generators in England and Wales," UK regulations prohibit entities which generate power from also owning transmission assets. We construct our offshore transmission assets in the UK as part of the construction of the offshore wind farm. Our project companies in the UK are therefore required to divest their offshore transmission assets to an OFTO within 18 months from the approximate date on which power is first generated from the asset. The assets are sold to an OFTO through a regulated divestment process managed by Ofgem, which sets the final transfer value at the costs incurred to construct the asset, plus interest during the construction period, less any costs disallowed by Ofgem. The final transfer value will then in all material respects determine the charges we will pay for the use of transmission capacity. We have concluded eight offshore transmission asset divestments through this regulated process and have a team dedicated to carrying out such regulated asset divestments within the partnerships function. This team manages each divestment to an OFTO on behalf of the project and its partners. In some cases, we continue to serve as O&M service provider of the divested assets under agreements with the relevant OFTOs. See Section 16.2.3.4 "The divestment of ownership interests in offshore wind farms and construction contracts."

15.5.9 Financial support regimes

The following section provides a brief introduction to the financial support regimes applicable to offshore wind farms in existing markets. The information in this section should be read in conjunction with the more detailed explanation of the regulatory regimes relevant to our offshore wind business, especially in relation to national wind power policy, financial support regimes, consents and licensing, grid arrangements and decommissioning obligations, which are set out in Section 18 "Regulation."

In general, the reformed EU state aid guidelines on energy and environmental protection require that support for renewable generation be determined in competitive tendering processes. Some of the EU countries we operate in have already implemented regulatory regimes in compliance with these guidelines, while others are in the process of doing so.

15.5.9.1 Denmark

The type and size of financial support provided to offshore wind farms in Denmark largely depend on when the permit for the construction and operation of the wind farm was granted. For offshore wind farms constructed prior to the government tender procedure in 2004, financial support was typically provided in the form of a fixed feed-in tariff paid per kWh generated for a pre-determined period or linked to a maximum number of full load hours.

For Danish offshore wind farms constructed through the government tender procedure, financial support has been granted in the form of a fixed feed-in tariff, also for a pre-determined number of years and/or a maximum of full load hours of production.

The feed-in tariff, which provides a guaranteed price per kWh of power produced, varies from project to project, as it is based on the lowest price offered by the winning tenderer. The size of the price supplement (the "Feed-in Premium") is calculated as the difference between the feed-in tariff and the market price (calculated as the effective hourly average at the spot market of the power exchange for the Denmark pricing zone (DK1 or DK2) in DKK per kWh). After the feed-in tariff period has expired, the price of power is determined solely by the market together with any price supplements that the wind farm owner might be eligible to receive.

Energinet.dk, the Danish TSO, is responsible for the payment of the Feed-in Premium to the offshore wind power generator. Ultimately, however, the cost of the Feed-in Premium is borne by consumers via a PSO tariff on their energy bills. The Danish Government recently announced its intention to discontinue the PSO (see Section 18.2.1.3 "Offshore wind energy support schemes").

In addition to the Feed-in Premium, many Danish wind power generators are, depending on the age of turbines and time of connection to the grid, also eligible to receive certain smaller price supplements and allowances related to balancing costs. This includes a price supplement of up to DKK 0.10/kWh for up to 20 years after commissioning (balanced proportionally to the market price, as the sum of the price supplement and market price cannot exceed a cap of DKK 0.36/kWh).

For more information on actual feed-in tariffs received on our Danish wind farms, see Section 15.5.10 "Wind Power assets."

15.5.9.2 England and Wales

The Renewable Obligations. Prior to the introduction of the CfD regime described below, the main mechanism in England and Wales for delivering renewable targets and obtaining financial support for an offshore wind project was the RO, which entered into force in 2002. The RO requires that power suppliers must source a certain percentage of their supply from renewable generation sources, either from purchasing green energy certificates, also known as ROCs, from accredited renewable generators, including offshore wind generators or generating ROCs from their own renewable generation.

One MWh of power produced by a renewable source generates a predetermined number of ROCs, typically between 1.5 to 2 ROCs to the offshore wind power generator. See 15.5.10 "Wind Power Assets" for the number of ROCs that our eligible wind farms receive. Each power supplier in the UK must purchase and redeem a number of ROCs equivalent to the amount of power they supply to their customers in order to fulfil their respective share of the RO. For any unfulfilled share of the required RO, power suppliers are either required to pay to a recycle fund a fixed ROC buy-out price in cash, which is set annually by the regulator, or purchase a ROC directly from a renewable energy generator. The recycle fund is then redistributed to the suppliers who purchased ROCs from a renewable energy generator in proportion to

the number of ROCs each such supplier redeemed relative to the total number of ROCs redeemed by all suppliers. The price of a ROC sold by a renewable power generator to a supplier, therefore, is the aggregate of the ROC buyout price less the ROC recycle price. The ROC buy-out price is typically 90% to 100% of the total ROC value and a recycle price is typically 0% to 10% of the total ROC amount. For further information on ROCs, see Section 18 "Regulation."

The support is granted for a period of 20 years following accreditation, subject to a final backstop date in 2037. Beginning in 2027, the price for a ROC will be fixed at the 2027 buy-out price, plus 10%. The fixed ROC price will be inflation-linked from 2027 onwards. After expiry of the ROC period the revenue from power produced by a qualifying project is determined solely by the market.

The percentage of power supplied which must be sourced from renewable sources has been established under the RO regime. However, after the enactment of the CfD regime, the RO regime will only apply to projects that have qualified for ROCs prior to April 2017. An interim solution has been established so that new projects accredited after April 2014 but prior to April 2017, or on or before March 31, 2018 where a grace period applies, have been given a one-off choice to elect between support under the RO scheme or the CfD scheme.

Financial Investment Decision Enabling for Renewables. As a transition to the CfD scheme DECC in March 2013 introduced the Financial Investment Decision Enabling process ("FID-E"). FID-E was designed to enable developers of large renewable power projects to take FIDs which would otherwise have been delayed by the uncertainty caused by the transition from the RO scheme to the CfD scheme.

Under FID-E, developers were able to effectively enter into an early CfD with the Secretary of State (an "Investment Contract") on the understanding that the Secretary of State would transfer the Investment Contracts to the CfD counterparty, the government-owned Low Carbon Contracts Company ("LCCC") once the CfD program was implemented.

On April 23, 2014, DECC announced that eight renewable power projects had been offered Investment Contracts, including five offshore wind projects (three of which were our Wind Power business' projects Burbo Bank Extension, Walney Extension and Hornsea 1).

Contracts-for-Difference. With the EMR in 2013, the UK introduced a new CfD regime as a replacement for the RO regime on large renewable energy projects. The CfD regime is based on a private law contract which provides a Feed-In Premium (in the same way as the Danish approach described above but on different terms) and will apply to any new turbine registration applications as of March 31, 2017. As mentioned above developers will have the choice of either ROCs or a CfD for any projects accredited in the transitional period between April 2014 and April 2017 with a grace period for certain projects extending the deadline to March 2018.

The CfDs are private law contracts entered into between the offshore wind power generator and the LCCC and are awarded by auctions where price is the only award criterion.

An offshore wind generator party to a CfD is paid Feed-In Premium, which for the CfD is the difference between the strike price—a fixed price for power based on the winning strike price set in the relevant CfD auction—and the market reference price which is a measure of the average day ahead market price for power in the UK market (calculated as the effective hourly average at the spot market of the power exchange for the UK pricing zone in pounds per MWh). The CfD auction is seeking the lowest strike price through a sealed bid auction. The bids are price stacked (lowest to highest) to an agreed volume. The winning strike price is set by the last bid that does not exceed the set volume.

If the market reference price is below the strike price, it will trigger a payment (Feed-in Premium) from the LCCC of an amount equal to the difference between the reference price and the strike price per MWh of power produced (e.g. the Feed-In Premium is paid to the generator). If the reference price is higher than the strike price, it will result in the generator paying the difference between the reference price and the strike price to the LCCC so there is no market price upside for the generator under the CfD. The Feed-In Premium applicable under the relevant CfD is provided for 15 years.

The LCCC will recover the net cost of the CfD from the suppliers under a regulatory framework which includes a levy on suppliers. Ultimately the cost of CfDs will be met by consumers as suppliers pass those costs on to them.

After the financial support period provided under the CfD has expired, the price of power is determined solely by the market.

For more information on ROCs and CfD feed-in tariffs received on our UK wind farms, see Section 15.5.10 "Wind Power assets."

15.5.9.3 Germany

In 2000 Germany introduced the EEG in order to facilitate the growth of renewable energy generation. Since 2000 the EEG has changed substantially and is currently moving from a traditional feed-in tariff regime to a feed-in tariff regime where the price is set by the lowest bid in an auction with effect from 2017.

Under amendments to the EEG which became effective in 2014 (the "EEG 2014"), the majority of offshore wind farms are not eligible to receive fixed feed-in tariffs for renewable energy, which are now only available to very small wind farms. Offshore wind farms are now subject to mandatory "direct marketing" (*Direktvermarktung*) of power to third parties and receive financial support in the form of market premiums paid on top of the market price for power. This support is substantially comparable to that provided under the previous fixed feed-in tariff regime (which is no longer referred to as "feed-in tariff" but instead as "applicable value" (*anzulegender Wert*)). As TenneT is the relevant TSO, TenneT pays a so-called "sliding" market premium (*Marktprämie*) which is calculated as the difference between the monthly average market price and the applicable value. TenneT calculates the monthly average market price as the weighted average of hourly spot market prices at the power exchange for the German/Austrian pricing zone (taking into account only hours during which offshore wind farms produced power).

Offshore wind farms have the option of choosing between two financial support schemes, the "standard model" (*Standardmodell*) and the "acceleration model" (*Standardmodell*), which is only available for offshore wind farms commissioned prior to January 1, 2020.

Under both schemes, the subsidy rate falls to €0.039/kWh after the expiration of an initial period, but the initial period may be extended as follows: (i) for a turbine that is located at least 12 nautical miles seawards the initial period is extended by 0.5 months for each full nautical mile beyond 12 nautical miles, and (ii) for a turbine that is located in a water depth of at least 20 meters the initial period is extended by 1.7 months for each additional full meter of water depth.

The table below shows the amount of financial support available under each of the two schemes for turbines commissioned before January 1, 2018:

	Subsidy Rate			
Period	Acceleration model (Stauchungsmodell)	Standard model (Standardmodell)		
Year 1–8	€0.194/kWh	€0.154/kWh		
Year 9–12	, ,	€0.154/kWh		
	€0.154/kWh during extension period			
Year 13–20	€0.039/kWh or, if eligible for extension, €0.154/kWh during extension period	€0.039/kWh or, if eligible for extension, €0.154/kWh during extension period		

For offshore turbines commissioned after December 31, 2017 using the standard remuneration model (*Standardmodell*), the subsidy rate in the initial 12-year period (and the extension period, if applicable) will gradually decrease based on the time of commissioning. In the case of offshore turbines commissioned after December 31, 2017 using the acceleration model (*Stauchungsmodell*), the applicable rate during the initial 8-year period (and the extension period, if applicable) will be €0.184/kWh. However, as described below, it is unclear whether fixed applicable value support will be available at all after January 1, 2021.

The table below shows the applicable subsidy rates during the initial and (if applicable) extension periods for each of the two models by time of commissioning for offshore turbines commissioned after December 31, 2017:

	Subsidy Rate During Initial and Extension Periods		
Time of Commissioning	Acceleration model (Stauchungsmodell)	Standard model (Standardmodell)	
January 1, 2018–December 31, 2019.	€0.184/kWh	€0.149/kWh	
January 1, 2020-December 31, 2020.	€0.184/kWh	€0.139/kWh	
From January 1, 2021	€0.184/kWh	Reduced by €0.005/kWh each	
		year (i.e., €0.134/kWh for 2021,	
		€0.129/kWh for 2022, and so on)	

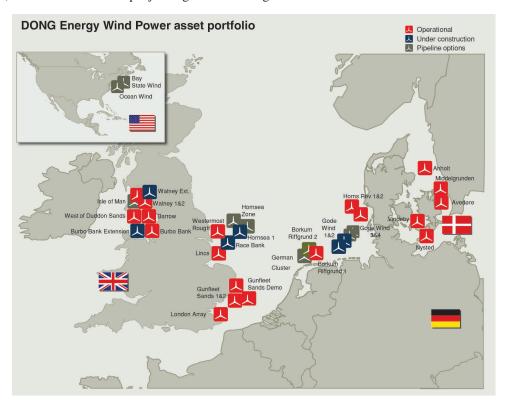
Beginning in 2017, the reformed EU state aid guidelines on energy and environmental protection require that support for renewable generation be determined in competitive tendering processes administered by the federal energy network regulator (*Bundesnetzagentur*). However, offshore wind power generators which are allocated grid capacity before December 31, 2016 and become operational (*Inbetriebnahme*) prior to January 1, 2021 will still receive financial support on the basis of the fixed applicable values (*anzulegende Werte*) set out in the 2014 amendments to the EEG.

The stated objective of the tender proceedings is to determine the lowest feed-in tariffs on a competitive basis, rather than by government decision. The Federal Ministry for Economic Affairs and Energy is expected to enact in 2016 the "Offshore Wind Power Act" which will apply a tender model to offshore wind power projects which are operational as of 2020. The Federal Ministry for Economic Affairs and Energy has indicated that there will be subsidies available under the new tender model. The Federal Ministry for Economic Affairs and Energy is expected to, for the most part, maintain the so-called "deployment corridor" (*Ausbaukorridor*) from 2014, which sets out targets for offshore wind expansion of 7.7 GW by 2020 and 15 GW by 2030. The capacity volumes auctioned per year will be in line with these targets and are expected to be between 600 and 900 MW (on average 730 MW per year) as of 2021. However, the allocation of subsidies to projects tendered will not be known until at the earliest when the "Offshore Wind Power Act" is enacted in 2016. See Section 18.2.3 "Germany."

For more information on feed-in tariffs applicable to our German wind farms, see Section 15.5.10 "Wind Power assets."

15.5.10 Wind Power assets

The map below shows the locations of our offshore wind assets in operation or under construction as at March 31, 2016 as well as our project rights in existing and new markets.



15.5.10.1 Assets in operation

Anholt

Total Capacity400 MWDONG Energy Ownership Share50%DONG Energy Share of Total Capacity200 MW

4 individual K/S companies (20%)

Turbine Generator Type Siemens Wind Power, 3.6 MW-120

5.4 TWh have been produced by March 31, 2016

Country Denmark

The Anholt offshore wind farm is located off the coast of Grenaa. The distance to shore is 15 km, while the island of Anholt lies approximately 20 km away.

In March 2011, we divested 30% of the project to PensionDanmark and 20% to PKA, for a total price of approximately DKK 6 billion. Anholt was the first offshore wind project in which we acted as a constructor under the EPC Wrap Model terms. Anholt was transferred to the partnership as of April 1, 2014.

We are the operator of the wind farm under an O&M agreement, which expires in March 2029. Anholt is serviced from our facilities in Grenaa. The SWA with Siemens Wind Power expires in April 2018.

Avedøre Holme Demo

 Capacity
 7 MW

 DONG Energy Ownership Share
 100%

 DONG Energy Share of Total Capacity
 7 MW

 Partners
 None

 Year Commissioned
 2000 (4)

Turbine Generator Type Siemens Wind Power, 3.6 MW-120

Subsidy Regime Market price + 0.25 DKK/kWh for a period of

22,000 full-load hours. The first and second turbines reached approximately 21,000 and 16,200 full-load

hours, respectively, by March 31, 2016

Country Denmark

The two turbines are situated just off the coast south of Avedøre Holme in the Greater Copenhagen Area and are both connected to shore by a bridge. Avedøre Holme Demo is a test and demonstration project. The Siemens Wind Power turbines tested here have been used in the Anholt and various UK wind farms. The SWA on the first turbine expired in March 2015 and the SWA for the second turbine expires in October 2016.

Barrow

Total Capacity90 MWDONG Energy Ownership Share100%DONG Energy Share of Total Capacity90 MWPartnersNoneYear Commissioned2006

Turbine Generator Type Vestas V90-3.0 MW

Subsidy Regime 1 ROC/MWh

Country UK

The Barrow offshore wind farm is located in the East Irish Sea approximately 7 km south west of Walney Island, near Barrow-in-Furness.

In 2014, we became sole owner of Barrow by acquiring a 50% ownership share from joint venture partner Centrica plc. We originally built the wind farm with Centrica in a turnkey agreement with Vestas Celtic and Kellogg Brown & Root Ltd.

Besides being the sole owner, we have full responsibility for Barrow, including O&M of the balance of plant, as well as managing Vestas, with whom we have a SWA expiring in December 2016. Barrow is serviced from our facilities in Barrow-in-Furness.

Borkum Riffgrund 1

Capacity312 MWDONG Energy Ownership Share50%DONG Energy Share of Total Capacity156 MW

Partners KIRKBI Invest A/S (32%), William Demant Invest

A/S (18%)

Subsidy Regime Fixed feed-in tariff of €0.194/kWh for first ~

9,5 years; €0.150/kWh for next ~ 1.5 years

Fixed amount of €0.039/kWh until end of

remuneration period in year 20.

Country Germany

The Borkum Riffgrund 1 offshore wind farm is located in the North Sea approximately 54 km from shore near the town of Emden and 37 km from the island of Borkum.

In 2012, we divested 50% of the wind farm to KIRKBI and OTICON Foundation (via its investment company, William Demant Invest A/S) in an EPC Wrap Model contract, for a total price of approximately DKK 4.7 billion. Borkum Riffgrund 1 will be transferred to the partnership in 2016.

We are the operator of the wind farm under an O&M agreement, which expires in 2030. Borkum Riffgrund 1 is serviced from our facilities in Norden-Norddeich. The SWA with Siemens Wind Power expires in June, 2020.

Burbo Bank

Capacity90 MWDONG Energy Ownership Share100%DONG Energy Share of Total Capacity90 MWPartnersNoneYear Commissioned2007

Turbine Generator Type Siemens Wind Power 3.6 MW-107

Subsidy Regime 1.5 ROCs/MWh

Country UK

The Burbo Bank offshore wind farm is situated on the Burbo Flats in Liverpool Bay at the entrance to the River Mersey, approximately 6 km from the Sefton coastline and 7 km from North Wirral.

We are the owner and operator of the wind farm. Burbo Bank is serviced from our facilities in Liverpool. The SWA with Siemens Wind Power expired in 2012; however, we have an extended warranty on certain key components which expires in 2017.

Gunfleet Sands 1 and 2

Capacity173 MWDONG Energy Ownership Share50.1%DONG Energy Share of Total Capacity87 MW

Partners Marubeni Corporation GFS Investment Company

Limited (49.9%)

Turbine Generator Type Siemens Wind Power 3.6 MW-107

Subsidy Regime 1.5 ROCs/MWh

Country UK

The Gunfleet Sands 1 and 2 offshore wind farms are positioned 7 km off the Essex coastline, south of Clacton-on-Sea.

In September 2011, we divested 49.9% of the wind farm to Marubeni Corporation for a total price of approximately GBP 200 million.

We are the operator of the wind farm under an O&M agreement which expires in November 2026. Gunfleet Sands 1 and 2 are serviced from our facilities in Brightlingsea. The SWA has expired.

Gunfleet Sands Demo

Capacity12 MWDONG Energy Ownership Share100%DONG Energy Share of Total Capacity12 MWPartnersNoneYear Commissioned2013

Turbine Generator Type Siemens Wind Power 6.0 MW-120

Subsidy Regime 2 ROCs/MWh

Country UK

The Gunfleet Sands Demo offshore wind farm is located to the South West of Gunfleet Sands 1 and 2 outside Clacton-on-Sea in the UK. It is primarily a demonstration project testing Siemens Wind Power 6 MW turbines.

Gunfleet Sands Demo is serviced from our facilities in Brightlingsea. The SWA with Siemens Wind Power expires in September 2018.

Horns Rev 1

Capacity160 MWDONG Energy Ownership Share40%DONG Energy Share of Total Capacity64 MW

Partners Vattenfall Danmark A/S (60%)

Turbine Generator Type Vestas V80-2.0 MW

Number of Turbines 80

Subsidy Regime Market price + 100 DKK/MWh⁽¹⁾

Country Denmark

The Horns Rev 1 offshore wind farm is located in the Danish North Sea 14-20 km west of Blåvands Huk.

Vattenfall acquired 60% of the wind farm in 2006 as part of the establishment of DONG Energy and became the operator. As operator of Horns Rev 1, Vattenfall leads all operational and technical processes. Horns Rev 1 is serviced from Vattenfall's facilities in Esbjerg. The SWA with Vestas has expired.

⁽¹⁾ The supplement depends on market price development and is increased pro rata—a market price below 260 DKK/MWh equals 100 DKK/MWh and a market price over 360 DKK/MWh equals 0 DKK/MWh.

Horns Rev 2

Capacity209 MWDONG Energy Ownership Share100%DONG Energy Share of Total Capacity209 MWPartnersNoneYear Commissioned2010Turbine Generator TypeSiemens

Turbine Generator Type Siemens Wind Power 2.3MW-93

6.0 TWh produced by March 31, 2016

Country Denmark

The Horns Rev 2 offshore wind farm is located approximately 30 km west of Blåvands Huk.

We are the operator of the wind farm under an O&M agreement. The SWA has expired. We have full operational responsibility, but we have entered into an extended component warranty from Siemens Wind Power which covers 13 main components and expires in October 2016. Horns Rev 2 is serviced from our facilities in Esbjerg.

Lincs

Capacity270 MWDONG Energy Ownership Share25%DONG Energy Share of Total Capacity68 MW

Partners..... Centrica (Lincs) Wind Farm Limited (50%),

Siemens Project Ventures GmbH (25%)

Turbine Generator Type Siemens Wind Power 3.6MW-120

Subsidy Regime 2.0 ROCs/MWh

Country UK

The Lincs offshore wind farm is located 8 km off the Lincolnshire coastline, east of Skegness in the North Sea.

Centrica Renewable Energy Limited is the operator of Lincs and Grimsby harbor is used to provide services. The current O&M agreement with Centrica expires in September 2018. The first term of the SWA expires in July 2018 with an optional second term to August 2023.

London Array

Capacity630 MWDONG Energy Ownership Share25%DONG Energy Share of Total Capacity158 MW

Partners E.ON Climate & Renewables UK London

Array Ltd. (30%), Masdar Energy UK Limited (20%), Caisse de dépôt et placement du Québec

(CDPQ) (25%)

Turbine Generator Type Siemens Wind Power 3.6MW-120

Subsidy Regime 2.0 ROCs/MWh

Country UK

The London Array offshore wind farm is located in the Outer Thames Estuary approximately 20 km from the Kent and Essex coasts.

At the time of construction, the London Array consortium consisted of our Wind Power business (50%), E.ON (30%) and Masdar (20%). In January 2014 (after construction was substantially completed) we divested half of our 50% share to Caisse de dépôt et placement du Québec for a total price of approximately GBP 644 million.

We act as the O&M service provider to London Array Ltd, which is the operator of the offshore wind farm. Ramsgate harbor's infrastructure is used to provide services for the wind farm. The first term of the O&M agreement expires in March 2018 with an optional second term to March 2023. The SWA has two different termination periods, each related to their respective original installation phases and expire January 2018 and March 2018, respectively.

Middelgrunden

Capacity	20 MW
DONG Energy Ownership Share	100%
DONG Energy Share of Total Capacity	20 MW
Partners	None
Year Commissioned	2001
Turbine Generator Type	Bonus B76 2 MW
Number of Turbines	10
Subsidy Regime	Market price + 100 DKK/MWh ⁽¹⁾ for 20 years from
	grid connection in 2001
Country	Denmark

⁽¹⁾ The supplement depends on the development of market price and is increased pro rata—a market price below 260 DKK/MWh equals 100 DKK/MWh and a market price over 360 DKK/MWh equals 0 DKK/MWh

The Middelgrunden offshore wind farm is situated 3 km east of the most northern point of the island of Amager.

Middelgrunden was constructed as a joint project between a cooperative (Middelgrunden Vindmøllelaug I/S) and Copenhagen Energy (Copenhagen Energy's offshore wind activities were later acquired by DONG Energy); however, it is now owned and operated as two separate entities. The original total installed capacity was 40 MW and has subsequently been split up into two separate wind farms with individual ownership, each with a capacity of 20 MW and each with separate O&M agreements in place.

We have outsourced operation and maintenance of our turbines to Siemens Wind Power on an "on call" contract. Logistics are our responsibility and covered by a separate vessel contract with a local service provider. The O&M agreement expires in June 2017.

Nysted

Capacity	165 MW
DONG Energy Ownership Share	42.75%
DONG Energy Share of Total Capacity	71 MW
Partners	PensionDanmark A/S (50%), Stadtwerke
	Lübeck GmbH (7.25%)
Year Commissioned	2003
Turbine Generator Type	Siemens Wind Power (Bonus) 2.3 MW-82
Number of Turbines	72
Subsidy Regime	Feed-in tariff 453 DKK/MWh for 42,000 full-load
	hours, 42,000 full-load hours are expected to be
	reached in Q2 2016
	After 42,000 full-load hours: Market price +
	100 DKK/MWh ⁽¹⁾
Country	Denmark

⁽¹⁾ The supplement depends on the development of market price and is increased pro rata—a market price below 260 DKK/MWh equals 100 DKK/MWh and a market price over 360 DKK/MWh equals 0 DKK/MWh

The Nysted offshore wind farm is located by the Rødsand reef, approximately 10 km south of the village of Nysted and approximately 13 km west of Gedser.

In 2010, we divested a 50% share in Nysted Havmøllepark to PensionDanmark for a total of approximately DKK 0.7 billion. In addition, a 7.25% share was sold to Stadtwerke Lübeck in exchange for their 25.1% share in DONG Energy Sales GmbH in Hamburg.

We are the operator of the wind farm under an O&M agreement, which expires in December 2027. Nysted is serviced from our facilities in Gedser. The SWA with Siemens Wind Power has expired.

Vindeby

Capacity	5 MW
DONG Energy Ownership Share	100%
DONG Energy Share of Total Capacity	5 MW
Partners	None
Year Commissioned	1991

Turbine Generator Type Bonus B35 450 kW

Subsidy Regime None, Market price

Country Denmark

The Vindeby wind farm is located 3 km off the coast of Lolland.

We have outsourced O&M to the local service provider WindTurb. The wind farm is expected to be decommissioned in 2017 after more than 25 years of service. See also Risk Factor 53 relating to decommissioning.

267 MW

Walney 1 and 2

Canadity

Capacity	30 / IVI W
DONG Energy Ownership Share	50.1%
DONG Energy Share of Total Capacity	184 MW
Partners	SSE Renewables Walney (UK) Limited (25.1%),
	OPW HoldCo Limited (24.8%)
Year Commissioned	2012
Turbine Generator Type	Siemens Wind Power 3.6MW-107 / Siemens Wind

Country UK

The Walney 1 and 2 offshore wind farms are located 15 km west of Walney Island in the East Irish Sea.

Our partners in Walney 1 and 2, SSE Renewables Walney (UK) Limited (25.1%) and OPW HoldCo Limited, a joint venture consisting of PGGM and Ampére Equity Fund administered by DIF Management B.V. (24.8%), acquired their interests for a total price of approximately GBP 55 million, of which GBP 17 million is subject to the operational performance of the wind farm. In addition, each partner funded its pro rata share of construction costs. The agreement with SSE Renewable Walney (UK) Limited was completed in December 2009 while the agreement with OPW HoldCo Limited was completed in December 2010.

We are the operator of the wind farm under an O&M agreement and have entered into a new O&M agreement with a term ending in 2031. Walney 1 and 2 are serviced from our facilities in Barrow-in-Furness. The SWA with Siemens Wind Power expired May 2016 (Walney 1) and expires in March 2017 (Walney 2).

West of Duddon Sands

Capacity	389 MW
DONG Energy Ownership Share	50%
DONG Energy Share of Total Capacity	194 MW
Partners	Scottish Power Renewables (UK) Limited (50%)
Year Commissioned	2014
Turbine Generator Type	Siemens Wind Power 3.6MW-120
Number of Turbines	108
Subsidy Regime	2.0 ROCs/MWh

Country UK

The West of Duddon Sands offshore wind farm is located 13 km off the Morecambe coastline, west of Barrow-in-Furness.

We signed a Joint Operations Agreement with Scottish Power Renewables in March 2010 and led the project during the Development and Construction Phases as operator under the Joint Operations Agreement.

During the Operations Phase, we will provide O&M services for the wind farm under an O&M agreement which expires in November 2019. West of Duddon Sands is serviced from our facilities in Barrow-in-Furness. The SWA with Siemens Wind Power expires in May 2019.

Westermost Rough

Capacity	210 MW
DONG Energy Ownership Share	50%
DONG Energy Share of Total Capacity	105 MW
Partners	Marubeni (25%), UK Green Investment Bank
	(25%)
Year Commissioned	2015
Turbine Generator Type	Siemens Wind Power 6.0MW-154
Number of Turbines	35
Subsidy Regime	2.0 ROCs/MWh
Country	UK

The Westermost Rough offshore wind farm is located 8 km off the Holderness coast in East Yorkshire, east of Hull in the North Sea.

In March 2014, we divested 50% of the wind farm to Marubeni Corporation (25%) and UK Green Investment Bank (25%) in a shared risk agreement for a total price of approximately GBP 240 million. In total, Marubeni and UK Green Investment Bank committed a total fund of approximately GBP 500 million for the completion of their pro rata share of the project.

We are the operator of the wind farm under an O&M agreement, which expires in June 2030. Westermost Rough is serviced from our facilities in Grimsby. The SWA with Siemens Wind Power expires in March 2020.

15.5.10.2 Assets under construction

For the six offshore wind projects currently under construction, and the development project Borkum Riffgrund 2, the following operational and financial data are provided as guidelines, in addition to the detailed project-specific information provided further below. For additional information, see Section 16.7 "Anticipated future investments."

Multiple	Unit	Range	Comment
Load factor	% of time	48–50% (weighted average)	Burbo Bank Extension is an outlier with a lower than average expected load factor
Cost of goods sold .		services provided by the TSO,	

Multiple	Unit	Range	Comment
		The BSUoS charge recovers the cost of day-to-day operations of the transmission system. Generators and suppliers are liable for these charges, which are calculated daily as a flat tariff across all users. BSUoS charges are dependent on the balancing actions that NGET takes each day, however NGET provide a monthly forecast of BSUoS and historical charges.	
		TNUoS charges recover the cost of installing and maintaining the transmission system in England, Wales, Scotland and offshore. Transmission customers pay a charge based on which geographical zone they are in, whether they are generation or supply and the size of that generation or supply. TNUoS tariffs are published by January 31 and take effect from April 1 each year.	
		In Denmark, our offshore wind farms are subject to a grid fee for services provided by the TSO, Energinet.dk. In Germany, our offshore wind farms are not subject to such fee. For both countries, we incur costs related to balancing.	
Operating expenditures	DKK millions/MW per annum (real 2015)	15–17 (based on existing operating assets)	Expected to decrease in the long-term due to cost-out initiatives and increasing scale of the portfolio of operating assets.
Capital expenditure .	DKK millions/MW (real 2015)	22–24	Including contingency and management reserve and allocated Group overhead. OFTO costs are excluded. Project development costs are not accounted for in this multiple.

Gode Wind 1

Capacity330 MWDONG Energy Ownership Share50%DONG Energy Share of Total Capacity165 MW

Partners Global Infrastructure Partners (50%)

Year Commissioned (Expected) Third quarter of 2016

Turbine Generator Type Siemens Wind Power 6.0MW-154

Subsidy Regime Fixed feed-in tariff of €0.194/kWh for first 8 years;

€0.154/kWh for next ~ 2 years; fixed amount of €0.039/kWh until end of remuneration period in

year 20

Country Germany

FID Date November 18, 2013

Divestment status Completed

The Gode Wind 1 offshore wind farm is located in the Exclusive Economic Zone of Germany in the German Bight approximately 35 km north of the island of Norderney. The distance to shore is 45 km.

In September 2015 we divested 50% of the wind farm to Global Infrastructure Partners, for a price of approximately EUR 780 million.

We will be the operator of the wind farm under an O&M agreement which expires in 2036. Gode Wind 1 will be serviced from our facilities in Norden-Norddeich. Upon commissioning we will have a five year SWA with Siemens Wind Power.

Offshore substation and all foundations and array cables have been installed. Turbine installation has been completed and first power is expected in late May or June 2016 following completion of the grid connection by TenneT.

Gode Wind 2

Capacity252 MWDONG Energy Ownership Share50%DONG Energy Share of Total Capacity126 MW

Partners PKA (24.75%), Industriens Pension HoldCo K/S

(10.5%), Lærernes Pension HoldCo K/S (8.75%),

Lægernes Pensionskasse HoldCo K/S (6%)

Year Commissioned (Expected) Second quarter of 2016

Turbine Generator Type Siemens Wind Power 6.0MW-154

Subsidy Regime Fixed feed-in tariff of €0.194/kWh for first 8 years;

€0.154/kWh for next ~ 2 years; fixed amount of €0.039/kWh until end of remuneration period in

year 20

Country Germany

FID Date November 18, 2013

Divestment status Completed

The Gode Wind 2 offshore wind farm is located in the Exclusive Economic Zone of Germany in the German Bight approximately 35 km north of the island of Norderney. The distance to shore is 45 km.

In July 2014, we divested 50% of the project to a consortium of Danish pension funds, for a price of approximately EUR 600 million.

We will be the operator of the wind farm under an O&M agreement which expires in 2031. Gode Wind 2 will be serviced from our facilities in Norden-Norddeich. Upon commissioning we will have a five year SWA with Siemens Wind Power.

Offshore substation and all foundations and array cables have been installed. Turbine installation has been completed and first power was achieved in February 2016 following completion of the grid connection by TenneT.

Burbo Bank Extension

Capacity258 MWDONG Energy Ownership Share50%DONG Energy Share of Total Capacity129 MW

Year Commissioned (Expected) Second quarter of 2017

Turbine Generator Type Mitsubishi Heavy Industries (MHI) Vestas 8.0-164

with performance enhancing features

Country UK

FID Date December 19, 2014

Divestment status Completed

The Burbo Bank Extension offshore wind farm is an extension of our already operational Burbo Bank offshore wind farm. It is situated on the Burbo Flats in Liverpool Bay at the entrance to the River Mersey, approximately 7 km from shore.

In February 2016, we divested 25% of the project to PKA and 25% to KIRKBI, for a total price of approximately GBP 660 million.

We will be the operator of the wind farm under an O&M agreement which expires in 2032. Burbo Bank Extension is expected to be serviced from our facilities in Liverpool. Upon commissioning we will have a five year SWA with MHI Vestas.

We have entered into agreements with the obligation to provide technology that mitigates the effects of radar interference caused by the proximity of turbines to air traffic surveillance systems in the area around the wind farm. The satisfaction of the requirement to mitigate the effects of radar interference is a condition under the consent.

Construction of the onshore substation is substantially complete. The offshore substation structure including installation of electrical equipment inside the substation has been completed. Preparations are ongoing for offshore installation of export and array cables, substation, foundations and turbines. The majority of the offshore construction is expected to take place in the second half of 2016.

The CfD milestone delivery date has been reached (which requires a minimum project spend or entry into binding contracts). The next milestone will be the CfD long stop date in 2020. For additional information on CfD milestones, see Section 18.2.2.3.5 "Summary of key CfD terms."

Race Bank

Capacity573 MWDONG Energy Ownership Share100%DONG Energy Share of Total Capacity573 MWPartnersNone

Year Commissioned (Expected) First half of 2018

Turbine Generator Type Siemens Wind Power 6.0 MW-154, with

performance-enhancing features

Subsidy Regime 1.8 ROC for 20 years

FID DateJune 24, 2015Divestment statusAdvanced

The Race Bank offshore wind farm is located approximately 27 km off the east coast of the UK to the southeast of Grimsby.

We will be the operator of the wind farm under an O&M agreement. Race Bank is expected to be serviced from our facilities in Grimsby. Upon commissioning we will have a five year SWA with Siemens Wind Power.

Construction of the onshore substation and fabrication of foundations are currently ongoing, with installation of foundations expected to commence in June 2016. Onshore export cable installation is ongoing. The challenging export cable installation in the intertidal region (saltmarsh and mudflats) has been mitigated through the development of built-for-purpose plough and trencher equipment. The majority of the offshore construction is expected to take place in the second half of 2016 and through 2017.

Sand wave migration at the seabed which can potentially affect array cable burial depth and cause scour development around foundations has been mitigated through additional seabed surveys and revised cable routes.

The Race Bank offshore wind farm has qualified for the current RO support scheme in the UK, which will end, following a 12-month grace period for Race Bank after March 2017, in March 2018. To remain eligible for the RO support scheme, the Race Bank offshore wind farm must have been accredited by Ofgem by March 31, 2018. If the March 31, 2018 deadline is not met, the project would have to seek to qualify for a subsidy under the new, competitive CfD scheme and participate in the next possible auction.

Walney Extension

Capacity659 MWDONG Energy Ownership Share100%DONG Energy Share of Total Capacity659 MWPartnersNone

Year Commissioned (Expected) Second half of 2018

features (50%), Siemens Wind Power 7.0 MW-154

(50%)

Country UK

FID Date October 28, 2015

Divestment status Initiated

The Walney Extension offshore wind farm is located in the Irish Sea approximately 19 km from shore near Walney 1 and 2, Barrow and West of Duddon Sands.

We will be the operator of the wind farm under an O&M agreement. Walney Extension is expected to be serviced from our facilities in Barrow-in-Furness. Upon commissioning we will have a five year SWA with each of MHI Vestas and Siemens Wind Power, respectively.

Construction of the onshore substation is currently ongoing and export cable manufacturing is progressing according to plan.

The majority of the offshore construction is expected to take place in 2017 and the first half of 2018.

We are negotiating agreements with the obligation to provide technology that mitigates the effects of radar interference caused by the proximity of turbines to air traffic surveillance systems in the area around the wind farm. The satisfaction of the requirement to mitigate the effects of radar interference is a condition under the consent.

The CfD milestone delivery date has been reached (which requires a minimum project spend or entry into binding contracts). The next milestone will be the CfD long stop dates in 2021 and 2022 (2 phases). For additional information on CfD milestones, see Section 18.2.2.3.5 "Summary of key CfD terms."

Hornsea 1

capacity

DONG Energy Ownership Share 100%

DONG Energy Share of Total Capacity 1,218/1,200 MW

Partners None

Year Commissioned (Expected) First half of 2020

Turbine Generator Type Siemens Wind Power 7.0MW-154

Country UK

FID Date February 3, 2016

Divestment status Not started, divestment of a portion of our

ownership interest expected in 2018.

The Hornsea 1 offshore wind farm is located approximately 120 km off the east coast of the UK.

We will be the operator of the wind farm under an O&M agreement. Hornsea 1 is expected to be serviced from our facilities in Grimsby. Upon commissioning we will have a five year SWA with Siemens Wind Power.

Onshore substation civil works commenced in early 2016, and offshore construction is expected to commence in 2017 with the majority of the offshore construction expected to take place in 2018 and 2019. We plan to use a combination of monopiles and suction bucket jacket foundations to pilot the first industrial scale series of this new foundation type.

The CfD milestone delivery date has been reached (which requires a minimum project spend or entry into binding contracts). The next milestone will be the CfD long stop dates in 2022, 2023 and 2024 (3 phases). For additional information on CfD milestones, see Section 18.2.2.3.5 "Summary of key CfD terms."

We expect to divest a portion of our ownership interest in Hornsea 1 in 2018, subject to market conditions.

In late 2012, uncertainties arose regarding the development of Hornsea 1, primarily due to transmission challenges regarding the high-voltage direct current electric power transmission system, and a write-down of the capitalized project development costs was recognized in early 2013. These challenges postponed the project significantly and changed the base case from a high-voltage direct current electric power transmission system to the high-voltage alternating current electric power transmission system. As a result, the project was placed in idle mode during 2013 until ramping up in the beginning of 2014, having secured the CfD-FID-E contract. See Section 16.3.2.5 "Share of profit (loss) from associates and joint ventures—(core)."

15.5.10.3 Other pre-2020 projects

Borkum Riffgrund 2

Capacity450 MWDONG Energy Ownership Share100%DONG Energy Share of Total Capacity450 MWPartnersNone

Year Commissioned (Expected) First half of 2019

Turbine Generator Type MHI Vestas 8.0-164 with performance enhancing

features

Subsidy Regime Fixed feed-in tariff of €0.184/kWh for first 8 years;

€0.149/kWh for next \sim 2 years; fixed amount of €0.039/kWh until end of remuneration period in

year 20

CountryGermanyFID DateLater in 2016Divestment statusNot started

The Borkum Riffgrund 2 development project is located close to our Borkum Riffgrund 1 and Gode Wind 1 and 2 wind farms in the German North Sea. It allows for a total capacity of 450 MW. The project will use the MHI Vestas V164 8MW turbine with performance enhancing features. We intend to use a combination of monopile and suction bucket jacket foundations to further pilot the industrialization of the latter foundation type. Key project consent is still pending, and we expect to take a FID on this project later in 2016.

15.5.10.4 Development projects

We are developing a number of projects for installation and commissioning post-2020 with approximately 8.1 GW of secured project rights. The projects are in various stages of early development and planning consents, subsidies and grid connections must still be secured.

In order to continue our growth in Northwestern Europe, we are developing an expected 700 MW project off the coast of the Isle of Man and the wider Hornsea zone (excluding Hornsea 1) with an expected capacity of 3.8 GW. In addition, in Germany we are developing a portfolio of approximately 1.1 GW. To expand into new markets, we are developing two projects in the United States, off the coasts of Massachusetts (the Bay State Wind project) and New Jersey (the Ocean Wind project), with an expected capacity of 2.5 GW or more. All of these are early-stage projects, and no FIDs have been taken for any of these projects.

Our post-2020 development projects are summarized below:

Project	Capacity
Hornsea Zone (excluding Hornsea 1)	3,800 MW
Isle of Man	700 MW
Bay State Wind	1,500 MW
Ocean Wind	1,000 MW
German Portfolio, including	1,100 MW

- Gode Wind 3⁽¹⁾
- Gode Wind 4
- Borkum Riffgrund West 1
- Borkum Riffgrund West 2
- OWP West

We also aim to participate selectively in tender and auction rounds for, and may otherwise seek to acquire, additional project rights in our existing markets and new markets. We have currently identified 4.8 GW of additional potential project rights in Europe and 2–3 GW of additional potential project rights in Asia; in each case, project rights have not yet been secured. Specifically, we are in the process of establishing a branch office in Taiwan with the aim of securing project rights and potentially enter into partnerships with local developers. Moreover, we have recently established a branch office in the Den Haag in the Netherlands to prepare for our participation in the coming Dutch tender rounds.

15.5.10.5 Other entities

15.5.10.5.1 A2SEA

DONG Energy Wind Power A/S owns 51% of the offshore wind installation vessel company A2SEA A/S ("A2SEA"), of which the other 49% is owned by Siemens, and A2SEA in turn owns 66% of the cable installation vessel company CT Offshore A/S, of which the other 34% is owned by Paw Cortes, the founder of CT Offshore A/S. In March 2016, it was decided to discontinue the activities in CT Offshore A/S to focus solely on A2SEA's core business, which is the installation of offshore turbines and foundations. The remaining assets in CT Offshore A/S will be divested.

At the time of the A2SEA acquisition in 2009, the market for offshore installation of turbines and foundations was characterized by low supply and high demand. In order to position ourselves in regards to this situation, we acquired A2SEA. A2SEA has been a pioneer in its industry and is one of the market leaders within offshore installations of turbines. The market for offshore installation of turbines and foundations has stabilized since 2009. Since 2010, A2SEA has installed 33% of all offshore turbines in Europe and 5% of all offshore foundations in Europe.

⁽¹⁾ We have entered into a conditional purchase agreement for the expected 90 MW project rights. The agreement is conditional on certain conditions precedent being satisfied by the seller.

A2SEA has two purpose-built second-generation turbine installation vessels, Sea Installer and Sea Challenger. These jack-up vessels are the result of more than a decade of practical experience in the field of turbine and foundation installation and have been designed to operate in the more challenging conditions encountered further offshore and in deeper waters. Sea Installer was commissioned in 2012 and Sea Challenger in 2014.

In January 2016, the A2SEA owned vessel Sea Worker was involved in an incident which resulted in a total loss of the vessel and a diesel fuel spill. We have notified the incident to our insurers, including the P&I Club (liability insurance for the vessels, coverage for removal of wreck, oil pollution etc). The P&I Club has accepted that salvage is no longer an option. Depending on the decision by the Danish Maritime Authorities, removal of the wreck is the next step. However, the P&I Club has not as of this date confirmed coverage under the insurance. If it is eventually determined that the costs associated with the foregoing are not covered by the P&I Club, we may incur losses in excess of the provisions we have as a precaution made in our accounts as of March 31, 2016. For related risks, see Risk Factor 47 "We are subject to certain maritime risks" and Risk Factor 59 "Our insurance may not be sufficient to cover all potential losses and it is not possible to insure against all potential risks, whether in the context of a catastrophic event or otherwise".

15.6 Bioenergy & Thermal Power

15.6.1 Overview

Our Bioenergy & Thermal Power business is part of our Danish utility business. We are the largest producer of heat and power in Denmark. Our core activities are producing and selling district heating, power and ancillary services in the Danish and Northwestern European markets. We are also utilizing our core competences and technologies developed through extensive experience to develop innovative bioenergy solutions. Our key assets are eight large scale combined heat and power plants ("CHP plants"), the Svanemølleværket heat plant and the peak load power plant Kyndbyværket in Denmark. In addition, we also hold a 50% share in the combined cycle gas turbine ("CCGT") power plant Enecogen in the Netherlands.

The total net nominal thermal power capacity of our plants is 3,414 MW as of December 31, 2015, including 2,979 MW from our plants in Denmark and 435 MW representing our 50% ownership interest in the Enecogen power plant in the Netherlands. This figure excludes Unit 4 at the Studstrup CHP plant and Unit 5 at the Asnæs CHP plant, which have both been taken out of continuous active use and are kept conditionally available for the Danish power and heat market. The total net nominal heat capacity of our CHP plants and the Svanemølleværket heat plant in Denmark is 3,437 MWth as of December 31, 2015. For details of our key assets, see Section 15.6.7.1 "Danish assets" and Section 15.6.7.2 "Other assets" below.

Our Bioenergy & Thermal Power business has been transformed over the past several years to adapt to deteriorating market conditions in the Northwestern European power markets. We have scaled back capacity and reduced fixed costs, optimized our assets, renegotiated a number of our district heating contracts resulting in improved terms, divested or closed most non-core assets and decided on and are currently executing a large scale bio-conversion program for our largest Danish CHP plants, in which fossil fuels are being replaced by sustainable biomass. We believe that the business is prepared for the current market conditions, with a larger share of earnings coming from regulated district heating income resulting in more resilience in relation to the power market than in the past. The bio-conversion program also implies that Bioenergy & Thermal Power will be one of the main contributors to meeting Denmark's CO₂ reduction targets for 2020, providing district heating as well as power generated from biomass to Danish households and businesses. See Section 3 "Special notice regarding forward-looking statements."

We expect that a noticeably higher share of our business segment income will be contributed by our district heating business compared to the past, as the renegotiated district heating contracts gradually take effect over the coming years. Income from ancillary services is expected to be relatively stable going forward, whereas income from power sales will continue to be subject to power market price developments. As new interconnectors to Germany, the Netherlands and the UK are being planned and built, and as thermal and nuclear capacity in some of these countries and in Sweden is being phased out (approximately 2 GW of nuclear capacity is planned to be phased out in Sweden by 2020 and Germany has targeted phasing out approximately 11 GW of nuclear capacity towards 2022), we expect a moderate recovery in power prices and spreads over the medium to long-term. See Section 3 "Special notice regarding forward-looking statements."

Alongside the continued optimization of the Danish business, we have launched a business development plan, based on our competencies and technologies within bioenergy. We expect bioenergy to continue to play an important role in the green transformation in Europe, and we have competencies and technologies that we believe give us a competitive edge within this particular part of the European energy market.

Our innovative and patented REnescience and Inbicon technologies, based on enzymatic treatment of waste from household and agriculture, respectively, are both in the early phases of commercialization. The first full-scale REnescience waste treatment plant is now under construction in the UK. Other growth opportunities, both inside and outside Denmark, being explored within bioenergy include bio-conversion of existing large scale plants (akin to the Danish bio-conversions currently being undertaken), small scale dedicated biomass CHP plants and production of biogas. For further information, see Section 15.6.6 "Bioenergy future" below.

15.6.1.1 Market developments and transformation of the Bioenergy & Thermal Power business

Market conditions have been challenging in the European, and particularly the Nordic, power markets in recent years, reflecting strongly increasing volumes of renewable energy entering the power market, insufficient withdrawal of existing capacity and subdued demand. As a result, in Denmark power prices and spreads have declined significantly. In 2013, the average power price and Green Dark Spread was EUR 39 per MWh and EUR 13 per MWh compared with EUR 31 per MWh and EUR 5 per MWh in 2014, respectively. By 2015 the power price and Green Dark Spread had declined to EUR 24 per MWh and EUR -2 per MWh.

As part of the transformation of our business, we have from 2009 onwards adjusted to the new business environment by implementing cost cuts combined with capacity reductions, driven by efficiency and organizational programs. We have significantly reduced the number of our FTE employees from approximately 1,900 at December 31, 2009 to approximately 800 at December 31, 2015 and we have reduced our total employee costs and other external expenditures (including maintenance costs) from approximately DKK 2.9 billion in FY 2009 (adjusted for divested activities) to DKK 1.6 billion in FY 2015.

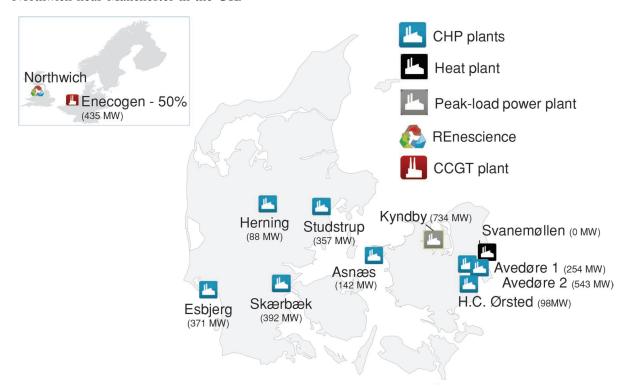
Over the same period, we have reduced our net nominal thermal power capacity in operation from approximately 5.0 GW in FY 2009 (adjusted for divested activities) to 3.4 GW in FY 2015. We have retained seven units in Denmark, which have ceased production and can only be put back into commercial production again following considerable long-term repair and/or renovation. The 2015 number excludes Unit 4 at the Studstrup CHP plant and Unit 5 at the Asnæs CHP plant in Denmark, which we have decided to take out of continuous active use and are kept conditionally available for the Danish power and heat market. We have also sold a number of non-core assets, including 15 small scale plants in Denmark, one gas-fired CHP plant in Norway and in December 2013, the Severn gas-fired power plant in the UK.

As a result of the deteriorating power markets, we have refocused our Bioenergy & Thermal Power business towards two core areas: district heating and ancillary services.

The district heating business is undergoing improvement as new long-term district heating contracts have been negotiated with some of our largest district heating customers, including the municipal utilities in Copenhagen, Aarhus and the Vejle/Kolding/Fredericia/Middelfart area ("Triangle region"). Besides improved terms, these long-term contracts have enabled and supported the bio-conversions of a number of our CHP plants from the use of fossil fuels to sustainable biomass such as wood pellets, wood chips and straw.

15.6.1.2 Current generation assets and geographical location

The map below shows the locations and net nominal power capacity of our thermal generation plants in Denmark and the Netherlands and the location of our full-scale REnescience plant under construction, in Northwich near Manchester in the UK.



For details of our key assets, see Section 15.6.7.1 "Danish assets" and Section 15.6.7.2 "Other assets" below.

15.6.2 Strategy

With the aim of being Effective, Flexible and Green, we will continue optimizing our Danish assets to market conditions, including continuing to drive down costs, enhancing technical and commercial flexibility and executing the bio-conversion program. Moreover, we will seek to leverage our capabilities within bioenergy to develop additional growth opportunities within the European bioenergy market. Our strategy execution plan includes being:

Effective. We aim to maintain and strengthen our position as the leader in Danish heat and power generation with best-in-class operational efficiency. We intend to do this by continuing cost-effective operations and focusing on safety.

Flexible. The power market is currently undergoing major transformations, including, among other things, the influx of intermittent production capacity such as wind and solar power and further interconnection to nearby countries. We aim to create value under these volatile and changing market conditions by focusing on:

- *Technical flexibility*—enhancing load gradients enabling faster responses to fluctuating intermittent generation, reducing the minimum plant load to minimize generation at low prices and decoupling heat and power production in order to improve responses to market conditions;
- Organizational and cost flexibility—downsizing and adjusting our organization to make it more agile and adaptive to volatile and ever-changing market conditions, alongside lowering fixed costs through cost-cutting and outsourcing; and
- Fuel flexibility—the bio-conversion program implies that our CHP plants increasingly become multifuel CHP plants (most plants can technically still run on fossil fuels even after being bio-converted), giving us flexibility in the fuel mix and ensuring a high degree of security of supply for our district heating customers.

Green. With the bio-conversion program being executed in Denmark, we are among the market leaders when it comes to bioenergy. We will seek to leverage our technologies and capabilities to develop additional growth opportunities within the European bioenergy market:

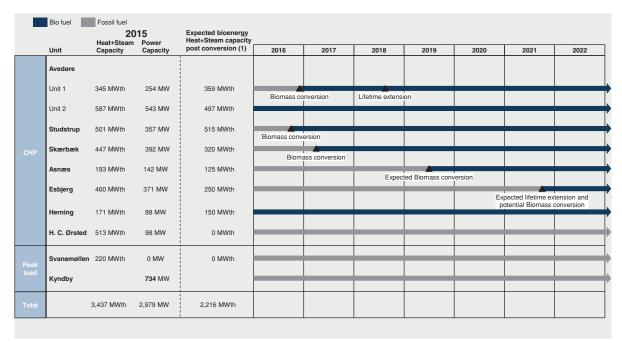
- Bio-conversion of our CHP plants in Denmark—we have completed the bio-conversion of the Herning CHP plant and Unit 2 at the Avedøre CHP plant and are in the process of converting Unit 3 at the Studstrup CHP plant, Unit 1 at the Avedøre CHP plant and Unit 3 at the Skærbæk CHP plant, all expected to be completed later this year or in 2017. Two more CHP plants are in scope for conversion: for Asnæs, a detailed non-binding heads of terms was agreed and signed with our heat and steam customers in December 2015, with a FID expected in 2017, while an early stage dialogue with the heat customers for a possible conversion of the Esbjerg CHP plant is ongoing. Our bio-conversions either take place by way of conversion of existing units or by establishing new units at our existing CHP plants;
- Commercialization of our REnescience and Inbicon technology solutions—developing the commercial potential for our patented technologies, REnescience, our enzymatic waste treatment technology, and Inbicon, our second generation ("2G") bio-refining technology (see Section 15.6.6 "Bioenergy future" below); and
- Growth opportunities in the European bioenergy market—exploring potential opportunities for profitably growing our business inside or outside of Denmark within areas such as large-scale bio-conversions, small-scale dedicated biomass plants and biogas (see Section 15.6.6 "Bioenergy future" below).

Our Bioenergy & Thermal Power business' financial and strategic 2020 targets include:

- Bioenergy & Thermal Power to be free cash flow positive from 2018 onwards; and
- To reduce coal consumption in our Danish plants and increase the use of biomass, with the target that bio-conversion of at least 60% of our Danish heat capacity is completed by 2020.

By the end of 2015, the conversion of 19% of our Danish heat capacity was completed (i.e. biomass heat capacity at Herning and Avedøre Unit 2). See Section 3 "Special notice regarding forward-looking statements."

The graphic below shows the expected timing for expected and potential bio-conversions of our Danish CHP plants. Please see Section 15.6.7.1 "Danish assets" below for detailed information regarding the units and Section 3 "Special notice regarding forward-looking statements."



Note: The total net nominal thermal power and heat capacity for 2015 from our power plants in Denmark excludes Unit 4 at the Studstrup CHP plant and Unit 5 at the Asnæs CHP, plant which have both been taken out of continuous active use and are kept conditionally available for the Danish power and heat market.

(1) Avedøre Unit 1 and Studstrup Unit 3 expected heat capacity upgrade post-conversion. Asnæs, Esbjerg and Skærbæk expected heat capacity downgrade post-conversion. Avedøre Unit 2 gas-fired peak-load heat capacity not included in bioenergy and Herning CHP plant not capable of 100% load in biomass top-up gas required.

15.6.3 Bioenergy & Thermal Power in Denmark

In Denmark, we sell heat through long-term contracts primarily to municipally owned heat supply companies (our district heating customers), power primarily on the Nord Pool Spot market and ancillary services primarily to the Danish TSO, either on the market or via contracts.

The long-term district heating contracts form the economic foundation for our heat producing plants in two ways: first, by providing a regulated income from district heating sales, and second, by allowing these plants to be in operation to provide ancillary services and/or to produce power when price spreads are positive.

The district heating supply from our plants meets a significant share of our customers' heat demand.

Annual heat demand in Denmark is relatively stable, with the annual demand variation of $\pm -8\%$ over the period of 2004–2014, with the exception of very cold years with a higher heat demand.

The heat price is negotiated with the district heating customers within the regulated framework of the Danish Heat Supply Act (the "**Heat Supply Act**"). See Section 15.6.3.2 "*District heating*" below.

Our in-house technology specialists and project management resources ensure that learning and operational experience from previous bio-conversions are built into the execution of our new bio-conversion projects. Our technological resources also support the ongoing optimization of the converted plants once they are in operation. In general, the overall efficiency and flexibility of our CHP plants are preserved after a bio-conversion has taken place.

We source biomass mainly in the form of wood pellets and wood chips, supplemented by smaller volumes of straw and other agricultural waste products. In order to ensure flexible sourcing, we source wood chips and pellets from a number of countries, with the majority coming from the Baltic countries, Portugal and Russia. We are committed to the Danish Industry Agreement for Sustainable Biomass and we request that our suppliers supply biomass certified according to the SBP guidelines. For further details, see Section 15.6.4 "Fuel types applied and sourcing" and Section 15.11.3.1.1 "CO₂ emissions from burning fossil fuels in Bioenergy & Thermal Power" below.

15.6.3.1 Heat and power generation from Danish assets

We are the largest producer of heat and power in Denmark. The table below shows the heat and power generated, by generation asset type, from our thermal generation for the period indicated:

	Heat and Power Generation							
	Q1 2016		FY 2015		FY 2014		FY 2013	
	Heat	Power	Heat	Power	Heat	Power	Heat	Power
	(TWh)	(TWh)	(TWh)	(TWh)	(TWh)	(TWh)	(TWh)	(TWh)
Bioenergy & Thermal Power								
Central plants	4.3	2.6	9.1	5.9	8.3	7.7	10.4	10.6
Waste to Energy plant ⁽¹⁾			0.3	0.1	0.4	0.1	0.8	0.2
Total	4.3	2.6	9.3	6.0	8.7	7.8	11.2	10.8
Percentage of Danish thermal heat consumption ⁽²⁾	N.A. ⁽³⁾	1	N.A. ⁽³⁾)	26%		30%	

⁽¹⁾ Our last Waste to Energy plant, Maabjerg, was divested in 2015.

For the periods indicated, our market share has declined e.g. as we have sold off non-core assets.

⁽²⁾ Our total district heat generation relative to total Danish district heat consumption. District heating generation includes heat and steam for industrial processes.

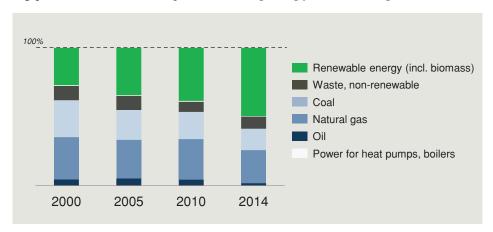
⁽³⁾ Total of Danish district heat consumption figures will not be available until October 2016. Therefore, figures cannot be calculated.

15.6.3.2 District heating

Danish demand for commercial, industrial and residential heat is to a large extent met through a district heating system that has been built and extended over several decades. The majority of the development and expansion of this system took place in the 1980s, as a reaction to the 1970s energy crisis in order to decrease Danish dependence on imported fuels.

Since 2000, there has been an increasing share of biomass fuel consumption in the Danish district heating market. The graphic below shows the fuel composition for district heating from 2000–2014.

Heat generated from our facilities supplied 26% of Danish district heating requirements in FY 2014. The cash flow from our heat supply contracts is expected to be relatively stable throughout the lifetime of our heat producing plants. See Section 3 "Special notice regarding forward-looking statements."



Source: Danish Energy Agency

The table below shows the duration of our long-term district heating contracts for our four largest CHP plant units in operation, which have been or are under conversion to biomass fuel, as of December 31, 2015:

Plant	Heat Area	Existing District Heating Contract Duration
Avedøre Unit 2	Copenhagen	2013-2027
Avedøre Unit 1	Copenhagen	2016-2033
Studstrup Unit 3		2015-2030
Skærbækværket	Triangle region	2017-2037

The table below shows the duration of our heat contracts for our other Danish plants, ranging from short to medium/long-term, as at December 31, 2015. Analysis and negotiations regarding new heat contracts are ongoing at all five plants.

Plant	Heat Area	Existing District Heating Contract Duration ⁽¹⁾
Asnæs	Kalundborg	Short ⁽²⁾
Herning	Herning	Short
Esbjerg	Esbjerg	Medium
Svanemøllen	Copenhagen	Medium
H.C. Ørsted	Copenhagen	Medium/Long

⁽¹⁾ Short equals < 3 years, medium equals 4 to 10 years, long equals > 10 years.

When our heat contracts expire and new contracts are negotiated, which typically involves major investments in plant lifetime extension and bio-conversion, some customers choose to also invest in their own heat generation assets in combination with entering into new contracts with us, to obtain further fuel flexibility in their supply or diversify from where in the heat grid their heat is generated. Once a new long-term heat contract has been entered into with our heat customer, this contract binds us together for

⁽²⁾ A non-binding heads of terms on a heat/steam agreement has been signed with our heat and steam customers. For further details, see Section 15.6.2 "Strategy" above.

the length of the contract, as the heat customer typically co-finances the lifetime extension and bio-conversion of the assets involved.

We have a supply obligation for district heating to customers in the geographic areas that are supplied with heat from the plants listed in our power production license. See Section 18.3.1.3 "Licensing and terms of our production license." Our district heating agreements do not include take-or-pay provisions. Instead, the implications of lower-than-expected heat consumption are, to a varying degree in our new biomass heat contracts, offset through adjustment of our share of the tax advantage (described below).

The table below shows the share of total heat consumption related to our plants for various areas for the periods indicated:

Chara of

		Heat Consumption	Consumption in the Heat Area ⁽²⁾		
Heat Area	Plants	TWh ⁽¹⁾	FY 2014	FY 2013	
Copenhagen	Avedøre, Svanemøllen & H.C. Ørsted	9.4	39%	48%	
Aarhus	Studstrup	3.3	66%	72%	
Triangle region	Skærbæk	1.4	66%	67%	
Kalundborg	Asnæs	0.7	100%	100%	
Esbjerg	Esbjerg	1.2	53%	63%	
Herning	Herning	0.8	89%	77%	

⁽¹⁾ Period 2012-2014

The general decrease in our share of total heat consumption for most of the district heating areas noted above was primarily attributable to significantly warmer weather than normal in 2014. This is due to the fact that in the heat markets in which we are active, waste-to-energy plants and surplus industrial heat typically supply year-round base load heat (the weather-independent part of the heat consumption). Our heat producing plants typically deliver mid-load heat mainly during the cold season (from October to March), which is the weather-dependent part of heat consumption.

Our heat prices are regulated by the Danish Heat Supply Act. The overall principle is coverage of necessary costs. This includes, among other things, energy/fuel costs, salaries and other operating expenses. Furthermore, according to executive order no. 175/1991, heat suppliers are also allowed to include other costs in the form of depreciations, appropriations for reinvestments and, with the approval of the DERA, the allowed return on invested capital. For further information on the Danish Heat Supply Act, see Section 18.3.1.4 "The Heat Supply Act."

When producing heat at a plant, necessary costs are divided into those connected solely to heat production, those connected solely to power production and shared costs. Only costs solely related to heat production and the heat related part of the shared costs may be included in our heat prices. This applies to both variable and fixed costs. Furthermore, a share—typically 50%—of the value of the fuel savings resulting from combined heat and power production compared to the separate production of heat and power (the "CHP Advantage") is included in the heat price.

If the total contribution margin from heat and power in CHP production is negative and we are forced to produce power in order to supply heat, heat customers will typically be obliged to compensate us for the loss.

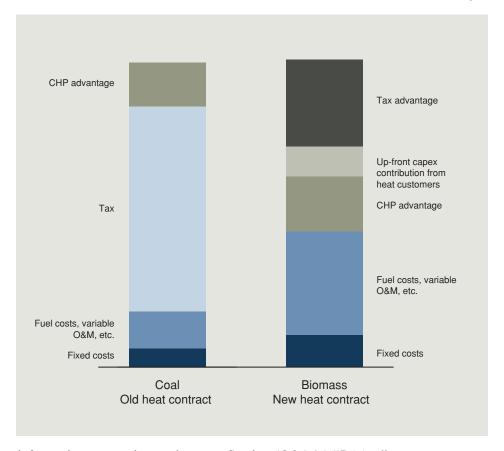
In Denmark, fossil-based heat production is subject to energy tax, CO_2 tax and environmental taxes on SO_2 and NO_x emissions. Biomass-based heat production is exempt from energy and CO_2 taxes, but is subject to tax liabilities for SO_2 and NO_x emissions to the same extent as fossil fuel-based heat production. The energy and CO_2 taxes are payable by the heat customers, whereas taxes on SO_2 and NO_x emissions are shared between the heat customers and us. Since 2012, the Heat Supply Act has allowed parties to a heat supply agreement to deviate from the "necessary costs requirement" outlined above. Subject to certain conditions, the heat customer is allowed to share the tax advantage of using biomass as a fuel instead of fossil fuel with the heat producer. This change was implemented in order to incentivize the bio-conversion of CHP plants.

⁽²⁾ Share of total heat consumption figures for 2015 is not available until August 2016.

Heat customers may choose, under certain conditions, to pre-pay a part of the capital expenditure during the construction phase of a bio-conversion and lifetime extension of a plant. The heat producer then earns the right to the pre-paid amount over the duration of the heat agreement and the prepayments are recognized as revenue from heat sales throughout the duration of the heat agreement. The capital expenditure for bio-conversion and lifetime extension on Studstrup, Avedøre and Skærbæk is approximately DKK 4 billion, of which our share is approximately one third.

Furthermore, pursuant to the Renewable Energy Act, a price supplement of DKK 0.15 per kWh is available for us for our biomass-based power production.

The illustration below shows the heat price elements noted above and demonstrates heat price elements of a CHP plant from old contracts based on fossil fuels to new contracts based on biomass (illustrative):



For further information on our heat prices, see Section 18.3.1.4.1 "Pricing."

Sharing of the tax advantage, and accruals of the pre-payments for the investment by the heat customer, comprise the two elements of the heat EBITDA. Both elements are thus key parts of the long-term district heating agreements we have entered into in connection with the bio-conversion and life-time extensions of our plants. We expect heat EBITDA to more than double compared to 2015 EBITDA when the bio-conversions under construction are completed. See Section 3 "Special notice regarding forward-looking statements."

15.6.3.3 Sale of power and ancillary services

The bulk of supply and demand for power in the Nordic region is met through the day-ahead Nord Pool Spot market. We offer all available power production capacity on the Nord Pool Spot day-ahead market in the form of price/volume bids for all our thermal power generating units. Power production capacity not sold in the Nord Pool Spot day-ahead market may be sold in the intraday markets, such as the Nordic Elbas market or the European Power Exchange market. Our objective is to use our flexible asset portfolio (for further details see Section 15.6.7.3.1(d) "Flexibility") to ensure that our sales and production follow demand in order for us to sell and produce more when demand is high and prices are also typically high and reduce sales and production when the demand and prices are low. In FY 2015, we obtained an uplift of 18%, i.e. our average achieved power price was 18% higher than the average market price. In FY 2014, the uplift was 5% and in FY 2013, it was 6%.

Supply and demand of power must be equal at all times in order to maintain stability in the power grid. In the case of imbalances between the cleared volumes at the power exchanges and the actual delivered volumes, for example due to breakdowns of power plants or changes in wind-based power production, the Danish TSO may demand ancillary services to balance the power markets. These are obtained firstly through "automatic reserves," or primary and secondary reserves (power capacity which is bought beforehand and is activated automatically to generate power as quickly as needed) and "manual reserves," or tertiary reserves (somewhat slower power reserves which are activated in the Nord Pool area at a TSO-operated exchange). In addition, the Danish TSO buys "system sustaining services" (thermal generation plants, which are constantly connected to the grid in order to maintain voltage within predetermined limits). We sell ancillary services in a number of market places (both at national and regional levels) and directly to the Danish TSO, in competition predominantly with other large and small CHP plants. The capacity covered by an agreement on ancillary services must be reserved for such use only and therefore cannot be sold on the Nord Pool Spot day-ahead market.

To effectively manage the power system, the Danish TSO, in accordance with the Electricity Supply Act, may also direct power producers to take certain actions when an agreement to provide certain ancillary services is not in place. For example, the Danish TSO may:

- in return for reasonable payment, instruct that previously approved planned outages be cancelled or postponed;
- by paying additional costs, instruct that power-producing installations are kept operational so that the installations produce power as ordered; and
- in return for payment, instruct that changes are made to the planned power production.

We are subject to such directions on an ongoing basis.

Income from ancillary services is expected to be relatively stable going forward, whereas income from power sales will continue to be subject to price developments in the power market. We expect a moderate recovery in power prices and spreads over the medium to long-term. Our power EBITDA is further expected to be underpinned by the three new long-term district heating contracts with increased cost sharing from heat customers, our enhanced capabilities for avoiding forced power production while producing heat by bypassing the turbines ("bypass") and our flexible asset portfolio (for further details, see Section 15.6.7.1.3(d) "Flexibility" below) including through our ability to obtain uplift (i.e. where our average achieved power price is higher than the average market price, as further outlined above). See Section 3 "Special notice regarding forward-looking statements."

15.6.4 Fuel types applied and sourcing

Our portfolio of plants in Denmark and abroad use a variety of fuels including coal, gas, gas oil, fuel oil, and biomass to generate heat and power. Biomass includes wood pellets, wood chips, straw and other biomass sources. While coal is currently our principal source of fuel, accounting for approximately 48% of our total fuel consumption in FY 2015, we are increasingly using biomass due to our bio-conversions.

We strive to maintain flexibility regarding the fuels that our plants can use, which allows us, to a certain degree, to choose the most cost-efficient source for generation, thereby providing some hedging against price fluctuations of our fuels.

We buy fuels internationally and commit to high ethical and environmental standards. As part of our risk-based due diligence of suppliers, our responsible sourcing program outlines our expectations to suppliers. In addition, our Company Code of Conduct, which among other things, reflects the UN Guiding principles for Business and Human Rights, the OECD Guidelines for Multinational Enterprises and regulation in order to prevent bribery is, as a general rule, followed in our contractual dealings with our suppliers.

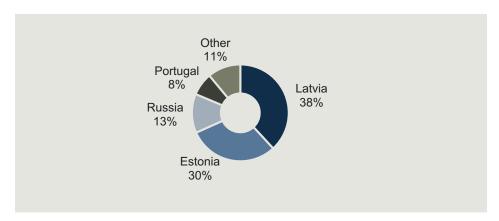
The table below shows total TWh and the thousand tons/million cubic metres of the various types of fuel sources our plants consumed for thermal generation of heat and power in Denmark and abroad for the periods indicated:

	Q1 2016		FY	2015	FY 2014		FY 2014 FY 2013	
	Fuel Consumption (TWh)	Fuel Amounts Consumed ⁽¹⁾						
Coal	4.8	707	10.9	1,612	14.8	2,156	20.9	3,075
Gas ⁽²⁾	2.2	203	5.5	502	5.2	508	10.2	955
Gas and fuel oil	0.1	5	0.2	17	0.2	20	0.4	38
Wood pellets	1.9	388	4.0	828	4.1	851	4.2	858
Wood chips	0.2	90	0.8	282	0.7	274	0.7	250
Straw and other bio								
fuels	0.4	96	1.0	200	0.9	209	1.2	289
Waste	_	_	0.3	80	0.4	148	0.9	261
Other fuel	_	_	0.2	42	0.2	53	0.2	62
Total	9.6	_	22.9		26.5		38.6	
	_	=	_				_	

- (1) Fuel amounts consumed: Gas is in million cubic metres and other fuels are in thousand tons
- (2) Includes Enecogen and Severn.

We are committed to comply with the Danish Industry Agreement for Sustainable Biomass, which defines sustainability and greenhouse gas emission targets used in the Danish energy sector. In order to ensure sustainability of wood pellets and wood chips, we request our suppliers to supply biomass certified according to the SBP guidelines, which are in accordance with the Danish Industry Agreement for Sustainable Biomass. The Danish Industry Agreement allows for a gradual phase in of the certification requirement to allow producers time to get certified. The Danish Industry Agreement has the following minimum thresholds: 40% certified in the second half of 2016, 60% certified in 2017, 75% certified in 2018 and 90% certified in 2019. We request all our suppliers supply 100% SBP certified biomass in 2019. For the volumes which are not yet certified, we still require our suppliers to ensure sustainability according to the underlying SBP guidelines and our own sustainability criteria. The Danish Industry Agreement for Sustainable Biomass has been recognized by the Minister of Energy, Utilities and Climate as the regulatory framework for sustainability for the use of solid biomass in Denmark.

We purchase our wood pellets on the global market, with the majority coming from four countries: Latvia, Estonia, Russia and Portugal. In total, supplies from these four countries accounted for approximately 89% of our wood pellet sourced in FY 2015. The graphic below shows the percentage of wood pellets that we have sourced from different countries in FY 2015.



Wood chips are sourced locally (in Denmark and from neighboring countries including the Baltic region).

Markets for biomass have grown significantly in recent years and, in terms of sourcing and supply chain strategy, vary significantly from the coal market and other commodity markets and different management is required. The types of contracts we use and the way minimum fuel inventories for security of supply are secured is by using a risk-based approach that reflects the characteristics of these specific markets. These strategies aim to ensure certainty of supply at any given time, recognizing the seasonality of both supply and demand. The duration of contracts we use can be long-term, revolving, short-term or spot, with varying degrees of commitment, including take-or-pay mechanisms. Depending on the type of contract, pricing can be either fixed or variable based on the international indexes available. For long-term and revolving

contracts for wood pellets, a "cap" and "floor" is set in respect of price fluctuations allowed within a given season.

We purchase our coal on the global market, with the majority coming from three countries: Russia, South Africa and Colombia. In total, supplies from these three countries accounted for approximately 80% of our coal sourced in FY 2015.

Our supplier portfolio and origination of coal has been consolidated substantially in recent years, a trend which is expected to continue as coal is gradually phased out of our business. Coal markets are highly commoditized and thereby characterized by known standards and high transparency. Depending on the type of contract, pricing can be either fixed or variable based on the international indexes available. Minimum fuel inventories for security of supply targets are established and frequently reviewed to ensure that the needs of the plants are met. Maintaining our membership in the industry organization BetterCoal ensures continued focus on sustainability and standards for the trade.

15.6.5 Emissions and by-products from our thermal generation plants

The table below shows our total CO_2 emissions from Danish assets related to heat and power generation, in tons, for the periods indicated:

	CO_2 Emissions ⁽¹⁾⁽²⁾⁽³⁾					
	Q1 2016 ⁽⁴⁾	FY 2015	FY 2014	FY 2013		
		ns)				
CO ₂ emissions from heat generation	718,917	1,510,681	1,366,609	1,849,502		
CO ₂ emissions from power generation	1,217,765	2,966,984	4,441,495	6,420,425		
Total CO_2 emissions from thermal generation	1,936,682	4,477,665	5,808,104	8,269,927		

⁽¹⁾ The data in the table above does not include CO₂ emissions which are not covered by the EU ETS (such as those produced from CO₂ neutral fuels), as we neither measure nor calculate such data. The numbers deviate from those in our annual reports, where we show data calculated based on fuel and emission factors because actual CO₂ emission verification is not finalized before the annual report has been completed. The above numbers are actual verified emissions for Bioenergy & Thermal Power's Danish plants and have not been adjusted for the divestment of assets.

- (3) For Enecogen and Severn emissions, see Section 15.6.7.2.1 "Enecogen and Severn power plant."
- (4) Q1 2016 emissions are preliminary. Our external verification process is only carried out once a year.

As outlined in the table above, our CO₂ emissions from fuels covered by the EU ETS have decreased since 2013 due to the completion of the bio-conversion of Unit 2 at the Avedøre power plant and our closure of units to match demand for thermal power generation, as well as decreasing power production due to downward pressure on power prices. We expect that this downward trend in our CO₂ emissions will continue in the future, as we progress towards our strategic target that bio-conversion of at least 60% of our Danish heat capacity will be completed by 2020. See Section 15.6.2 "Strategy" above and see also Section 3 "Special notice regarding forward-looking statements." For further information on the EU ETS, see Section 18.3.1.6.2 "Emissions and CO₂ allowances."

All our plants are designed to meet Danish environmental standards. To reduce emissions of NO_x and SO_2 we have equipped Unit 5 at Asnæs, Avedøre, Esbjerg and Studstrup CHP plants with DeSOx and DeNO_x equipment. Unit 2 at Asnæs is equipped with DeSOx and low NO_x burners. The Kyndby, Herning, Skærbæk, H. C. Ørsted and Svanemøllen plants use low-emission firing and meet environmental standards due to the size of the plants and fuel types they use and are not required to be equipped with DeSO_x and DeNO_x equipment.

Our coal-fired plants utilize clean coal technology ("CCT") which is defined by the International Energy Agency as technologies, which "facilitate the use of coal in an environmentally satisfactory and economically viable way." Plant emissions also include particulate matter and trace elements. These emissions are regulated through requirements in each individual plant's environmental permit. In our production process, by-products such as ash types and gypsum are generated. The ashes are mainly sold for use in the construction industry in such products as concrete, cement and asphalt. Gypsum is normally supplied to producers of plaster boards. To the extent that it is not possible to find off-takers for our

⁽²⁾ Our CO₂ allowance allocations relate to CO₂ emissions for our power generation only, where we do not get any free allowances, while CO₂ emissions from heat generation are subject to CO₂ allowance allocations of heating customers. The CO₂ obligation relating to heat generation is, therefore, borne by the heat customers and has no effect upon our CO₂ allowance allocations.

by-products, these are used in landfill projects in the most environmentally friendly and cost effective manner practicable. All of the units in our plants comply with the EU Industrial Emissions Directive.

15.6.6 Bioenergy future

We aim to utilize our core competences and technologies developed through extensive experience to take advantage of potential growth opportunities in the European and global bioenergy market. We plan to do so by continuing bio-conversion of our CHP plants in Denmark, seeking to commercialize our innovative and patented REnescience and Inbicon technologies on a global basis, and exploring other potential growth opportunities in the European bioenergy market. For further details on continuing bio-conversion of our CHP plants in Denmark and exploring other potential growth opportunities in the European bioenergy market, see Section 15.6.2 "Strategy" above. Our REnescience and Inbicon technologies are described below.

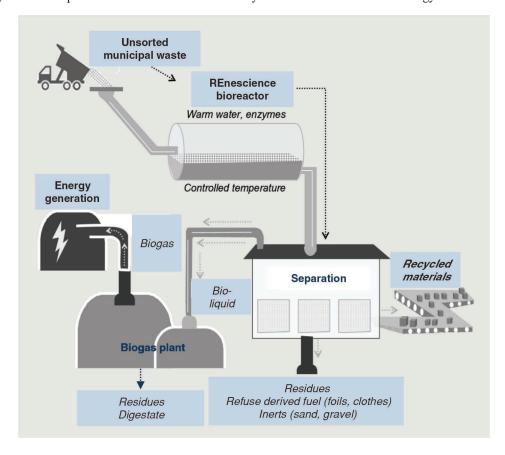
15.6.6.1 REnescience

We have developed the patented REnescience technology as a further development of the Inbicon project, described further below. It effectively uses enzymes to convert unsorted household waste into green energy and recyclables.

REnescience is both a fuel and waste separation technology. Separation of waste, as opposed to alternative handling methods like landfill or incineration, enables both recycling of resources and efficient energy recovery, which is a more environmentally friendly treatment than most current common waste handling methods. The REnescience process separates unsorted municipal household waste by means of enzymatic treatment that liquefies all soft biomasses, such as food waste and biodegradable packaging (for example, paper and cardboard). The liquefied biomass has a high biogas potential and may be used effectively for production of biogas and power. The solid fraction of the waste is further separated, enabling recycling of fractions such as plastics and metals.

We believe that the technology is unique in the market and expect it to be significantly simpler and more efficient than the alternative mechanical/biological treatment methods that are currently used to separate waste.

The diagram below provides an overview of the enzymatic REnescience technology:



As illustrated above, waste is mixed with warm water as a first step and then goes through an enzymatic treatment process where all of the biodegradable matter (including food, paper and cardboard) is efficiently extracted and broken down into sugars and acids in a bioreactor forming a bio-liquid. The non-biodegradables, or solids, remain intact and are separated into fractions, typically referred to as 'refuse derived fuel', and recyclable materials, including metal and plastics. The bio-liquid that remains undergoes anaerobic digestion to produce biogas, which can then be used to generate power, fed into the gas grid or used as gas for transportation.

We are currently constructing the first full-scale commercial REnescience plant in Northwich in the UK. The REnescience plant in Northwich is expected to be in commercial operation in 2017 and is expected to treat approximately 120,000 tons of residual household waste per year. The plant will produce power using biogas and will therefore be eligible for accreditation under the RO regime in the UK. In addition to the Northwich project, we are currently exploring other potential projects in the UK, the Netherlands, Denmark and Malaysia.

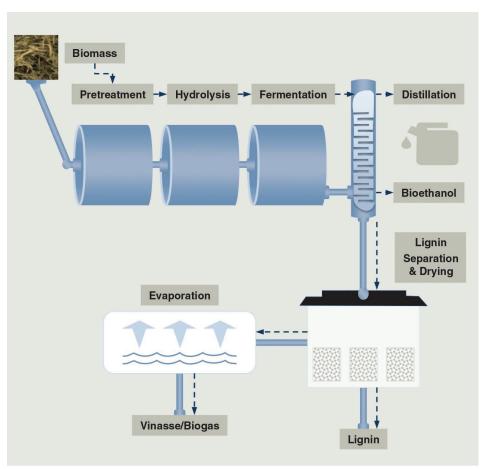
REnescience is being commercialized based both on a build-operate-own model, where the business model is based on the fact that we receive payment for receipt of household waste, as well as the sale of bioenergy and recyclable resources, currently focusing on Northwestern European markets, as well as a license-model, currently being developed in Malaysia.

15.6.6.2 Inbicon

We have developed the patented Inbicon technology for the production of bioethanol through enzymatic treatment of agricultural residues. The process converts biomass into three higher value products:

- 1. Bioethanol—a transportation fuel;
- 2. Lignin—a solid biofuel for potential use as a replacement of coal; and
- 3. Vinasse—an input for biogas production or animal feedstock.

The diagram below illustrates the core Indicon technology as well as the three higher value products that are output from the converted biomass input:



During the Inbicon process, biomass (including straw, bagasse or corn stover) undergoes steam pre-treatment followed by enzymatic hydrolysis resulting in sugars being released. The next step is to ferment the sugars with yeast and then to distil the resulting liquid into bioethanol. The core process can be combined with separation and drying to produce lignin, which is a solid biofuel that can be a substitute for coal, and evaporation to obtain vinasse, which is an input for biogas production or an animal feedstock.

While there are other competing technologies in the market, we believe Inbicon offers an attractive value proposition by being able to convert a large variety of agricultural residues, without the use of chemicals and high-corrosion processes. Furthermore, the high quality lignin co-product may be used directly as an energy source, or exported as solid fuel. This provides additional revenue and a carbon capture effect with additional greenhouse gas savings.

The replacement of fossil fuels used in transportation is high on the political agenda in a number of countries and regions. Specific targets and regulatory frameworks supporting the build-out of second generation bioethanol is still lacking in many places, but recently, the EU increased the push through various targets.

The construction of the first Inbicon industrial scale bio-refinery, producing green power, heat, gas and 2G bioethanol from agri-waste, is currently being considered in Denmark.

Inbicon is planned to be commercialized based on a license model, where we will provide the technology and will receive an up-front license payment, followed by annual royalty payments based on output. In selected cases, when establishing a presence in new markets, we may consider, based on customer demands, taking a minority equity share in the plants.

15.6.7 Bioenergy & Thermal Power Assets

15.6.7.1 Danish assets

15.6.7.1.1 Overview of Danish assets

The table below shows key data relating to our eight CHP plants, the peak-load power plant at Kyndby and the Svanemølleværket heat plant in Denmark. The production at our plants is optimized on a portfolio level. Net nominal heat and power capacity is shown as of December 31, 2015, while power and heat generation is shown for FY 2015 and Q1 2016:

		Net	Net		Total		Major Overhaul/	Q1 2016		Q1 2016 FY 2	
		Nominal Heat	Nominal Power	Net Power	Efficiency (at nominal	Start-up	lifetime extension	Gene	ration	Gener	ration
	Fuel type ⁽¹⁾	Capacity	Capacity ⁽²⁾	Efficiency	capacity)	Year	Year	Heat	Power	Heat	Power
(2)		(MWth)	(MW)	(%)	(%)			(TWh)	(TWh)	(TWh)	(TWh)
Avedøre ⁽³⁾		932	797								
Unit 1	Coal/Fuel Oil/(Wood Pellets)	345	254	41	89	1990		0.4	0.3	0.9	0.7
Unit 2	Gas/Fuel Oil/ Wood Pellets/Straw	587	543	47	89	2002		1.1	0.7	2.3	1.4
Studstrup ⁽⁴⁾		986	714								
Unit 3	Coal/Fuel Oil/Straw/ (Wood Pellets)	501	357 (+23)	42	90	1984	2014	0.8	0.5	1.4	0.9
Unit 4 ⁽⁵⁾	Coal/Fuel Oil/Straw	485	357 (+23)	42	88	1985		0.2	0.1	0.6	0.6
Skærbæk		447	392								
Unit 3	Gas/Gas Oil/ (Wood Chips)	447	392 (+35)	47	92	1997		0.4	0.2	0.9	0.6
Asnæs	• /	501	782								
Unit 2		193	142	38	63	1961	2010	0.1	0.1	0.6	0.3
Unit 5 ⁽⁶⁾	Coal/Fuel Oil	308	640 (+24)	41	48	1981	2004	0.1	0.2	0.0	0.2
Esbjerg		460	371 (+30)	43	88	1992		0.3	0.4	0.6	1.0
Herning ⁽⁷⁾	Gas/Wood Pellets/Wood Chips	171	88	30	87	1982	2009	0.3	0.1	0.7	0.2
$Kyndby^{(8)(9)} \dots \dots$		0	734								
Unit 21	Gas Oil		260	33	33	1974	2007	_	0	_	0
Unit 22			260	33	33	1976	2008	_	0	_	0
H. C. Ørsted ⁽¹⁰⁾ Svanemøllen ⁽¹⁰⁾		513 220	98 0	27 na	93 90	1985 1994	2006 2008	0.3 0.2	0.1	0.5 0.5	0.1

- (1) Plants technically capable of switching between fuels on an as-needed basis. Not all fuel sources indicated can be fully substituted and the fuel sources indicated in brackets can only be used following completion of the bio-conversion. See the paragraphs below relating to each plant for more information.
- (2) Numbers in brackets represent the super-load net capacity of these units. When units operate on a super-load setting, they do so without HP-preheaters, increasing the power production which results in decreased efficiency and the use of more fuel.
- (3) The net power efficiency for the Avedøre Unit 2 is based on the main boiler fueled by wood pellets, the straw boiler in operation and two gas turbines. The net nominal power capacity of Avedøre Unit 2 is 548 MW when firing natural gas instead of wood pellets.
- (4) In addition to Studstrup Unit 3 and Unit 4, Studstrup's CHP plant operates a smaller on-site oil-fired gas turbine, which is used for black start of the grid.
- (5) Unit 4 at the Studstrup CHP plant has been taken out of normal continuous operation and is kept conditionally available for the Danish power and heat market.
- (6) Unit 5 at the Asnæs CHP plant has been taken out of normal continuous operation and is kept conditionally available for the Danish power and heat market. The numbers in the table are nominal figures. As a consequence of our maintenance strategy and coal logistics, the unit currently has reduced capacity. The unit's current heat and power capacity is 235 MWth and 360 MW on coal, respectively.
- (7) Herning CHP can produce 200 MWth heat in turbine bypass operation.
- (8) In addition to Units 21 and 22, Kyndby operates three peak-load oil-fired gas turbines and a diesel engine.
- (9) The Kyndby plant operates a gas-fired auxiliary boiler which uses steam to prevent corrosion at the Kyndby central power plant and generates a small amount of heat. Heat generated through this process is used to supply a small number of houses in the area surrounding the plant. Net installed heat capacity at the Kyndby central power plant is 0 MWth.
- (10) Information with respect to our H. C. Ørsted and Svanemøllen central plants relates to a number of smaller units at each plant.

The Avedøre CHP plant is located on Zealand (Copenhagen area) and consists of two units (Unit 1 and Unit 2). Unit 1 can currently technically switch between 100% coal and 80% fuel oil or any mix between the two. This unit is currently being converted to biomass and is expected to be able to fully run on wood pellets during the 2016/2017 heat season, while still being able to run on 100% coal and 80% fuel oil. A lifetime extension of the unit planned for 2018/2019 will extend the expected technical lifetime of the unit by 15 years until 2033. Unit 2 consists of a main boiler, which is multi-fuel and technically capable of burning 100% gas, 100% wood pellets or 100% fuel oil, and a smaller boiler fueled by straw. The straw boiler can run in tandem with the main boiler. Currently, Unit 2 is able to co-fire alternative low-cost biomass with wood pellets. Furthermore, the unit has two integrated gas turbines that can operate in combination with the main steam generator. Unit 2 has an expected technical lifetime until 2043. The plant is the largest supplier of heat to the district heating system in Copenhagen.

The *Studstrup CHP plant* is located in Jutland (near Aarhus, the second most populated city in Denmark), and consists of two units. The two units (Unit 3 and Unit 4) can technically switch between 100% coal and 100% fuel oil and can also substitute 10% coal with straw. Unit 3 had a major overhaul in 2013 and 2014 to extend its expected technical lifetime to 2030. It is currently being converted to biomass and is expected to be able to run on 100% wood pellets during the 2016/2017 heat season. A high degree of fuel flexibility is being upheld as the unit, after the conversion, is technically still able to run on 100% coal and 100% fuel oil. Unit 4 is nearing the end of its lifetime and it has been taken out of continuous active use and is kept conditionally available for the Danish power and heat market. The plant is the largest supplier of district heating in the Aarhus area. In addition, we have a smaller on-site oil-fired gas turbine, which is used only for black starts, and is contracted by the Danish TSO. Furthermore, we operate (the heat customer own) two 40 MWth electrical heat boilers, which allows us to produce heat from power when power prices are low.

The *Skærbæk CHP plant* is located in Jutland (in the Triangle region) and consists of one unit (Unit 3) only, which can switch between 100% gas and 100% gas oil. As part of our ongoing bio-conversion program, we are currently building a new Unit 40 with two wood chips-fired boilers. The two new boilers will also be connected to Unit 3 for optimized production of heat and power from biomass and gas. In 2017, the two new boilers are expected to go into operation, with the purpose of producing green heat for the Triangle region using 100% wood chips. After the bio-conversion, the plant will be able to deliver heat without also having to produce power if power prices are low. The plant has an expected technical lifetime until 2037.

The Asnæs CHP plant is located on Zealand (Kalundborg area) and consists of two coal-fired units (Unit 2 and Unit 5). The units underwent lifetime extensions in 1992 and 2004, respectively, and are now close to the end of their technical lifetime. However, the future of the units has not yet been decided. Unit 5 has been taken out of continuous active use and is kept conditionally available for the Danish power and heat market. Unit 2 has a limited number of operating hours remaining within its current environmental permit. While no FID has been taken, we expect to implement biomass-based energy production at the Asnæs CHP plant in 2019, using wood chips as fuel. A detailed non-binding heads of terms was agreed and signed with the heat and steam customers in December 2015, with a FID expected in 2017. Unit 2 is currently able to deliver heat and steam without also having to produce power and after the implementation of biomass-based energy production, the plant will still be able to deliver heat and steam without also having to produce power if power prices are low. In addition, we have a 90 MWth electrical heat boiler, which allow us to produce heat when power price are low.

The *Esbjerg CHP plant* is located in Jutland (Esbjerg area), and consists of one unit (Unit 3), which can switch between 100% coal and 100% fuel oil. The plant is one of two main suppliers of district heating to the Esbjerg area. A lifetime extension is expected for 2021–2023, prolonging its expected technical lifetime by another 15 years. The plant is built on leased land. Early stage dialogue for a possible bio-conversion of the Esbjerg CHP is ongoing.

The *Herning CHP plant* is located in Jutland (Herning area). The plant consists of one unit, which runs on wood chips with a load capacity of up to 46%. When supplemented with wood pellets and gas, the plant can reach 100% capacity. The plant is able to deliver heat without also having to produce power if power prices are low. The unit is the main supplier of district heating in the Herning/Ikast area and negotiation regarding a new heat contract is ongoing.

The Kyndby power plant is located on Zealand (North Zealand), and consists of two oil-fired units with steam turbines (Unit 21 and Unit 22), three minor oil-fired gas turbines and two engines. One of the three gas turbines is situated at Masnedø. The plant is designed for peak-load use with regards to fuel type and

the ability for rapid starts and load changes. 474 MW of the plant's total 734 MW net installed nominal power capacity is contracted by the Danish TSO, as a capacity reserve, on a 5-year contract (from 2016 to 2020) and is only used in the event that such reserves are requested. Additionally, the plant is capable of black start services, which are also contracted by the Danish TSO.

The *H. C. Ørsted CHP plant* is located on Zealand (central Copenhagen). While originally the plant was used predominantly to generate power, its current focus is on heat generation. Both steam and heat for the district heating system in Copenhagen is delivered (peak-load/back-up capacity). The plant comprises four units fired by gas. Unit 7 is a large steam turbine, Unit 8 is a smaller gas turbine with steam boiler and supplementary firing and Unit 21 and Unit 22 are identical heat-only boilers. The plant is operated from the Avedøre plant.

The *Svanemøllen heat plant* is located on Zealand (central Copenhagen). Currently, the plant produces both steam and heat for the district heating system in Copenhagen. The plant has two gas-fired back-up and peak-load boilers for the district heating system. The Svanemøllen heat plant is built on leased land and the plant is operated from the Avedøre plant.

In addition to the above assets, we also own plants at Ensted (Jutland) and Stigsnæs (Zealand) that are currently out of active use except for the synchronous compensator at Ensted, which is operated from Studstrup, and used for providing ancillary services to the Danish TSO. With the exception of the port at the Esbjerg power plant, we also own the ports at all of our power plants, including a coal terminal at the Stignæs power plant.

15.6.7.1.2 Technical lifetime

The units at our power plants are designed for a total technical lifetime of 40 to 50 years, provided adequate maintenance investments are made throughout the life of the unit, including a life time extension, typically made after 25 to 30 years. Besides the lifetime extensions, the actual technical lifetime of a specific unit depends on the utilization of the unit and other factors, which may result in the technical lifetime of a particular unit being longer or shorter than its design lifetime. All units at our power plants are subject to annual service overhauls in order to preserve generation capacity.

15.6.7.1.3 Availability, efficiency, load factors and flexibility

(a) Availability

Technical availability is the total sum of weighed operation hours and weighed standby hours divided by the number of hours in a given period including both planned and forced outage time. The energy weighed average technical availability for our asset portfolio was 82% in 2015. The table below shows technical availability including both forced and planned outages for each unit for the periods indicated:

	(21 2016		F	Y 2015		I	Y 2014		F	Y 2013	
Unit	Technical availability	Forced outage	Planned outage	Technical availability	Forced outage	Planned outage	Technical availability	Forced outage	Planned outage	Technical availability	Forced outage	Planned outage
						(6	%)					
Asnæs Unit 2	67.9	0.9	31.2	88.1	5.5	6.4	81.1	2.8	16.1	86.4	5.0	8.7
Avedøre Unit 1	96.9	3.1	0.0	83.1	8.6	8.3	73.2	5.8	20.9	85.2	10.2	4.6
Avedøre Unit 2	99.3	0.7	0.0	71.5	9.9	18.6	87.3	4.4	8.3	85.3	4.5	10.3
Esbjerg Unit 3	96.8	3.2	0.0	78.2	1.4	20.4	91.2	2.4	6.5	96.4	0.9	2.6
Herning	93.5	6.5	0.0	87.9	5.3	6.8	88.8	2.1	9.1	54.8	24.8	20.4
Kyndby Unit 21	100.0	0.0	0.0	97.6	0.5	1.9	88.7	9.6	1.7	94.4	2.0	3.6
Kyndby Unit 22	100.0	0.0	0.0	97.8	0.1	2.0	91.3	4.4	4.3	72.5	3.4	24.1
Skærbæk Unit 3	75.5	24.5	0.0	81.0	2.7	16.2	77.1	1.0	21.9	79.2	5.3	15.5
Studstrup Unit 3	92.2	7.8	0.0	51.2	4.0	44.8	37.4	3.1	59.5	39.5	11.3	49.1
Studstrup Unit 4	99.5	0.5	0.0	97.2	1.6	1.2	92.1	3.9	3.9	89.8	6.1	4.1
Weighted Average	93.0	5.5	1.6	81.6	3.8	14.7	79.7	3.9	16.4	79.5	6.0	14.5

The planned outages in the period 2013 to 2015 resulted from major overhauls, control systems, NO_x installments, lifetime extensions and bio-conversions. The forced outages in the period 2013 to 2015 resulted primarily from failures of plant turbines, cooling water systems, instrumentation and control systems.

(b) Efficiency

The efficiency of our thermal generation assets can be measured in terms of net power efficiency which is defined as the energy content of the power produced in condensing mode (except for the Herning CHP plant), divided by the energy content of the fuel consumed based on lower calorific value. The total efficiency is defined as the energy content of the sum of power and heat produced divided by the total energy content in the fuel consumed based on lower calorific value.

In general, increased net efficiency means less fuel consumption for the same output of energy. Combined heat and power generation improves the total net efficiency of our thermal generation assets by enabling us to utilize a substantially higher proportion of the energy content in the fuel we consume, relative to consumption in stand-alone power and heat generation, this fuel saving representing the CHP Advantage.

Taking into account the total energy generated and energy content in the fuel consumed, the average of the actual total net efficiency achieved from our thermal generation assets was approximately 67% in FY 2013, 67% in FY 2014 and 74% in FY 2015 (the average calculated as the ratio between the total energy generated and the energy content in the fuel consumed in total by all of our thermal generation assets).

(c) Load factors

The load factor is one way to express the utilization of a CHP plant unit. The load factor is derived by dividing the total equivalent power production (meaning the sum of power production and heat production converted to equivalent power production) in a designated period by the product of the net installed power capacity and the number of hours in the period. The table below shows the load factors of our plants for the periods indicated:

	Load Factors(1)				
	Q1 2016	FY 2015	FY 2014	FY 2013	
Plant and unit					
Asnæs Unit 2	41%	37%	50%	63%	
Asnæs Unit 5	29%	3%	12%	17%	
Avedøre Unit 1	59%	34%	41%	69%	
Avedøre Unit 2	72%	46%	37%	43%	
Esbjerg Unit 3	55%	36%	54%	79%	
H. C. Ørsted	n/r	n/r	n/r	n/r	
Herning	61%	40%	38%	38%	
Kyndby Unit 21	n/r	n/r	n/r	n/r	
Kyndby Unit 22	n/r	n/r	n/r	n/r	
Skærbæk Unit 3	37%	22%	21%	27%	
Studstrup Unit 3	80%	37%	32%	31%	
Studstrup Unit 4	24%	23%	48%	69%	
Svanemøllen	n/r	n/r	n/r	n/r	

^{(1) &}quot;n/r" means not relevant, as these plants focus on heat generation, which is the case for the H. C. Ørsted or Svanemøllen plants, or are for reserve use and are only used intermittently during periods of peak-loads, which is the case for the Kyndby plant.

The general decrease in load factors for most of the CHP plant units noted above was due to lower power prices in Denmark during the periods under review, making it less economic for us to fully utilize our CHP plant units.

(d) Flexibility

Changes in market conditions in recent years have called for an even more flexible asset portfolio. We have undertaken substantial improvements to increase the flexibility of our fuel use, load gradients, maximum and minimum loads, decoupled heat and power production when power prices are uneconomic and we have enhanced our ability to deliver various ancillary service products. In addition, we have continuously improved the organizational and cost flexibility of our units to match market volatility and declining power prices.

15.6.7.2 Other assets

15.6.7.2.1 Enecogen and Severn power plant

The Enecogen power plant is a CCGT plant with two gas turbines and two steam turbines. It is located in Europort Rotterdam and started commercial operations in November 2011. We own 50% of the plant in partnership with Enecogen Beheer B.V., which is owned by the Dutch utility company Eneco N.V. The plant has a net nominal power capacity of approximately 870 MW. The plant is very flexible when it comes to start-up with short notice, which means that full-loads can be reached very fast especially after shorter stops.

The table below shows the power generated by us at the Enecogen power plant for the periods indicated:

		Power Go	eneration	
	Q1 2016	FY 2015	FY 2014	FY 2013
		(TV	Vh)	
Enecogen	0.4	1.1	0.9	0.6

The load factor for Enecogen power plant was approximately 22% in FY 2013, 42% in FY 2014 and 36% in FY 2015.

The table below shows our CO_2 emissions from the Enecogen power plant related to the power generation, in tons, for the periods indicated:

		CO ₂ emis	ssions ⁽¹⁾⁽²⁾	
	Q1 2016	FY 2015	FY 2014	FY 2013
		(to	ns)	
Enecogen	139,118	396,020	335,021	223,629

⁽¹⁾ The data in the table above does not include CO₂ emissions which are not covered by the EU ETS (such as those produced from CO₂ neutral fuels), as we neither measure nor calculate such data. The numbers deviate from those in our annual reports, where we show data calculated based on fuel and emission factors because actual CO₂ emission verification is not finalized before the annual report has been completed.

(2) Q1 2016 emissions are preliminary. Our external verification process is only carried out once a year.

In 2015, the Enecogen power plant was impaired by DKK 680 million. The reason for the impairment loss was the falling power prices. Furthermore, in previous years, Enecogen has been impaired by DKK 1.6 billion. Enecogen is seen as a non-core asset for us.

We owned the gas-fired CCGT power plant Severn in the UK until December 2013 when it was divested. In 2013, we produced 2.4 TWh power at the Severn power plant and emitted 930,662 tons of CO_2 (CO_2 emission is verified by a new owner).

15.6.7.2.2 Statkraft agreement

In 1994, Elsam entered into an agreement with Statkraft SF ("Statkraft") to receive 1,500 GWh/year of power generation from Norway (of which the equivalent of 600 MW net installed nominal power capacity could be utilized on short notice), with delivery to Denmark via the existing interconnection between Norway and the western part of Denmark ("DK1") bidding area of Nord Pool. In 2000, the agreement was amended to be solely financial in nature with no actual physical delivery of power from Statkraft to Elsam. Under this amended agreement, payments between the parties are determined based upon 1,462 GWh annually (with the equivalent of 585 MW net installed nominal power capacity available at any given time) and calculated as the average of the spot price of power delivered in Christianssand (NO2) and Tjele (DK1) minus the cost of coal (excluding the cost of CO₂ emissions) to generate such power, and a net fixed capacity payment to simulate the maintenance cost of a coal-fired plant. We can select which hours of generation to use in determining the spot price for calculation and we have a right to payment from Statkraft if the value of the power at the spot price is greater than the cost of coal plus the fixed payment. We also have a corresponding obligation to pay if the value of the power is lower than the value of the cost of coal plus the fixed payment. The agreement expires on June 30, 2020.

15.7 Distribution & Customer Solutions

15.7.1 Overview

Our Distribution & Customer Solutions business consists of the following activities:

- 1) **Distribution**: Our Distribution business owns, operates and maintains the Group's power and gas distribution network in Denmark and oil pipeline from the North Sea to Fredericia in Denmark. The Distribution business generates stable, regulated earnings and constituted 76.4% of Distribution & Customer Solutions' EBITDA (BP) in 2015. On May 10, 2016, we entered into an agreement with Energinet.dk for the divestment of our gas distribution activities. See Section 15.13 "Material contracts."
- 2) Sales: Our Sales business handles direct customer liaison and serves customers in Denmark, Sweden, Germany and the UK through the sale of power, gas and sustainable products and services. The Sales business generates earnings with a limited capital employed and constituted 7.4% of Distribution & Customer Solutions' EBITDA (BP) in 2015.
- 3) Markets: Our Markets business is operated in Northwestern Europe and manages the Group's overall energy portfolio and executes the Group's hedging strategy and sells parts of the physical energy production to the market. It also provides similar services to external parties to increase earnings utilizing its existing organization. Our Markets business generates earnings with a negative capital employed and constituted 16.2% of Distribution & Customer Solutions' EBITDA (BP) in 2015, including LNG.

The diagram below shows where Distribution & Customer Solutions is positioned in relation to our other businesses (upstream) and our customers.



In accordance with the Political Agreement and the Confirmation Political Agreement, we will seek on market terms, to divest also our Oil Pipeline Business and offshore gas pipeline activities to Energinet.dk at an appropriate time.

15.7.1.1 Strategy

Our Distribution & Customer Solutions business strives to deliver a great customer experience and to enable customers across the value chain to benefit from the energy transformation by providing a high security of supply and market leading customer solutions.

1) Distribution

Power Distribution aims to continue to deliver a high security of supply at or above the industry level. The strategic priorities of Power Distribution are the following:

- Safeguard earnings;
- Ensure high security of supply; and
- Safeguard customers satisfaction

2) Sales

Sales B2C: The primary objective in our B2C activities is satisfied and profitable customers. B2C targets a customer satisfaction rate of more than 80 (on a scale from 0 to 100, with 80 or above reflecting satisfied customers) in 2020 by providing high quality, transparent products and services that are among the least expensive on the market and by supporting customers in lowering their energy bills. The strategic priorities of Sales B2C are the following:

- Number one customer experience;
- Providing simple and competitive products; and
- Reducing costs to serve (meaning costs other than the cost of energy) and improving margins.

Sales B2B: Transitioning our business from a historical focus on the sale of commodities to a future focus on energy solutions and flexibility services. The strategic priorities of Sales B2B are the following:

- Expanding the Solutions business in Denmark;
- Pioneering flexibility solutions in the UK and Germany; and
- Reducing costs to serve.

3) Markets

Markets has two primary long-term objectives: (i) continuing to provide a cost effective and competitive route to market for the Group's products while delivering hedging of the Group's energy exposure, and (ii) increasing earnings by providing similar services to external parties. The strategic priorities of Markets are the following:

- Providing a competitive route to market for the Group and third parties;
- Maintaining robust power and gas portfolio with profitable growth;
- Finalizing renegotiations of long-term contracts; and
- Optimizing and repositioning LNG.

See Section 3 "Special notice regarding forward-looking statements."

15.7.2 Distribution

15.7.2.1 Power Distribution

15.7.2.1.1 Overview of our Power Distribution business

In FY 2015, Power Distribution contributed 76.4% or DKK 1,258 million to the total EBITDA (BP) of our Distribution business, compared to 22% or DKK 360 million for gas distribution and 2% or DKK 41 million for the Oil Pipeline Business. The regulatory asset base ("RAB") in our power DSO company is expected to be DKK 10.7 billion (as at December 31, 2015) and was DKK 10.8 billion in 2014 and DKK 10.4 billion in 2013. On average, the return on the RAB has been 6.0% in our power DSO company in the period from 2010 to 2014. In addition to this, there has been a return in the internal service provider delivering services to the power DSO company. Power Distribution had stable earnings of DKK 1.3 billion, DKK 1.1 billion and DKK 1.2 billion in FY 2015, FY 2014 and FY 2013 measured in EBITDA (BP).

Power distribution is a regional monopoly activity and we are subject to sector-specific regulation. Our activities are conducted under a license granted by the Minister of Energy, which is not subject to any fee. As of December 31, 2015, we distributed power to approximately 1 million customers amounting to approximately 26% of the total power distribution market in Denmark, which is equivalent to the market shares in both FY 2014 and FY 2013.

The map below indicates in blue where in Denmark our Power Distribution business operates:



Our power distribution operations include distribution through all of the equipment and infrastructure, starting from the transmission grid owned and operated by Energinet.dk through to the customer connections and including the power meters. The distribution infrastructure in our grid area is fully owned by Radius Elnet A/S ("Radius"), our power DSO company, which is further described below.

Power distribution is primarily regulated by the Electricity Supply Act which, along with other Danish and EU legislation, applies to DSO activities. Under the Electricity Supply Act, access to our power distribution network must be made available on a non-discriminatory, transparent, fair and objective basis to all third-parties. We must provide our customers with adequate connections to our power grid, ensure that the necessary electrical transport capacity is available in the network, and measure consumption correctly. Radius is not permitted to favor affiliate companies when providing access to the network. The DERA has an active role in the application of this regulatory framework and supervises the terms of access to the power distribution grid. Furthermore, the Electricity Supply Act regulates our revenues through revenue and return caps which are set by the DERA.

An additional obligation of our power DSO company is to ensure a certain amount of energy savings by energy consumers every year. This is an obligation that other power and gas DSO companies and district heating companies also have and is based on an agreement with the Danish Minister of Energy in order to ensure increased energy efficiency in all energy sectors. For further information, see Section 15.7.2.1.6.4 "Requirements to deliver energy savings" below.

Our DSO company is organized with a management team and a core team of employees, including an independent Compliance Officer, who acts independently day-to-day from all other parts of our business, which is a requirement under Danish and EU legislation. The management team and core employees are responsible for the day-to-day power distribution business and handle the purchase of outsourced services. Our power DSO company purchases all of the technical, customer and support activities and functions from an internal service provider. These services are purchased on market terms and in accordance with applicable transfer pricing rules. A number of tasks are outsourced to external parties through the internal service provider. The revenue of the internal service provider is not subject to economic sector specific regulation and the profits earned by the internal service provider are not included in the calculation of the revenue and return cap that applies to our power DSO company. See Risk Factor 21 "Our Distribution & Customer Solutions business is subject to various regulatory uncertainties."

From April 1, 2016, the name of our power DSO company was changed from DONG Energy Eldistribution A/S to Radius Elnet A/S. Our power DSO company has chosen to implement this name change in conjunction with the introduction of the Supplier Centric Model ("SCM") referred to below. This is part of an initiative to give our power DSO company a separate and independent identity, with the aim of enabling customers to distinguish between our Sales business as an energy supplier and the DSO company. It is expected that new legislation, scheduled to come into force in 2018, will require that distribution companies do not share the same company name as their affiliated Sales business. The name Radius is also used by the internal service provider when acting on behalf of the DSO company.

15.7.2.1.2 Supplier Centric Model

Until April 1, 2016, the power market structure in Denmark was based on a model where distribution companies had direct contact with customers, alongside suppliers of power, and both distributors and suppliers billed customers for their respective services. On April 1, 2016, the SCM entered into force, providing a new model for the Danish retail power market. According to the SCM, suppliers of power shall bill customers for all payments connected to the consumption of power. Apart from the payment for the power itself, this also includes payments for transportation of the power through the transmission and distribution networks, power tax levies and PSO charges. As a result Radius no longer bills customers for distribution tariffs. Instead, power suppliers pay the distribution tariffs to Radius and they access all billing data related to metered consumption and prices for transportation through a centralized power datahub operated by the Danish TSO. Following this change, customer contacts and the agreements between DSOs and customers are limited to issues relating to the physical connection to the power grid. The SCM has resulted in a reduction of Radius' cost levels due to fewer customer-oriented operations. The SCM is not anticipated to have any effect on the regulated return levels of Radius when measured against the RAB. Following the introduction of the SCM, Radius receives its payments from power suppliers instead of from customers, meaning that the company will incur fewer losses due to bad debts. However, when losses occur it is likely that the amounts involved will be larger. Based on a new provision in the Electricity Supply Act, power DSO companies are entitled to increase their revenue cap corresponding to any losses incurred which will ensure an overall neutral effect for Radius despite any lack of payments. Furthermore, Radius can demand security for future payments from power suppliers that are in economic difficulty and in a number of predefined situations, is required to do so, since, as a monopoly company, it is not allowed to discriminate between different suppliers.

15.7.2.1.3 Power distribution grid and operations

15.7.2.1.3.1 Description of the grid

Our power distribution business connects the Danish power transmission grid owned by Energinet.dk, to the customers in Radius' grid area. The grid covers distribution voltage levels from 0.4 kV to 50 kV.

15.7.2.1.3.2 Grid capabilities

As of December 31, 2015, we distributed power through our grids to 1,001,330 connection points, amounting to approximately 26% of the total power distribution in Denmark. The table below shows the volumes of power distributed through our power distribution grid, the total peak power and the installed 132-50-30/10 kV transformer capacity for the periods indicated:

Power distribution	Q1 2016	FY 2015	FY 2014	FY 2013
GWh	2,354	8,373	8,450	8,597
Peak power, MW	n/a	1,495	1,589	1,595
Installed 132-50-30/10 kV transformer capacity, MVA	5,062	5,062	5,110	5,033

Radius continuously monitors the utilization of its distribution capacity for both grid and substation assets. The overall grid capacity and cable load capabilities, together with reserve infeed capacity, is expected to ensure a strong and stable grid suitable to supplying customers for the next decade. We have invested in grid automation and new substations will be equipped with automation where beneficial to the quality of power supply and utilization of full grid capacity. This is supported by a newly-implemented Distribution Management System that includes analytical tools to ensure efficient utilization of our grid capacity and enables us to handle the development of more power being produced locally in the distribution grid, such as through solar panels, and new types of power consumption, such as electric vehicles and heat pumps.

Despite a slight decrease in energy consumption and a stable peak load, we have witnessed a growth in connection points within our grids. This is due to growth not only in Copenhagen's urban areas, but also in the region's new residential and industrial areas. The table below shows the total number of connection points for the periods indicated:

Power distribution	Q1 2016	FY 2015	FY 2014	FY 2013
Number of connection points (gross)	1,004,697	1,001,330	997,450	991,347

15.7.2.1.3.3 Grid operations

The table below shows our asset base as at December 31, 2015:

Power distribution assets

0.4 kV cables	10 kV cables	30/50 kV cables	50kV overhead line	Cable cabinets	Secondary substations	Main Substations
11,501 km	6,754 km	577 km	158 km	142,845 pcs.	10,275 pcs.	92 pcs.

To maintain both the long- and short-term functionality and value of our power distribution grids, we aim to mitigate long-term risks parameters (such as personnel and asset safety, loss of power supply, environment, customers, reputation and legislation) by prioritizing assets which are due for reinvestment. The prioritization is based on past asset failures, condition assessments, observations and asset ages.

15.7.2.1.3.4 Performance (reliability) of the grid

Quality of supply is one of our strategic objectives. We aim to have an overall interruption frequency equal to, or better than, the Danish power sector average. The main measure of quality of supply is the System Average Interruption Frequency Index ("SAIFI"), calculated by dividing the total number of interruptions by the number of customers. We also measure the SAIDI, which is calculated by dividing the sum of the duration of all customer interruptions by the total number of customers. The closer the results in both the SAIFI and SAIDI are to zero, the higher the quality of service scored in these indexes.

The table below shows the SAIFI and SAIDI calculations for our power DSO company for the periods indicated. For FY 2013 and FY 2014, the levels have been compared to the Danish power sector, while FY 2013 also shows a comparison of the top five European country averages from the latest CEER Benchmarking report 5.2, dated February 2015 (including all voltage levels and all force majeure incidents):

	FY 2015	FY 2014	FY 2013
SAIFI			
Radius (formerly DONG Energy Eldistribution A/S)	0.36	0.33	0.42
Danish sector level ⁽¹⁾	n/a	0.40	0.50
EU top five countries ⁽²⁾	n/a	n/a	0.50
SAIDI			
Radius (formerly DONG Energy Eldistribution A/S)	25	21	30
Danish sector level ⁽¹⁾	n/a	17	21
EU top five countries ⁽²⁾	n/a	n/a	32

⁽¹⁾ Danish Energy Regulator Authority, benchmark quality of supply, 2015.

Our quality of supply is in line with the Danish power sector average and the top five European countries noted above. Our improved performance over the last few years is a result of a range of activities we have undertaken, including replacing all low voltage overhead lines with underground cables, remote control of $10/0.4~\rm kV$ secondary substations and investing in new switch gear. In addition, a new outage system provides a more accurate registration of interruptions and improves customer services to ensure that such events lead to greater optimization of our processes.

15.7.2.1.4 Development and projects

Our main investment project in Power Distribution as of the date of this Offering Circular is the Remote Power Meter ("RPM") project, which will require a complete conversion of all power meters to remotely read meters. The project is further described below. Another major investment project is the dismount of overhead power lines and resulting cable laying. This project has been ongoing for the past 15 years and we have now dismounted all 0.4 kV overhead lines. Currently, we are in the process of dismounting the remaining 50 kV overhead power lines and will continue to do so over the next 10 years. Other investments include the development of new local grid capacity in connection with urbanization and intensive activities with cable works due to new public infrastructure projects. Finally, we are continuously refurbishing our current assets based on connections to new customers, grid developments and internal risk evaluations.

⁽²⁾ CEER Benchmarking report 5.2, dated February 2015. Top five countries are: Austria, Germany, Luxembourg, The Netherlands and Switzerland (unweighted).

The RPM project is a result of a Danish Government order requiring power grid companies to provide remotely read power meters and hourly billing to all customers before the end of 2020. The main purpose of the RPM system is to receive and deliver hourly meter data to the Danish power data hub. The gross investment required by us is estimated to amount to approximately DKK 2.1 billion. A contract has been signed with an external supplier to have full responsibility for the supply and installation of almost 1,000,000 new power meters in the future, beginning with a pilot rollout in late 2016 and then the larger rollout from 2017 to 2019.

As the project is required as the result of a government order, our investment will result in an increase in the revenue cap, covering depreciations and interest on the net investment. Furthermore, the RAB on which the regulatory return is calculated will be increased as a result of the investment. See Section 15.7.2.1.6.2 "Current economic regulation" below.

The table below shows the historical and forecasted investments in our power DSO company divided into larger investment projects (including the RPM project, the cable laying and investments in the relocations of power cables related to light rail to be constructed in the greater Copenhagen area) and other investments (including maintenance investments). See Section 3 "Special notice regarding forward-looking statements."

Investments	2020F	2019F	2018F	2017F	2016F	2015	2014	2013
				(DKK bi	llion)			
Larger Investments	0.0	0.8	0.8	0.5	0.2	0.1	0.3	0.3
Other Investments, incl. maintenance	0.4	0.4	0.4	0.3	0.4	0.4	0.4	0.3
Total	0.4	1.3	1.2	0.8	0.5	0.6	0.7	0.6

15.7.2.1.5 Customer satisfaction

Customer satisfaction is one of our main measures of business performance. It supports our regulatory discussions with authorities and improves business efficiency, resulting in an increased positive perception of us and fewer customer inquiries. In FY 2015, our power distribution business conducted approximately 87,000 customer home visits, mostly due to meter readings, installation or exchange of meters, and we handled more than 200,000 customer calls, covering all kinds of inquiries. In addition, we had approximately 1,165,000 visits to our Distribution website (combined power and gas distribution).

We regularly measure customer satisfaction in our interactions with customers. We aim for high customer satisfaction in our business and our goal is a yearly average score of 80 or above out of 100 across our main customer touch points and based on our customer satisfaction scale (which is a scale from 0 to 100, with 80 or above reflecting very satisfied customers). The table below shows the Q1 2016 and 2013 to 2015 results for power meter visits, cable laying visits (the 0.4 kV part of our cable laying project ended in 2014 and therefore there is no impact from this project in 2015), calls regarding disruption of supply and power meter-related customer calls (meter-related customer satisfaction is measured across both power and gas calls as of 2015).

Customer Satisfaction	Q1 2016	2015	2014	2013
Meter visits	92	86	89	88
Disruption calls	68	68	75	76
Meter-related calls	84	79	n/a	n/a
Cable laying visits	n/a	n/a	75	71
Average		78	80	78

15.7.2.1.6 Regulation of power distribution

15.7.2.1.6.1 Licensing regime

As mentioned in Section 15.7.2.1.1 "Overview of our power distribution business" above, Radius conducts its activities on the basis of a license that has been granted for a period of 20 years, with our current license originally scheduled to expire in 2022. However, the government has indicated that the license will be prolonged to 2025 as part of an industry-wide alignment of all Danish power distribution licenses.

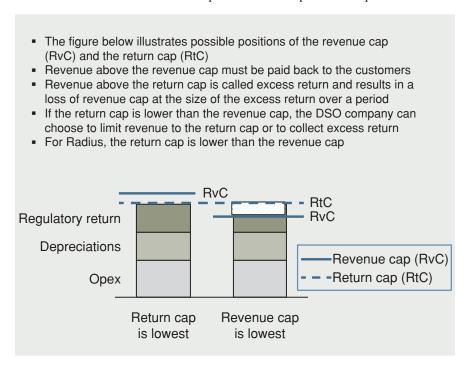
When the existing Danish DSO licenses expire in 2025, we believe that the most likely scenario is that the DSOs will be granted new licenses as the licenses are closely tied to the infrastructure ownership and because of the long-term infrastructure investments. However, new terms may be included in the new

licenses and the alignment of the date for renewal of the licenses will allow the government to introduce further unbundling requirements of DSO activities from affiliated non-monopoly activities via the licensing regime. See Risk Factor 21 "Our Distribution & Customer Solutions business is subject to various regulatory uncertainties."

15.7.2.1.6.2 Current economic regulation

Radius, as a DSO, is subject to a regulatory revenue framework under the Electricity Supply Act that has been in place since January 1, 2005. Under the framework, the income Radius receives is capped based on two elements: a revenue cap, which imposes a cap on annual revenue, and a return cap, which imposes a cap on the return on capital. We have discretion to set distribution tariffs within the revenue framework, provided the tariffs are set in accordance with fair, transparent, objective and non-discriminatory criteria towards any individual customer or group of customers. The methods used to set tariffs must be approved by the DERA, but not the specific tariffs themselves. With a few exceptions, we use the standard methods in the tariff model of the Danish Energy Association when setting our tariffs.

The figure below illustrates how the revenue cap and return cap works in practice:



Revenue is ultimately limited by the revenue cap. However, if the return cap is at a lower level than the revenue cap, the DSOs can choose either to have their revenue limited by the return cap and thus abstain from excess return or to collect revenue in excess of the return cap within the level of the revenue cap. In the latter instance, the excess return will result in a permanent decrease in the revenue cap level corresponding to the excess return. The decrease in the revenue cap is phased in over a period of three years thus allowing the DSO to have continuous excess return levels throughout this period. The return cap is set at EBIT level, covering operational expenditure and depreciations as well as return on the RAB. The return element is set as the regulatory return rate times the RAB plus working capital, which is fixed at 2% of the RAB. The regulatory return rate is set at the long bond rate (as assessed by the Association of Danish Mortgage Banks) plus one percentage point. In 2015, this level was 3.77%. The RAB comprises the depreciated value of the DSO company's opening balance from 2000 plus all later capitalized investments less depreciations.

The level of the RAB in Radius is shown in the table below for the periods indicated.

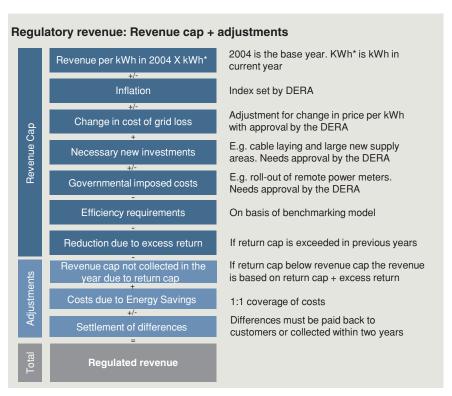
Regulatory Asset Base	2015	2014	2013
	(D	KK billi	on)
Opening balance	10.8	10.4	10.1
Investments added to RAB	0.4	0.9	0.7
Depreciation and deductions	0.5	0.5	0.5
End of year ⁽¹⁾	$10.7^{(2)}$	10.8	10.4

As the regulatory accounts of Radius for the years 2005 and onwards are awaiting final approval by the DERA, the end of year RAB figures above remain subject to final approval.

As of 2020, we expect our RAB to be approximately DKK 13.7 billion. The increase over the period is mainly due to the investments in the RPM project described above in Section 15.7.2.1.4 "Development and projects." See Section 3 "Special notice regarding forward-looking statements."

In the past, the level of the return cap has been below the level of the revenue cap for Radius, which has provided the possibility for excess return above the ordinary regulatory return level, as described above. This possibility has been chosen in some, but not all years. In 2015, the difference between the level of the revenue cap and the return cap is estimated to have been approximately DKK 360 million. On average, the return on the RAB has been 6.0% in Radius in the period from 2010 to 2014, which is above the average ordinary regulatory return level of 5.3% over the same period and also above the return levels of our peers. This level does not include the additional return in the internal service provider which on average over the same period has been equivalent to 0.6% of the RAB, when calculated with respect to services delivered to the power DSO company.

The level of the revenue cap is based on the level of revenue in the DSO company in 2004 with a number of adjustments. The chart below shows the calculation method in the revenue framework for setting the revenue cap:



15.7.2.1.6.3 Elements in the revenue cap

The level of the revenue cap applied to Radius is determined annually by multiplying the total delivered kWh by a regulated price per kWh set by the DERA. The price per kWh was initially set as the average revenue per kWh in 2004 and is adjusted annually to account for inflation.

⁽²⁾ Forecast end of year RAB.

The revenue cap may be further adjusted, either permanently or with one-year effect, upon approval by the DERA due to a number of factors, as illustrated in the figure above. The DERA may increase the revenue cap to reflect any necessary new investments made to the grid, such as cable laying of overhead lines. Necessary new investments that we expect the DERA to factor into the revenue cap in 2016 include cable laying of 50 kV overhead lines and the build-out of the grid in large new supply areas. Ordinary maintenance costs and investments do not increase the revenue cap.

The revenue cap may also be adjusted upon approval by the DERA to cover costs imposed by government authorities. For example, as we carry out the RPM project and roll out remotely read power meters, additional costs relating to this program will be allowed as an addition to the revenue cap. See Section 15.7.2.1.4 "Developments and projects" above.

The DERA implements efficiency requirements based on a yearly benchmarking of DSO companies against their peers. Under this regime, the revenue cap may be permanently reduced each year by an amount calculated using an economic efficiency benchmarking model. The benchmarking is carried out on data for the previous year and the reduction in the revenue cap is implemented the following year. In the most recent benchmarking of economic efficiency, Radius has received a reduction in the revenue cap for 2016 of approximately DKK 51 million. Radius has an ongoing focus on effectiveness and has been able to reduce the cost of operating expenditures and maintenance investments by 23% during the period from 2006 to 2014 and expects to increase efficiency further, to lower operating expenditures and maintenance investments by 9 to 15% towards 2020. See Section 3 "Special notice regarding forward-looking statements."

The DERA also benchmark quality of supply. If quality of supply falls below a threshold, the revenue cap will be reduced but only with a one-year effect. This was not the case for us in the 2015 benchmarking exercise.

15.7.2.1.6.4 Requirements to deliver energy savings

As mentioned in Section 15.7.2.1.1 "Overview of our power distribution business" above, Radius is required to ensure energy savings by energy consumers every year due to an agreement between the Minister of Energy and the energy sector to ensure energy efficiency. All power and gas DSO companies, district heating companies and oil companies are subject to this obligation. The energy savings involved can be achieved based on different measures taken in households or businesses that result in documented effects on energy consumption. Examples include a household that changes its heating source from an oil fired burner to a heating pump or a factory modernizing its production facilities to more energy efficient equipment. Due to this regulated obligation, a market for documented energy savings has developed. The value represented by the energy savings is reflected between the different parties involved in the transactions in the chain from the consumer (where the energy saving measures are implemented) through to the power and gas DSO companies purchasing the right to report the energy savings, as part of them meeting their obligation to deliver energy savings. The required energy savings can be based on savings in different energy sources and different geographical areas, so there is no direct link between the energy savings that Radius is obligated to deliver and the power volumes it distributes. Radius purchases the majority of its required energy savings on market terms from our Sales business, which is active in the market for documented energy savings. Radius purchases the remaining share of energy savings it requires from external sources. The annual energy saving obligations of the power DSO companies are set as a total requirement at sector level, which is then split up by the Danish Energy Association that sets the specific requirements for the individual DSO companies. The energy saving obligation of Radius was 369 GWh in 2015. At the end of 2015, Radius had an accumulated shortfall in the deliveries of energy savings amounting to 191 GWh. Due to the shortfall, Radius could ultimately be met with a notice from the DEA to initiate or to fund certain concrete energy activities. However, this is not the expectation and the incurred cost would also, in this case, be covered by the customer tariffs as described below.

The costs related to the energy savings that are purchased by Radius are fully reflected in the allowed revenue levels and are covered 1 for 1 through the customer tariffs as shown in the graphic in Section 15.7.2.1.6.2 "Current economic regulation" above. The costs are not included in the regulated cost base which the economic benchmark for power DSO companies is based on, and the power DSO companies can therefore not be met with efficiency requirements relating to the costs incurred from the purchase of energy savings.

15.7.2.1.6.5 Other requirements

Radius is responsible for the billing of power tax levies to be paid onwards to the Danish tax authorities. The power tax levies are billed alongside the tariffs. Until the introduction of the SCM on April 1, 2016, DSO companies billed power tax levies directly to customers. Now DSO companies bill tax levies to the power supply companies, who are then responsible for billing all elements to customers. Prior to the introduction of the SCM, the PSO charges, which are used to fund research and green energy, were billed to customers by the DSO companies and paid onwards to Energinet.dk. The PSO charges are now also billed by the supply companies to customers and paid onwards to Energinet.dk.

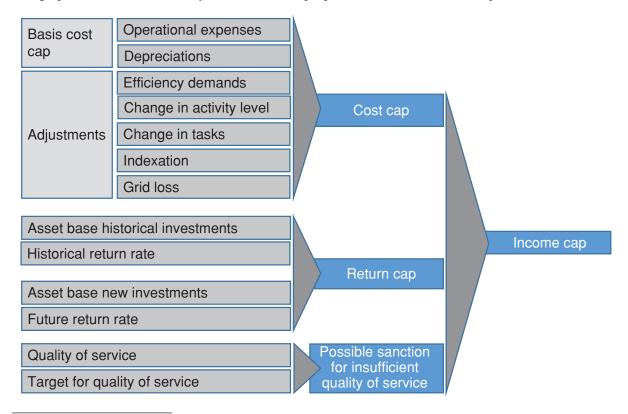
It follows from the Electricity Supply Act, that the amounts received to cover power tax levies and PSO charges are to be placed in separate accounts until such amounts are passed on to the receiving part. The requirement could be interpreted in the sense that the amounts are to be placed in separate secured accounts. At this time, we would not be in compliance with such a requirement. See Risk Factor 21 "Our Distribution & Customer Solutions business is subject to various regulatory uncertainties."

For further information about the regulation and on the Electricity Supply Act, see Section 18.4.1.3 "Power distribution."

15.7.2.1.6.6 New economic regulation under development

As an element of the Energy Agreement dated March 22, 2012, the Danish government appointed the PRR Committee to inspect the power supply sector and the regulation of the sector with a view to ensuring incentives where appropriate for cost-efficiency, conversion to green energy, competition and consumer protection. In December 2014, the PRR Committee published its final report, recommending a new income cap model to be implemented.

The graphic below shows the key elements in the proposal for the new income cap model:



Source: Translation of a graphic in the final report from the PRR Committee dated December 2014.

The recommendation in the report from the PRR Committee is that the income cap in the future regulation is set for 5-year regulation periods. The Minister of Energy presented the recommendations to the parties to the Energy Agreement and is now working on implementing a new model for regulation of power DSO companies. Two expert groups have been appointed by the DEA. One of the expert groups provided recommendations on April 15, 2016 on setting up the principles of how to set the future return level for new investments. The return level for investments made after the introduction of the new regime

is to be set at a market based level using the Weighted Average Cost of Capital ("WACC") methodology. The pre-tax WACC level can be set at 3.31% on the basis of the recommendations from the expert group. This level can be compared with the regulatory return level under the current regulation which was 3.77% in 2015 as described in Section 15.7.2.1.6.2 "Current economic regulation." One member of the expert group disagreed and found this level to be too low. The return level for historical investments will, based on the recommendations from the PRR committee, be the long bond rate plus one percentage point as in the current regulation, but with a company specific cap on the return level (measured in per cent) based on the company's maximum possible return under the revenue cap in the current regulation. Another expert group, which will provide recommendations on the future model for benchmarking economic efficiency, is to deliver its conclusions by September 2016.

We understand that the current goal is to have the new regulation in force on January 1, 2018, meaning that a hearing process followed by a proposal for a new Electricity Supply Act to the Danish Parliament will occur during 2017. The recommendations given by the PRR committee and expert groups will be subject to a political process before the changes to the economic regulations will be implemented through legislation and it is not certain that the legislator will follow the recommendations provided in all respects. As a result, the content of the new economic regulation is not yet known, and the change of the regime represents a risk to the future earnings of Radius. See Risk Factor 21 "Our Distribution & Customer Solutions business is subject to various regulatory uncertainties."

In addition, following the recommendations of the review committee, the Minister of Energy has launched a number of initiatives to improve competition and effectiveness in the power sector. The initiatives relevant to DSO companies are:

- An analysis of whether the energy saving requirements should be transferred from DSO companies to non-monopoly power supply companies from 2018. The current obligation on energy savings is to be prolonged until the end of 2017.
- 2. The responsibility for metering power consumption of customers stays with DSO companies for now. However, whether or not this responsibility should be transferred to non-monopoly power supply companies will be analyzed in 2020.
- 3. The introduction of strengthened requirements for separate identities for distribution activities and sales activities, respectively. In 2019, an analysis as to how the competition on the power market is impacted by the distribution and sales being affiliated will be conducted.
- 4. Alignment of expiration date of all current distribution licenses to 2025.

15.7.2.2 Oil Pipe

15.7.2.2.1 Overview of DONG Oil Pipe

DONG Oil Pipe A/S ("DONG OP"), a wholly-owned subsidiary of the Company, owns the crude evacuation infrastructure system, which transports the crude and condensate from the Gorm E platform in the North Sea to the oil terminal in Fredericia. The pipeline, which includes the Gorm E platform, Filsø booster station, various valve stations and crude terminal, has a total length of 330 kilometres, of which 110 kilometres are onshore and 220 kilometres are offshore (the "Oil Pipeline"). Presently, facilities for the processing of unstable crude are being established (adjacent to the crude terminal) in order to be able to handle delivery of crude in need of stabilization from the new Hejre field (the "Stabilization Plant," and together with the Oil Pipeline the "Transportation System"). The Stabilization Plant is expected to be finalized in the middle of 2016.

Our Oil & Gas business, together with BayernGas, are discussing the consequences for the Stabilization Plant with DONG OP as a result of the termination of the EPC Contract and the consequent uncertainty regarding the first oil production date for the Hejre field, including whether this would advance our obligation to repay the costs of the Stabilization Plant.

If the decision to terminate the EPC Contract regarding the Hejre platform means that our Oil & Gas business and BayernGas will not or cannot make use of the Stabilization Plant within the deadlines agreed with DONG OP, the Stabilization Plant payment obligations described in Section 15.7.2.2.3 "Economic regulation and price structure" must be paid in full by our Oil & Gas business and BayernGas, to the extent other users of the Transportation System do not wish to utilize the Stabilization Plant.

The map below shows the location of the oil pipeline in the North Sea and Denmark:



15.7.2.2.2 The Transportation System

Construction of the Oil Pipeline took place between 1982 and 1984 and operation of the Oil Pipeline is expected to continue at least until 2042, though its technical lifespan is longer than this. External service providers and other Group entities currently carry out operation and maintenance of the Oil Pipeline. Total capacity of the Oil Pipeline is presently 360,000 barrels of oil per day. However, if the Stabilization Plant goes into normal operation (when it receives the first unstable oil, if any), capacity of the Transportation System will be reduced to 153,000 barrels of oil per day, which still constitutes significant capacity to honor reservations currently made in the Transportation System. A total of 59.6, 53.9 and 49.9 million barrels of crude were transported in the Oil Pipeline in FY 2013, FY 2014, FY 2015, respectively. There are currently 19 producing oil and gas fields in the Danish sector of the North Sea, with the main customers of the Transportation System being Shell, Maersk Oil, Nordsøfonden, Chevron, Noreco, BayernGas and our Oil & Gas business. Historically, the operational performance of the Oil Pipeline has been high with uptime below 99.8% only in years with planned maintenance. For further information, please see Risk Factor 26 "We are exposed to changes in the volumes of produced gas and oil in the Danish North Sea."

Our activities relating to the Transportation System are regulated by the Pipeline Act and, with respect to the Oil Pipeline, the Payment Order. We are obliged, within the capacity of the Transportation System, to transport the crude and condensate from the Danish part of the North Sea to the terminal in Fredericia and to maintain and operate the Transportation System. Producers working on the Danish Continental Shelf in the North Sea are obliged under the Pipeline Act to use the Oil Pipeline to transport crude and condensate destined for refining or sale in Denmark. Exemptions can be obtained from the DEA if transportation through the Oil Pipeline is deemed not to be economically feasible or expedient. Individual identical transportation agreements between DONG OP and customers implement the provisions of the Pipeline Act and the Payment Order and further regulate the rights and obligations of the parties. The transportation agreements are currently in the process of being replaced by new transportation agreements based on a model transportation agreement approved by the DEA. The new model transportation agreement was needed due to the establishment of the Stabilization Plant. Due to the uncertainty regarding the development of the Hejre field and thereby the future use of the Stabilization Plant, the

replacement of the current transportation agreements may be delayed or result in changes to the model transportation agreement. For further information, see Section 18.4.5 "Regulation of oil pipe activities."

15.7.2.2.3 Economic regulation and price structure

Pursuant to the Payment Order, users of the Oil Pipeline pay an amount to cover the cost of:

- 1. financing the Oil Pipeline, new facilities forming part of the Oil Pipeline and significant improvements of the Oil Pipeline (capital expenditure); and
- 2. operating the Oil Pipeline (operating expenses).

No profit is allowed on either capital expenditure or operating expenses, as it is purely a cost coverage system.

Expected costs relating to the decommissioning of the Oil Pipeline have been estimated, recognized in the financials of DONG OP and have been reserved to cover such expected decommissioning costs. There is a risk that these reserve estimates may prove to be too low. For risks relating to such costs, see Risk Factor 53 "Cost estimates and reserve provisions for decommissioning are subject to changes in regulatory requirements, the costs of goods and services necessary to carry out decommissioning and, as such, the Group's current cost estimates and reserves may be insufficient."

Pursuant to the Pipeline Act, users of the Stabilization Plant shall pay an amount to cover:

- 1. the cost of financing the establishment of the Stabilization Plant (capital expenditure);
- 2. the cost of operating the Stabilization Plant (operating expenses);
- 3. decommissioning of the Stabilization Plant; and
- 4. the return on equity in financing the Stabilization Plant, corresponding to an amount equal to 3% of 30% of the amount outstanding (regardless of whether financing was obtained through loans or self-financing).

Payment for both the Oil Pipeline and the Stabilization Plant is to be made on the basis of actual use by way of payment of a tariff per barrel of crude transported/ton of LPG redelivered (as opposed to payment on a take or pay basis). The Stabilization Plant payment obligations shall be satisfied in full if the users do not, or decide not to, commence utilization of the Stabilization Plant within the period and under the terms agreed with DONG OP, or if users discontinue the use or shorten the period of use, to the extent other users do not want to utilize the Stabilization Plant.

As establishment of the Stabilization Plant was triggered by the expected delivery of unstable crude from the Hejre field, at the request of DONG OP the participating parties in the Hejre license have put forward parent company guarantees for their individual shares to support their payment obligations for the future use of the Stabilization Plant. The parent company guarantees have been issued by DONG Energy A/S in respect of our Oil & Gas business and by SWM Gasbeteiligungs GmbH (a subsidiary of Stadtwerke München GmbH) in respect of BayernGas.

The payment obligations cover repayment of the costs for the entire Stabilization Plant, including any abandonment costs. Our Oil & Gas business, and BayernGas, as the participating parties to the Hejre license are discussing the consequences for the Stabilization Plant with DONG OP as a result of the termination of the EPC Contract and the consequent uncertainty regarding the first oil production date for the Hejre field, including whether this would advance the obligation to repay the costs of the Stabilization Plant. If we and BayernGas as the participating parties to the Hejre license are not able to provide DONG OP with a capacity booking at repayment, we and BayernGas could thereafter be competing with third parties for the capacity in the DONG OP infrastructure, which could entail that we and BayernGas as the participating parties in the Heire license would not be able to secure the necessary capacity in the infrastructure and as such never get to use the infrastructure, including the Stabilization Plant. Moreover, we have issued a parent company guarantee to the DEA for DONG OP's performance of its obligations under the Stabilization Plant permit, which include, among others, abandonment obligations. Should the unlimited parent company guarantees, issued in favor of DONG OP by DONG Energy A/S and SWM Gasbeteiligungs GmbH in respect of the participating parties in the Hejre license for their respective individual shares, not be sufficient for DONG OP to meet its abandonment obligations under the Stabilization Plant permit, then, pursuant to the parent company guarantee we have issued to the DEA, we may become liable for 100% of any remaining payments.

Users of the Transportation System approve budgets and may submit comments to and audit the annual accounts. Disputes between the users and DONG OP relating to use of the Oil Pipeline shall be settled by the DEA. However, until now, no such disputes have arisen.

15.7.2.3 Divestment of Gas Distribution infrastructure

On May 10, 2016, we entered into an agreement with Energinet.dk for the divestment of our gas distribution activities to Energinet.dk, including the Gas Distribution Network, for a price of DKK 2.3 billion. Completion of the divestment is conditional on certain conditions, including conditions outside our control. See Section 15.13.3 "Gas Distribution" and Section 21.5.1 "Energinet.dk" for further information on this agreement. The divestment will not lead to changes in the Group's access to use of the Gas Distribution Network as DONG GD is required by law to offer open access to the Gas Distribution Network to users on non-discriminatory regulated terms.

Because of the divestment, we will lose the synergies we obtain from being able to operate the Gas Distribution Network with our other activities. These synergies relate mainly to internal services, such as IT, billing services and data management. In addition, DONG GD will no longer pay a share of the types of overhead costs that are not directly allocated to specific business activities. These types of costs will therefore be shared by fewer contributing business areas after the divestment.

15.7.3 Sales

Through the Sales business, we offer a variety of energy commodities, services and sustainable products to B2C customers in Denmark and B2B customers in Denmark, the UK, Germany and Sweden.

Benefitting from a large customer base, the long-term objective in relation to household customers is to provide high quality transparent products and services that are among the cheapest on the market and ensure a profitable business. For our business customers, we want to be a partner offering value-adding energy services such as flexibility solutions, energy advice and climate partnerships in addition to energy commodities. We will aim to move customers from low margin commodity products to higher margin green energy solutions.

15.7.3.1 Danish B2C sales

15.7.3.1.1 Overview of Danish B2C sales

Our primary operations in respect of B2C customers comprise of gas and power sales. We are a market leading sales company, with the largest customer base in Denmark, offering our customers competitive prices and helping them to reduce their energy bills. As a market-leading sales company, we are targeting a best-in-class customer experience. We also offer energy-related services and other products and are continuing to develop our product range. With a large customer base, we believe we are positioned to be a cost efficient business that helps to ensure a profitable business.

15.7.3.1.2 Danish B2C Sales of gas and power

In FY 2015, we sold a total of 1.5 TWh of gas and 2 TWh of power to B2C customers. With market share of 26% in both gas and power as at December 31, 2015, we are the leading energy provider to B2C customers in Denmark and have significant brand recognition among these customers.

As at December 31, 2015, we sold gas and power to approximately 92,000 and 700,000 B2C customers, respectively. We seek to increase the number of B2C customers who receive both gas and power from us. In 2015, we changed our power business model, with the aim of giving our customers a more competitive and transparent pricing structure, ensuring alignment to our brand platform and customer promise to "get a lower energy bill," and protecting long-term profitability. The new business model includes a flat handling fee and a power kWh price at cost level. The vast majority of our customers have had their existing contracts changed to these new terms. The contribution margin of B2C increased to DKK 324 million in FY2015 from DKK 318 million in FY2014.

The table below shows the total number of our Danish gas and power customers and our market share for the periods indicated:

	Number of customers ⁽¹⁾			
	As at March 31,	As at	31,	
	2016	2015	2014	2013
	(in 000s, u	nless other	rwise indic	eated)
Gas				
Total number of customers in Denmark (connection points)	360	360	360	360
DONG Energy customers (connection points)	91	93	95	97
DONG Energy customers (counterparts)	91	92	95	97
Market share	25%	26%	26%	27%
Power				
Total number of customers in Denmark (consumption points)	2,850	2,850	2,840	2,810
DONG Energy customers (connection points)	740	741	748	752
DONG Energy customers (counterparts)	706	707	716	725
Market share	26%	26%	27%	27%

DONG Energy customers figures are based on the number of counterparties, while the market share calculation is based on the number of connection points.

The table below shows our Danish B2C customer churn rates, calculated as the percentage of customers who ceased to purchase gas or power from us, divided by our total customer base for the year, on the basis of the number of customers for the periods indicated:

	Percentage of Customers			
	As at March 31,	1, As at Dece		er 31,
	2016	2015	2014	2013
Gas customers	1.7%	5.6%	4.6%	7.5%
Power customers	1.3%	4.4%	4.4%	4.5%

Our customer churn rates for gas customers were 4.6%, 5.6% and 1.7% in FY 2014, FY 2015 and the three months ending March 31, 2016, respectively. The market churn rate was 4.6% in FY 2014. The churn rate in 2013 was relatively high at 7.5% due to the loss of the supply obligation on April 1, 2013. In 2013, NGF Nature Energy A/S won the three tenders for national gas supply obligations which increased our churn. Subsequently, the market has become more stable with declining churn rates.

Our customer churn rates for power customers have been stable and remain around the same level as market churn rates in FY 2013 and FY 2014. However, in FY 2015, market churn rates for power customers increased to 7% whereas our customer churn rate had a slight decline to 4.4%. The customer churn rate for power customers for the three months ending March 31, 2016 was 1.3%. Our churn rate for power remained constant in 2015 despite the loss of supply obligations. Anti-churn activities include, among other things (i) branding activities focusing on our competitiveness which has proved to increase customer loyalty from 64 in 2014 to 67 in 2015 (on a scale of 0 to 100, with 75 reflecting very loyal customers) and (ii) intense focus on handling our customers when they move to a new home.

The Danish Natural Gas Supply Act places a supply obligation on elected suppliers within different supply areas in Denmark. The elected supplier has the right and duty to (automatically) supply customers who have not chosen another gas supplier. Historically, we had a supply obligation in our gas distribution area. However, we lost the supply obligation in this area when it was put up for tender in 2013. When all three Danish gas distribution areas were put up for tender in the spring of 2016, we won the supply obligation in the distribution areas of NGF Nature Energy Distribution A/S and HMN Gasnet P/S where NGF Nature Energy A/S previously had supply obligations. In our own gas distribution area, NGF Nature Energy A/S retained the supply obligation. For further information on the regulation of sales of gas, see Section 18.4.1.5 "Sales of gas."

Until April 1 2016, the Danish Electricity Supply Act provided for a supply obligation regime for power similar to the regime for gas. The supply obligation for power was replaced by the SCM, which entailed fundamental changes in the regulatory framework applying to power companies, and, as a result, necessitated changes in the previous terms and conditions applicable to the Company's power customers.

As discussed under Section 18.4.1.4 "Sales of power," the SCM implies that suppliers offering power to (other) customers in a distribution area have a duty to supply any and all household customers who require power supply within such area.

15.7.3.1.3 Other B2C sales operations in Denmark

Energy advisory services. We provide energy advisory services to our B2C customers, who can make telephone inquiries regarding questions on energy savings and obtain subsidies in relation to energy saving measures. We aim to be their first choice for advice on the use of energy, as we view this advice as important to maintaining customer loyalty, as well as supporting our branding platform. B2C sells the energy savings to Power Distribution, see Section 15.7.2 "Distribution." For further information on energy savings, see Section 15.7.2.1.6.4 "Requirements to deliver energy savings."

Service agreements. We provide a standardized service for oil and gas fired burners, heating pumps and district heating. As at December 31, 2015, we had approximately 50,000 customers who had their heating systems serviced by a network of approximately 50 sub-contractors comprised of independent plumbing and heating businesses. Our strategy is to hold and build upon our gas service business and develop heat pump and district heating services as these markets develop. The number of oil service customers are declining in line with the phasing out of oil heating across Denmark.

15.7.3.1.4 Customer satisfaction

Improvement in customer satisfaction is a strategic focus area for the coming years.

We regularly measure customer satisfaction in our interactions with customers. We aim for high customer satisfaction in our business and our goal is an annual average score of 80 or above out of 100 across our main customer touch points and based on our customer satisfaction scale (from 0 to 100, with 80 or above reflecting very satisfied customers). Our customer satisfaction was 72 in 2013, 77 in 2014 and 76 in 2015. The improvement in customer satisfaction from 2013 to 2015 is primarily driven by improved service levels for customer service, fewer operational errors impacting our customers and a new approach to customer complaints handling.

15.7.3.2 B2B sale of gas and power and flexibility solutions

The transformation of the Northwestern European energy system from fossil fuels to renewable based fuels has made the cost of energy (including tax and distribution) higher than in most other regions around the world. It is our B2B mission to help customers benefit from the energy transformation and improve their competiveness through more active participation in the transition. In order to do so, we focus on selling solutions, providing advice for our customers on how to improve energy efficiency, energy procurement and price management, and by offering fossil-free energy in addition to traditional commodity sales. We believe that success in this mission will help to ensure a profitable business with customers moving from lower margin commodity products to higher margin green energy solutions. The contribution margin of B2B totaled DKK 606 million in FY2015, DKK 556 million in FY 2014 and DKK 721 million in 2013.

Denmark. The sale of power and gas is our core business offering and we strive to be the largest B2B retailer in Denmark. We seek to combine our core offerings of energy commodities and sustainable products with innovative in-house and partner solutions supporting our large business partners through the transformation to green energy by offering advice on how to use energy more efficiently, which include:

- *Portfolio Management:* providing advice on procurement of energy dependent on a customer's consumption and risk profile.
- Energy Efficiency: making energy consumption more efficient and reducing energy costs.
- *Climate Solutions:* offering opportunities for customers to support the transformation towards a fossil-free future by investing in different climate solutions, such as biomethane, renewable energy certificates and climate partnerships.

In 2015, we delivered a total of 4,911 GWh of gas and 4,914 GWh of power to B2B customers. Furthermore, we sold 90 GWh biomethane and 864 GWh renewable certificates ("RECs") primarily from Danish wind assets. Our Energy Solution business, that is a part of Sales, provided energy advisory services corresponding to 374 GWh of energy savings in 2015.

The table below shows the development in sales per product and service category for the periods indicated:

	Q1 2016	FY 2015	FY 2014	FY 2013
Power	1,359	4,914	4,800	4,900
Gas	2,121	4,911	5,161	5,590
RECs	130	864	760	688
Biomethane	36	90	29	4
Energy savings	42	374	250	368

The table below shows the total number of customers and market shares (based on volumes) for the periods indicated:

	Q1 2016	FY 2015	FY 2014	FY 2013
Customers	55,056	55,233	57,696	59,436
Market share, power	n/a	20%	20%	20%
Market share, gas	n/a	25%	27%	25%

Customer Satisfaction. We regularly measure our customer satisfaction. We aim for high customer satisfaction in our business and our goal in 2020 is a score of 75 or above out of 100 based on our customer satisfaction scale (a scale from 0 to 100 with 75 or above reflecting very satisfied customers). The overall score is a weighted score based on strategic importance of the underlying segments, including City Light customers. From 2015, the calculation method was changed in order to reflect all active Danish B2B customers and the actual strategic focus.

The figure below shows the development in the overall customer satisfaction score for the periods indicated:

	Q1 2016	FY 2015	FY 2014	FY 2013
Customer satisfaction	76	75	73	73

Customer satisfaction of Danish B2B customers has increased over the last five years mainly due to our customer centric program, determined efforts through specific KPIs and improvements in customer service, product offerings and price setting. From 2016 onwards, customer satisfaction will continue to be the focus of our commercial excellence program. The main focus in future action plans will be to improve customer satisfaction through being the leading and most innovative supplier of energy and related products in the Danish market.

United Kingdom. In 2012, we acquired Shell Gas Direct and established DONG Energy Sales UK. In FY 2015, we delivered a total of 25.6 TWh of gas and 1.2 TWh of power to large industrials and customers of small and medium-size businesses in the UK.

Our sales in the UK accounted for approximately 10.6% and 0.4% of the UK market for gas and power, respectively, making us the fourth largest gas supplier for the B2B segment (Sources: Cornwall, Energy, Business Gas Market Share—October 31, 2015 Assessments & Cornwall Business Electricity Market Share—October 31, 2015 Assessments).

The table below shows the development in our gas and power customer numbers and volumes sold for the periods indicated:

	Q1 2016		FY 2015		FY 2014		FY 2013	
			(Customer numbers)					
Gas	3,651	7,024	3,499	25,586	3,468	27,352	3,478	27,944
Power	79	154	96	1,229	68	1,846	12	0.080

⁽¹⁾ The decrease in power volumes from 2014 to 2015 results from our withdrawal from the wholesale market.

Sales of other services. An important component of other services we offer our customers is portfolio management and energy trading. The principal focus of our energy trading activities is to mitigate or hedge our customers' exposure to commodity price fluctuations, as well as purchasing and/or trading with CO₂ Certificates and other environmental products. Trading services are operated through our trading desks in

Denmark in our Markets business. For additional information on our hedging activities, see Section 16.12 "Risk management."

Over the last few years, we have developed demand management technology, named PowerHub. This technology is currently being commercialized in the form of several demand management products. Our first customer contract for these products was signed in 2015.

Germany. The German Sales business focus on two distinct customer segments—Stadtwerke (municipal owned wholesalers) and industrial clients.

The current customer base for Stadtwerke customers is approximately 180 customers, which in FY 2014 managed 24.5 TWh of power and 9.1 TWh of gas (including both trading and physical volumes). In addition, the German Sales business focuses on various energy services such as portfolio management, market access and management of imbalances for this segment. It was recently decided to close the Leipzig office, which in the past focused mainly on Stadtwerke customers. The closing down process is ongoing, and customers and activities are being transferred to the offices in Hamburg and Denmark. This process is expected to be concluded by the end of the first half of 2016. In 2015, the German Sales business expanded its approach to include the industrial segment. The focus for both the Stadtwerke segment and the industrial clients going forward is to sell flexibility solutions like demand response management. Commodity and certain other services are still a part of the offering. From a flexibility solution point of view, the business is currently in a start-up phase with only a limited number of contracts. The German Sales business' strategy to sell flexibility solutions in Germany to both industrial and Stadtwerke customers is closely linked to mitigating the impact of more renewable energy in the energy system.

Sweden. We are the second largest gas supplier to B2B customers in Sweden. The Swedish gas market is geographically restricted to the south-western area of Sweden and we have sales offices in Gothenburg and Malmoe to support our customers locally. On a yearly basis from 2013 until 2015, we have delivered approximately 2,744 GWh of natural gas and biogas to 330 non-residential end-customers in Sweden. We are seeking to increase the number of customers who receive biogas from us and we focus primarily on providing these offerings to small- and medium-size enterprises.

City Light. Until recently, City Light owned and operated approximately 270,000 street lights in northeast Zealand and customers paid a quarterly fee covering operations, maintenance and power consumption. Projects to create new lights and renovate existing lights were financed in partnership together with our customers. In 2013, Danish municipalities began showing an interest in purchasing the street lights from us and tendering the O&M services.

New agreements are expected to be signed with the remaining customers in 2016 on the basis that, over a period of two to five years, the municipalities are expected to buy back the remaining street lights. Consequently, the City Light business model will gradually be modified into a more traditional contractor/consultant relationship.

The table below shows the development in the number of street lights owned and operated by us, for the periods indicated:

	Q1 2016	FY 2015	FY 2014	FY 2013
Number of lights points	183,890	204,200	255,500	267,000

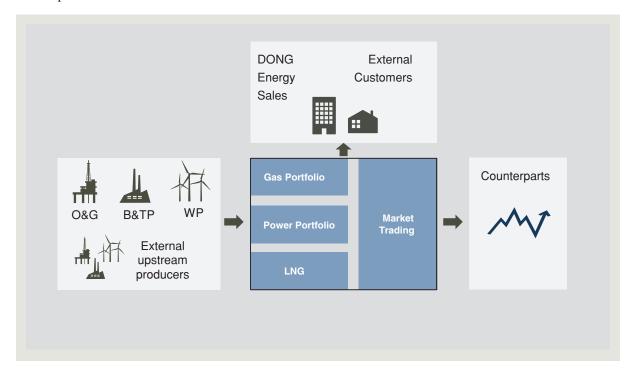
15.7.4 Markets

Through our Markets business, we service the entire Group and manage our energy portfolio. As part of this, we are optimizing and executing the Group's hedging strategy, providing a competitive route-to-market for physical energy and managing long-term gas purchase contracts. See Section 16.12.1 "Market risk management." Markets also owns and operates certain gas infrastructure assets and manages our LNG business. In order to fully utilize the existing business organization, increase portfolio diversification and generate additional earnings within existing risk mandates, Markets also provides services to external parties.

Markets is active in the mid-stream part of the energy value chain through sourcing and selling energy from our other businesses, as well as from our long-term gas purchase contracts and external sources such as exchanges and bilateral agreements.

The long-term objectives for Markets are to (i) continue to provide a competitive route-to-market for the Company while delivering prudent internal risk management services and (ii) increase earnings by providing similar services to external parties.

The diagram below illustrates the trading and portfolio management of gas, power and Green Certificates between Markets and the other parts of our Group, as well as trading between Markets and external counterparties.



15.7.4.1 Gas Portfolio

Through the gas portfolio team, we provide an efficient and competitive route-to-market for gas produced by Oil & Gas and gas purchased externally. We handle the gas portfolio of the entire Group through buying, selling and transporting gas on the wholesale energy markets in Northwestern Europe, while optimizing large volumes of gas, infrastructure assets and distribution channels across these markets.

The optimization and management of our asset and purchase contract portfolio includes:

- Portfolio infrastructure management and balancing: Optimizing individual contracts in delivery including inflow/outflow of gas storage as well as booking, rebooking and trading of transport and storage capacities.
- Asset and portfolio optimization: Ensuring offtake and delivery of gas from offshore production and long-term contracts to external customers and counterparts.
- Portfolio origination: Entering into structured agreements with counterparties to increase the value of the portfolio including locational swap arrangements, agreements with price or volume dependency on selected indices (forward prices, weather characteristics, force majeure events or other market indices), virtual storage and swing contracts (with embedded daily flexibility).

Sources of gas: From 1979 until mid-2000, we sourced gas mainly from producers in the Danish North Sea. From mid-2000 onwards, we increased our own production and entered into new purchase contracts as the Danish production from other North Sea producers went into decline and our business grew outside Denmark. We currently have a geographically diversified purchase portfolio through the international operation of our Oil & Gas business and existing agreements, including with a number of large gas suppliers.

The table below shows the volumes of gas supplied from Oil & Gas, long-term contracts and short term contracts including movement of storage for the periods indicated:

	Gas				
	Q1 2016	FY 2015	FY 2014	FY 2013	
		TV)	Wh)		
Oil & Gas	13	52	53	40	
Long-term purchase contracts	16	64	59	41	
Short term contracts and movement of storage	_12	_42	39	_51	
Total	42	<u>159</u>	<u>151</u>	<u>132</u>	

Consistent with market practice, our long-term contracts include "take or pay" clauses, pursuant to which we undertake to pay, on an annual basis, for minimum quantities of gas regardless of whether we take delivery of them. Our obligations to "take or pay" are reduced to the extent the relevant seller defaults on its obligation to deliver the volumes or on grounds of force majeure. See Risk Factor 22 "We are exposed to fluctuations in the prices of crude, oil products, gas products including LNG, power and certain other commodities, certificates or indices."

Historically, pricing of long-term gas purchase contracts, including our purchase contracts, has been linked to the development in oil prices. From 2009 onwards, as oil prices increased, this link caused the purchase price of gas under our purchase contracts to be greater than the corresponding market prices for gas on the developing traded gas hub market, where gas hub prices are not linked to oil prices. This resulted in gas sourced under our many long-term gas purchase contracts becoming financially disadvantageous. However, all of our long-term gas purchase contracts have price review clauses, which allow either party to request price renegotiations at fixed periods (typically every 36 months, and typically twice at any time during the contract) to adjust prices as of a specific date and to adjust the price indexation formula following such date. A single contract can therefore have several ongoing price reviews at the same time. To manage our embedded oil price exposure and to increase the profitability of our contracts, we have activated the price review clauses to renegotiate contract prices for certain periods with various counterparties. By April 2016, we had completed thirteen price reviews with our counterparties and we currently have another five ongoing. Five of the thirteen renegotiations were settled by arbitration. Recently, however, oil prices have decreased relative to gas hub prices, causing the purchase price of gas under our long-term gas purchase contracts which remain linked to oil prices to be lower than the corresponding contracts that are now linked to gas hub prices.

In addition to the gas procured from Oil & Gas and long-term gas purchase contracts, we procure gas on both standard contracts and more structured contracts. We are also active in the wholesale markets and provide upstream services by transporting gas to the market on behalf of third parties.

Sales of gas: Markets provides gas to our Sales business across all markets for their services to end customers, and to our Bioenergy & Thermal Power business, which uses the gas for thermal generation in Denmark and the Netherlands. In FY 2015, Markets supplied Bioenergy & Thermal Power with 6 TWh of gas, which accounted for all of Bioenergy & Thermal Power's demand for gas. Gas is supplied within Distribution & Customer Solutions and to the other parts of the Group on market terms. In addition to gas sold to Sales and Bioenergy & Thermal Power, we sell gas in the external wholesale markets as part of our portfolio origination.

The table below shows the volumes of gas sold to Sales and Bioenergy & Thermal Power and short term contracts for the periods indicated:

	Gas Sales by distribution channel			
	Q1 2016	FY 2015	FY 2014	FY 2013 ⁽¹⁾
		(T	Wh)	
Sales (Distribution & Customer Solutions)	12	41	43	49
Bioenergy & Thermal Power	3	6	5	5
Short term contracts	_27	112	103	_78
Total	<u>42</u>	<u>159</u>	<u>151</u>	<u>132</u>

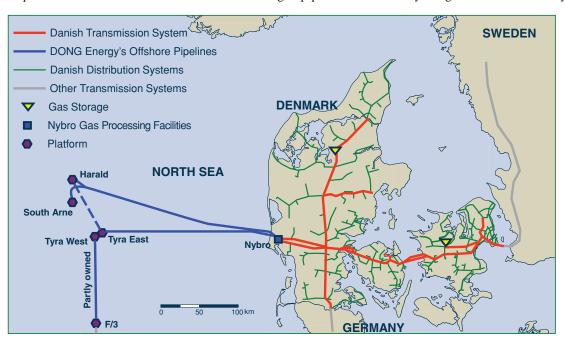
⁽¹⁾ The 2013 volume sold has been updated compared to our annual report.

15.7.4.1.1 Gas infrastructure supporting gas portfolio

15.7.4.1.1.1 Offshore gas pipelines

Our Markets business owns, operates, maintains and sells capacity in several offshore gas pipelines and in the Nybro gas treatment facility. Our main assets are the Tyra to Nybro offshore pipeline (229 kilometres long, commissioned 1984), the South Arne to Nybro offshore pipeline (304.5 kilometres long, commissioned 1999), including connection to Harald, the Harald to Tyra offshore pipeline (77 kilometres long, commissioned 1997) and the Nybro gas treatment facility. In addition we have a 50% ownership share in the Tyra West to F/3 JV offshore pipeline (100 kilometres long, commissioned 2004) operated by Mærsk (together the "Offshore Gas Transportation System"). According to the Confirmation Political Agreement, the Company will seek to divest on market terms the Gas Infrastructure Assets to Energinet.dk at an appropriate time.

The map below shows the location of our offshore gas pipelines and the Nybro gas treatment facility:



The Nybro gas treatment facility was commissioned in October 1984 when the first gas from the DUC fields was imported to Denmark (from the Tyra platforms) and is situated on the west coast of Denmark. It serves as the major sourcing route of gas to our markets in Denmark and Sweden, including major wholesale contracts and export to Germany. The maximum throughput capacity to Denmark is approximately 32 mcm per day. Historically, the operational performance of the offshore gas pipelines and Nybro has been high with uptime of 99.8% and only below this figure in years with planned maintenance. The O&M of the 100% owned Offshore Pipelines and Nybro gas treatment facility is carried out by internal service providers from Distribution & Customer Solutions and Oil & Gas.

Access to the Offshore Gas Transportation System is offered on what is called a "negotiated basis," rather than on a regulated basis, and is governed by a separate upstream executive order ("Opstrømsbekendtgørelsen") which states that the transportation tariff we are allowed to charge shall be "fair and on equal terms to comparable upstream transportation systems." The regulation is managed by the DERA. Our customers in the transportation system are shippers in the Danish gas market. Markets is involved in disputes over the transportation tariff. See 15.12.5 "Regulatory and Court Disputes related to the Offshore Pipelines Transportation Tariffs."

15.7.4.1.1.2 Gas storage

We own a 33.3% stake in an underground gas storage facility located in Northwest Germany. The Etzel gas storage facility consists of seven existing salt caverns approximately 1.5 kilometres below the surface, each with a capacity of approximately 1,150,000 MWh of working gas and there are plans to commission two additional caverns in 2017. As of January 1, 2016, the storage facility had a working gas volume of approximately 8,186,000 MWh with injection and withdrawal capacity rates of 5,085 MWh per hour and 9,040 MWh per hour, respectively. This storage facility is connected both to the German and Dutch gas

grids, through the BEP pipeline, of which we have a 16% ownership interest. The Etzel gas storage company is currently in arbitration with the lessor of the salt caverns in relation to the lease of one of the caverns, which was terminated due to a defect that is in dispute. The arbitration decision is expected at the end of 2016. We also have entered into a long-term lease contract with Etzel gas storage facility to lease one third of the storage, withdrawal and injection capacity at the facility which expires in 2026.

In addition, we lease capacity at the Peckensen gas storage facility, the Nüttermoor gas storage facility and the Stenlille and Lille Thorup gas storage facilities. The Peckensen and Nüttermoor facilities are both located in Germany (with Nüttermoor connected to both the German and Dutch gas transmission grid) and with the storage contracts expiring in 2021 and 2023 respectively. The Stenlille and Lille Thorup gas storage facilities are located in Denmark and are connected to the Danish Gas transmission grid. The storage contract for Stenlille and Lille Thorup expires in 2021. In total we have leased storage capacity of 7.2 TWh.

In 2012 we recognized provisions relating to the contracts for leasing of gas storage capacity in Germany and again in 2014 for the storage leases in Stenlille and Lille Thorup as part of the divestment of Stenlille gas storage facility to Energinet.dk. The provisions were made due to the decrease of the seasonal gas price differences. For further information, see Risk Factor 25 "We face certain risks related to decreases in seasonal gas price differences in relation to our gas storage capacity agreements."

15.7.4.1.1.3 Other longer term capacity bookings

In order to optimize significant gas positions from producing assets and long-term purchase contracts in the Distribution & Customer Solutions portfolio, we have entered a number of long-term exit/entry capacity contracts. These long-term contracts are located at major geographical intersections of the Distribution & Customer Solutions portfolio, such as Ellund, in order to import gas to Denmark, and at Emden, Easington and St. Fergus in order to offtake production volumes from the Norwegian and UK gas fields. Transport capacity to and from the German gas storage facilities has also been contracted in order to facilitate Distribution & Customer Solutions' long-term storage contracts.

15.7.4.2 Power Portfolio

Our Power Portfolio team manages and optimizes power and Green Certificate positions and offers a competitive route-to-market services for producers of power and Green Certificates. This includes:

- *Portfolio origination:* Entering into standard or non-standardized bilateral agreements with the objective of reducing price exposures or aligning sold volumes with actual production, securing profits, reducing price exposure or securing service fees by offering balancing, optimization, route-to-market or hedging services. These agreements can be concluded both with external and internal parties.
- Portfolio optimization: Ensuring offtake and balancing of power production from Wind Power, its partners and other power producers and transfer and sale of Green Certificates to markets, external customers and Distribution & Customer Solutions Sales.

Power Portfolio sells the wind power production in the UK and Germany from Wind Power and its partners on energy exchanges. At December 31, 2015 Power Portfolio managed a wind power portfolio position of 1.7 GW. To manage power production volatility, Power Portfolio constantly monitors the trading position and trades residual volumes throughout each day in order to minimize the difference between the production and traded volume. For the contracts under the RO support scheme, Power Portfolio also purchases ROCs at a pre-determined portion of the ROC buy-out price set by the government.

The majority of the contracts under management are long-term agreements with terms of between 2 and 15 years (15 years being the predominant contract length with external Wind Power partners, see Section 15.5.8 "Partnerships" for further information).

The compensation for power production is generally linked to daily market prices. However, certain of our Wind Power partnership agreements in the UK include a power price floor and a cap in the PPA to provide our partners with a more stable return. The power price exposure from the floor is actively hedged with a five-year horizon and any exposure beyond five years is generally unhedged due to lack of liquidity in the UK power market. See Risk Factor 22 "We are exposed to fluctuations in the prices of crude, oil products, gas products including LNG, power and certain other commodities, certificates or indices" for further information.

The new UK CfD subsidy regime includes fixed remuneration for the wind power produced and, as a consequence, price caps and floors are not relevant under this new regime. See Section 15.5.8.2 "Tailoring risk to investor appetite."

Power Portfolio's origination activities in the UK and German power markets encompass entering into PPAs with external owners of generating assets. This business activity is identified as a strategic priority but is at an early stage. Power Portfolio purchases power and, if relevant, certificates from power generators and secures the external sale of power to the exchanges, as well as handling the difference between forecasted power production and actual power production in return for compensation. These contracts may also provide for delivery of power to external assets in periods of low or no production.

Power Portfolio's main downstream activities consist of route-to-market services for the Sales business in Denmark, Germany, the UK and Sweden. Power Portfolio sources physical power from the power exchanges and sells the power to the Sales business at the exchange traded prices. Power Portfolio sells ROCs to our UK B2B Sales business but the majority of ROCs are sold externally to major supply companies in the UK, mostly via annual tenders with some quantities being contracted several years ahead in order to reduce price exposure. Since April 2015, the ROC volume managed by Power Portfolio has represented approximately 13% of the total UK market for ROCs. Guarantee of origin certificates are sold to the Sales business in Denmark and Germany and also to external third parties.

The power volumes managed by Power Portfolio team has increased by 1 TWh in FY 2015 compared to FY 2014 and the number of ROCs managed by Power Portfolio has increased by 2.4 million in FY 2015 compared to FY 2014, as a result of further wind farms coming on-stream.

	Q1 2016	FY 2015	FY 2014	FY 2013
Total power volumes (TWh) ⁽¹⁾	10.7	35.5	34.5	25.5
Of which volumes under management from Wind Power and				
third parties (TWh) ⁽¹⁾	1.7	5.8	3.7	2.8
Total number ROCs managed (millions)	3.0	9.4	7.0	4.5

⁽¹⁾ As there is no power storage, power volumes managed is equivalent to power volumes sold.

15.7.4.3 Market Trading

Market Trading ("Market Trading") has the responsibility for managing the Group's commodity positions by hedging its rolling five-year exposures. For further information on our hedging policies, see Section 16.12 "Risk management." Financial exposures arising from the upstream, sales and origination activities are transferred to Market Trading, who then manage the Group's overall combined exposures. The share of transferred exposures is based on a decreasing staircase profile for the coming five years. This means that the volumes of exposure moved from the different reporting segments to Market Trading depend on how far out in time the exposure arises. In practice, this means that approximately 90% of total exposure in the current year is transferred to Market Trading, decreasing to around 10% by the fifth year.

The exposures transferred to Market Trading are actively managed to reduce risk and deliver maximum value by bringing our netted positions to the market and thereby saving external transaction costs. Market Trading executes all transactions relating to standard products with external counterparties. Traders are responsible for devising and executing trading strategies within a clearly defined mandate structure designed to deliver a positive financial impact to the Group.

Only by being active in the trading markets can we efficiently manage the commodity price-risks inherent in the production from our asset and contract portfolio. Accordingly, we will, to a lesser extent, take positions in the market to ensure ongoing market presence and thereby gain more detailed market insight. We engage in trading of gas, oil, oil products, power, coal and emissions allowances. We perform external market trades in forward contracts of up to five years into the future, matching the time horizon of transfers of exposure from the other reporting segments.

We have assumed the role of market maker in the Nordic and German power markets in order to assist with providing robust reference prices for the whole of the Nordic market. We have also done so to obtain reduced cost of trading in market areas where we are active and have a sales presence.

Limits for Market Trading's activities are based on VaR and Stress, which measure the risk of losses on the portfolio from day to day and are calculated on a fair value basis. See Section 16.12 "Risk management." In

Q1 2016, the previous exposure management activities were merged into Market Trading. For additional information, see Section 16.2.5.3 "Market Trading and Exposure Management."

There are two main ways to trade commodity derivatives, exchange-based trading or over-the-counter ("OTC") trades. We use both methods to take our exposures to market. We have approximately 85 approved trading counterparties consisting of the major European utility companies, energy producers and intermediaries, such as banks. Bilateral trading is carried out on standard form documents and transacted through registered inter-dealer brokers. Exchange trading takes place on accredited energy exchanges using standardized futures contracts and a central clearing counterparty. European energy markets mainly trade bilaterally, although the share of exchange-based trading is increasing in all areas as markets mature and regulatory changes come into force. For further information on our commodity hedging, see Section 16.12.1.1 "Commodity price risk."

15.7.4.4 Liquefied Natural Gas

We are active in buying and selling LNG and we lease capacity in the Dutch regasification terminal, Gate, in the port of Rotterdam, Netherlands. In December 2007, we signed a long-term contract to lease this regasification capacity. This capacity position enables us to regasify LNG and sell it into the European gas market, notably through the Dutch Title Transfer Facility (TTF) in the Netherlands. The contract enables us to receive and regasify LNG corresponding to 3 bcm of gas per year over 20 years expiring in 2031. In 2010 we also entered into a long-term purchase contract to procure 1 bcm of gas as LNG, or to a certain extent gas, for a ten-year period with an option to extend for another 5 year period. The first delivery under this contract was in October 2011 and we are currently engaged in a price review arbitration in relation to this long-term purchase contract. We have also entered into other long-term supply obligations that require the availability of regasification capacity. Until 2021 the requirement for regasification capacity is 1.5 bcm per annum. We are currently not fully utilizing the booked capacity and in 2012 and 2014, we recognized provisions for the expected losses associated with the unused capacity in Gate. See Risk Factor 24 "We face certain risks related to significant overcapacity under our LNG regasification capacity agreement" for further information.

Revenue from the LNG business is generated via three sales channels that we currently pursue in relation to LNG:

- Regasification of LNG and sale into the TTF. The TTF has matured as a liquid traded gas market providing a reliable price marker and trading instruments for Dutch gas. In the period October 1, 2014 until September 30, 2015 29% of our LNG volumes were sold into the TTF.
- Sale of small scale LNG, where the LNG is sold as a fuel for industry, ships and trucks. The market is immature and currently limited in volume. In the period October 1, 2014 until September 30, 2015 8% of our LNG volumes were sold for small scale purposes.
- Sale of LNG into the global market. This is done by reloading, diversion or other means of selling it into regional gas markets outside of TTF. In the period October 1, 2014 until September 30, 2015 42% of our LNG volumes were sold to other markets.

The remaining share of volumes were traded as in-tank trades to other capacity holders in Gate.

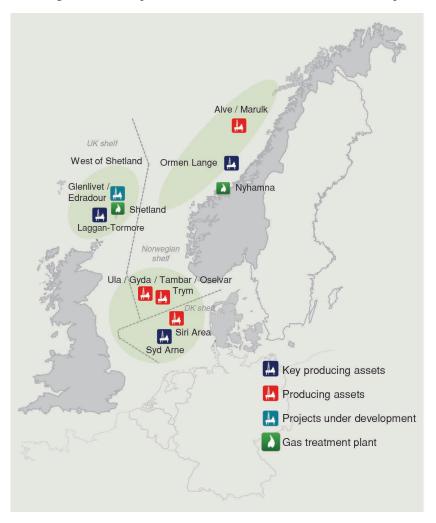
15.8 Oil & Gas

15.8.1 Overview

Our Oil & Gas business is engaged in production, development and exploration in Denmark, Norway and the UK. We produce oil and gas from 14 assets in Denmark, Norway and the UK. Currently, we participate in 62 licenses in Northwestern Europe. Fourteen of these licenses are on the Danish continental shelf ("DCS"), 23 are on the Norwegian continental shelf ("NCS"), 22 are on the UK continental shelf ("UKCS"), two are offshore of the Faroe Islands and one is offshore of Greenland.

Our oil and gas portfolio is centered around three key producing assets: Syd Arne in Denmark, Ormen Lange in Norway and Laggan-Tormore in the UK. These three assets represented approximately 75% of our total oil and gas production in FY 2015.

The map below shows the locations of these three key producing assets, other producing assets, projects under development and gas treatment plants in which we have an interest as of April 30, 2016.



In Denmark, our portfolio includes four producing assets in addition to Syd Arne. The other producing assets are Siri, Nini and Cecilie (the "Siri Area") and Lulita.

In Norway, our portfolio includes seven producing assets in addition to Ormen Lange. The other producing assets are Ula, Gyda, Oselvar, Tambar, Trym, Alve and Marulk.

In the UK, we are primarily focused on the West of Shetland area. Our first production in the UK commenced in February 2016 from Laggan-Tormore, which includes a new onshore gas plant and related infrastructure. Furthermore, we are developing the Edradour and Glenlivet fields, which will be tied back to the Laggan-Tormore infrastructure. First production from these fields is expected to be in 2017 and 2018, respectively.

As of March 31, 2016, we estimated our 2P reserves to be 238 mmboe, of which approximately 25% were reserves of oil (including crude, condensate and NGL) and 75% were reserves of gas. The gas reserves principally reflect our 14.02% interest in Ormen Lange. Our net production in FY 2015 amounted to 40.9 mmboe, of which oil and gas production accounted for approximately 25% and 75%, respectively.

15.8.2 Strategy

Our Oil & Gas business is adapting to the changes in the Group's portfolio strategy announced in January 2016, and continues to respond to the significant decrease in oil and gas prices over the last 18 months. Our objective is to optimize value in our existing core producing assets in Denmark, Norway and the UK as well as deliver strong returns and positive cash flows.

To achieve our objective, we are taking the following actions:

- limiting exploration and appraisal expenditures and investments to honoring existing license commitments and to supporting the optimization of existing core producing assets;
- not taking FID on new development projects;
- reducing costs through adjustments in our portfolio activity, procurement and contractual renegotiations and headcount reductions;
- optimizing our asset portfolio with a focus on low-cost, low-risk, long-term assets, including notably Syd Arne in Denmark, Ormen Lange in Norway and Laggan-Tormore in the UK; and
- not assuming new operatorships.

As part of our objective to support the optimization of key producing assets in our portfolio, we may, however, still invest in field extensions in connection with, or build-outs near, our existing key producing assets. Furthermore, we are working with BayernGas to jointly assess alternatives for the development of the Hejre area. We will seek to preserve facilities already installed such as pipelines for a potential redevelopment of the Hejre field. If our assessment of redevelopment options for the Hejre field does not result in any viable alternative option, then this may result in a decision by us, together with our partner, to abandon the project and the license. If an economically viable solution can be found, we will seek to optimally monetize the project. In any redevelopment option, we will seek to reduce our ownership interest and consider the operatorship model for such option.

The actions taken will significantly reduce operating expenditures and capital expenditures going forward. We anticipate that this reduction will result in a medium-term (2017–2020) free cash flow break-even price of approximately USD 35/bbl for oil, excluding our hedging position, and we are targeting positive free cash flows from 2017 onwards, including our hedging positions. The positive cash flows from the Oil & Gas business will support future investments in renewable technologies where we see opportunities with an attractive risk-return ratio and a reduced strategic exposure to commodity price risk.

The direction for the Oil & Gas business is a matter of strategic choice and an outcome of the Group's vision to lead the long-term transformation from fossil fuels to renewables. Given our decision not to invest in reserve replacements, we do not view the Oil & Gas business as a long-term strategic commitment for the Group. As such, the direction of the Oil & Gas business will not change in response to potential future increases in oil and gas prices.

15.8.3 Oil and gas reserves

15.8.3.1 SPE PRMS Standards

Our internal reserves assessment follows the guidelines specified in the Society of Petroleum Engineering's ("SPE") Petroleum Resources Management System ("PRMS") and is in compliance with the 2007 PRMS. The SPE classification system is phased according to the maturity stage of the project, from exploration through development, production and finally decommissioning. Volumes are therefore always tied to projects and it is common to find different resource classes within a given field and/or reservoir.

Our standards are based on a methodology, which sets out a clear distinction between subsurface uncertainty and project maturity status, and the PRMS reporting system allows for subsurface uncertainty and project maturity to be combined in our volumes reporting.

The table below shows the 2P reserves that we have estimated as of the dates indicated:

	2P Reserves ⁽¹⁾			
	As at March 31,	As a	Decembe	er 31,
	2016	2015	2014	2013
Oil (mmbbl)	60.2	128.8	149.6	166.6
Gas (bcm)	28.3	32.2	38.3	48.4
Total (mmboe)	238.1	331.4	390.8	471.3
Denmark	36.4	90.2	135.4	141.1
Norway	151.0	159.9	184.5	260.3
UK	50.7	81.3	70.9	69.9

⁽¹⁾ Estimated figures.

2P reserves were gradually reduced from 2013 to 2016. The reduction was primarily driven by the annual production of the reserves and downward technical adjustments of fields. Due to the Ormen Lange redetermination in 2013, we booked a significant increase in the Ormen Lange 2P reserves in 2013. Production from 2013 was also higher due to the redetermination, which reflected a transfer of historical reserves to Oil & Gas from certain of our partners. Other factors resulting in downward adjustment of reserves included reclassifications of certain reserves and reduced reserves expectations for certain fields. The decrease in 2P reserves from December 31, 2015 to March 31, 2016 is due to the termination of the Hejre EPC Contract and a renewed assessment of the maturation of the Rosebank development; the classification for both projects has been changed from 2P reserves to contingent resources.

The independent firm DeGolyer & MacNaughton ("D&M") has prepared a Competent Person's Report ("CPR") regarding our reserves set forth in Annex C. The CPR details reserves estimates (for 2P crude, condensate and LPG) as of March 31, 2016. All of the fields are currently producing except for Edradour and Glenlivet. Our strategy is mainly to focus on cash generation from our current 2P reserves and invest minimal amounts in the development of contingent resources. We therefore do not believe it is relevant to disclose contingent resources in the CPR when there are no specific plans to develop such resources. Furthermore, possible reserves represent a further potential upside to 2P and due to the uncertainty attached to the development of possible reserves, we do not believe it is relevant to disclose possible reserves in the CPR. The CPR was prepared in accordance with the PRMS in order to estimate reserves for the areas and periods indicated therein. The PRMS was approved in March 2007 by the SPE, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers. D&M issued the CPR based upon its evaluation. The CPR is attached as Annex C to this Offering Circular.

The table below outlines our estimates and D&M's estimates of our reserves as of March 31, 2016:

	Reserves as at	March 31, 2016	Differences			
	DONG Energy Estimate	D&M Estimate	Difference (DONG Energy—D&M Estimate	Difference (DONG Energy—D&M Estimate) relative to DONG Energy Total Estimate		
	(mmboe)		(mmboe)	(%)		
Denmark	36.4	39.3	(2.9)	(1.2)		
Norway	151.0	157.7	(6.4)	(2.7)		
United Kingdom	50.7	52.5	(1.8)	(0.8)		
Total	238.1	<u>249.3</u>	<u>(11.2)</u>	<u>(4.7)</u>		
—Of which oil (mmbbl)	60.2	69.4				
—Of which gas (bcm)	28.3	28.6				

The CPR 2P reserves as at March 31, 2016 are less than 5% higher than our estimate on a total portfolio level.

15.8.3.2 Reserves Review Process

We review and evaluate our reserves once a year. During this review and evaluation, our technical teams calculate in-place volumes, production profiles and estimations of reserves for each of our licenses.

In addition, as of December 31, 2013, 2014 and 2015, and as of March 31, 2016, our external reserves auditor D&M carried out an independent assessment of our 2P reserves, which was prepared according to the PRMS.

While the reserves estimates may differ for the individual fields when considering our asset portfolio as a whole, it is D&M's general opinion that our and their reserves assessment, when compared as of the dates indicated in the table above, do not differ materially. The outcome of this external independent assessment is documented in a comfort letter. In order to obtain the comfort letter, the total sum of 2P reserves must be within an acceptable range, defined as +/-5% compared to our own assessment.

15.8.4 Production activities

15.8.4.1 Overview

Our current production comes from the following assets in Denmark, Norway and the UK:

- Syd Arne and Lulita (Denmark);
- Siri, Nini and Cecilie (Siri Area, Denmark);
- Ormen Lange (Norwegian Sea, Norway);
- Alve and Marulk (Norwegian Sea, Norway);
- Trym, Ula, Gyda, Tambar and Oselvar (North Sea, Norway); and
- Laggan-Tormore (West of Shetland, UK).

The table below shows our oil and gas production for the periods indicated below:

	Net Production				
	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
D 1			(mmboe)		
Denmark:	0.2	0.1	0.6	0.5	0.2
Gas	0.2	0.1	0.6	0.5	0.3
Oil	1.2	1.2	4.8	3.9	3.2
Crude	1.2	1.2	4.8	3.9	3.2
Condensate	_				
Natural gas liquids					
Total	1.4	1.3	5.4	4.3	3.5
Norway:					
Gas	7.0	7.1	30.2	30.8	23.2
Oil	1.1	1.5	5.3	6.8	5.0
Crude	0.6	0.6	2.3	2.9	2.4
Condensate	0.4	0.6	2.1	3.0	2.2
Natural gas liquids	0.2	0.2	0.8	0.8	0.3
Total	8.1	8.6	35.5	37.5	28.2
United Kingdom:					
Gas	0.4			_	_
Oil	0.4	_	_	_	
Crude	_	_			_
Condensate	0.0				
Natural gas liquids	0.0				
Total	0.4				
Oil & Gas Totals:					
Gas	7.6	7.3	30.8	31.2	23.5
Oil	2.4	2.6	10.1	10.6	8.2
Crude	1.8	1.8	7.1	6.8	5.6
Condensate	0.4	0.7	2.1	3.0	2.2
Natural gas liquids	0.2	0.2	_0.8	_0.8	0.3
Total	10.0	9.9	40.9	41.8	31.7

We sell oil directly to the market while our gas production is sold to our Distribution & Customer Solutions business. Approximately 50% of our oil production is sold on a delivered basis (i.e. using offshore loaded tankers).

Production in 2013 was negatively influenced by shutdowns in the Siri and Trym assets, but positively influenced by the Ormen Lange redetermination, which led to the receipt of six months of catch-up production. Catch-up production from Ormen Lange as well as good performance on several Norwegian assets and Syd Arne contributed to production increases in FY 2014 and FY 2015. Ormen Lange catch-up production continued to affect results through February 2016. See Section 16.2.6.2 "Effect of the first Ormen Lange redetermination."

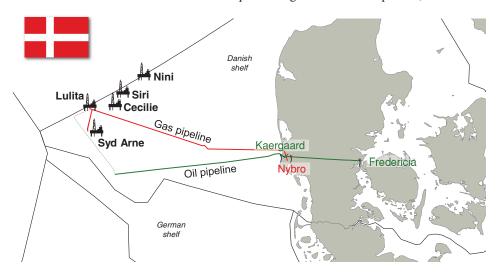
In FY 2015, our average lifting costs (which are defined on the basis of operating expenses and processing costs in US Dollars divided by production (boe)) were USD 7.3 per boe. Our average lifting cost with respect to our Danish producing fields was USD 21.9 per boe, while our average lifting cost for our Norwegian producing fields was USD 5.8 per boe, which was primarily driven by the low lifting costs of Ormen Lange.

Operating expenses used for the calculation of lifting costs exclude transportation costs and taxes, but include the operator's total operating expenses (such as overhead, administration and personnel).

All references made to capital expenditures in this section (15.8.4) are made such that capital expenditures reflect producing and development fields, however do not include exploration or appraisal costs.

15.8.4.2 Danish Producing Assets

The map below shows the location of our Danish producing assets as of April 30, 2016.



In Denmark, we have interests in Syd Arne, Lulita and the Siri Area. Our net production from these assets in FY 2015 was 5.4 mmboe and oil and gas accounted for approximately 89% and 11% of this production, respectively. In FY 2015, our lifting costs per barrel in Denmark were USD 21.9 per boe and capital expenditures were DKK 3,166 million.

In FY 2015, our Danish producing assets accounted for approximately 13% of our total production of oil and gas. At March 31, 2016, 15% of our 2P reserves were located in Denmark.

Syd Arne. Syd Arne is located in the western part of the Danish offshore sector and was developed from 1997 to 1999 using a concrete gravity-based structure platform. It includes full processing facilities, living quarters and an oil storage tank. We own 36.79% of Syd Arne, which is operated by Hess Denmark ApS.

Our net production from Syd Arne in FY 2015 was approximately 3.0 mmboe. Oil and gas accounted for approximately 80% and 20%, respectively, of this production. Syd Arne capital expenditures in FY 2015 amounted to DKK 881 million.

The oil produced from Syd Arne is continuously fed into a storage tank, from which it is then exported through a two-kilometer pipeline and loading buoy to tankers. Gas is exported by pipeline to Nybro, our gas treatment plant on the western coast of Jutland.

Syd Arne is supported by water injection wells to increase the overall reservoir recovery. Production commenced in 1999 and is based on 31 wells (22 producers and 9 injectors), 11 of which were completed from 2013 to 2016, together with two unmanned platforms, as part of the Syd Arne Phase III development.

Lulita: The Lulita field straddles three licences (1/90, 7/89 and 1/62) which have been unitized (the Lulita unit). We hold an 80% interest in two of the licences (1/90 and 7/89) and a 40% interest in the Lulita unit. Wells are drilled from the Harald facilities, which are operated by Mærsk Olie og Gas A/S (the Lulita host operator). Production of oil and gas began in June 1998. The processing of well fluids takes place at the Harald facilities, before being sent onshore via the DUC infrastructure system, including the Tyra platforms. On April 4, 2016, the Lulita host operator announced that it had made a decision to cease production of oil and gas from the two main facilities, Tyra East and Tyra West, in the Tyra field in the

Danish North Sea on October 1, 2018, if an economically viable solution for continued operations is not identified during 2016. After shutdown of Tyra, Harald would no longer be able to receive the wellstream from Lulita.

Our net production from Lulita in FY 2015 was approximately 0.1 mmboe. Oil and gas accounted for approximately 60% and 40% respectively.

The Siri Area. The Siri Area comprises the Siri, Nini and Cecilie licenses and is located in the northern part of the Danish offshore sector, close to the Norwegian border. We own 100% of Siri (covering the Siri and Stine fields), which is operated by us. We own 57.14% of the Nini license (covering the Nini and Nini East fields) and 56.41% of the Cecilie license, both of which are also operated by us.

Our net production from the Siri Area in FY 2015 was approximately 2.4 mmboe. Oil accounted for all the production whereas gas is reinjected into the reservoir or used for fuel.

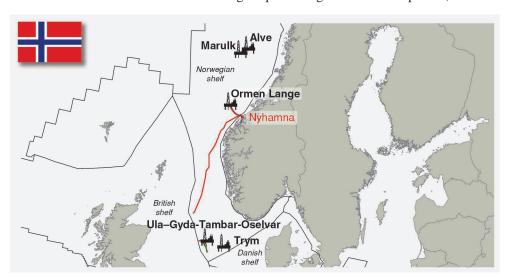
The Siri field commenced production in 1999 from a purpose-built, integrated production platform. The Stine (2001) subsea installation and the Nini (2003), Cecilie (2003) and Nini East (2010) unmanned wellhead platforms are all tied into the Siri platform with pipelines for multiphase flow, gas lift and water injection. Produced oil is exported from the storage tank by shuttle tanker. Gas is used for both fuel and as lift gas for production. The remaining gas is reinjected for storage and improved oil recovery. Water produced during the process is reinjected.

In August 2009, cracks were discovered in the subsea structure connected to the storage tank and production was shut down for approximately 5 months. Production recommenced in 2010 after installation of a temporary solution. In May 2011, we began to permanently repair the structure, including cable stays between the platform legs. The permanent repair was completed and approved by the Danish authorities in 2014.

In 2015, it was decided to invest further in the area and a well campaign is currently accessing remaining reserves potential.

15.8.4.3 Norwegian producing assets

The map below shows the location of our Norwegian producing assets as of April 30, 2016.



In Norway, we have interests in 23 licenses covering 8 producing assets. Our net production from these assets in FY 2015 was 35.5 mmboe, of which oil and gas accounted for approximately 15% and 85%, respectively. In FY 2015, our lifting costs per barrel in Norway were USD 5.8 per boe, which was primarily driven by the low lifting costs of Ormen Lange, and capital expenditures were DKK 660 million.

In FY 2015, our Norwegian producing assets accounted for approximately 87% of our total production of oil and gas. At March 31, 2016, 64% of our 2P reserves were located in Norway.

Ormen Lange. Ormen Lange is Norway's second largest gas field and is located in the Norwegian Sea off Mid-Norway. We hold a 14.02% unit interest in the Ormen Lange unit, which is operated by A/S Norske Shell.

Our net production from the asset in FY 2015 was approximately 26.9 mmboe. Oil and gas accounted for approximately 6% and 94%, respectively of this production. Ormen Lange capital expenditures in FY 2015 amounted to DKK 541 million.

Development of Ormen Lange began in 2003 and commercial production began in October 2007. The asset includes subsea installations tied through wellstream pipelines to an onshore processing plant at Nyhamna in Norway. After processing and condensate extraction, the gas is transported to markets in the UK and continental Europe via the Gassled transportation system.

The Ormen Lange field straddles three licenses (PL208, PL209 and PL250), which have been unitized through a unitization agreement.

The unitization agreement allows for two redetermination processes to be carried out during the field's lifetime. Such redeterminations are designed to reflect an ongoing understanding of the subsurface conditions of the field by adjusting the allocation of the amount of recoverable gas in the unit, as well as the corresponding costs among the license partners. A first redetermination was called for when well results in the northern part of the field indicated significantly smaller gas volumes in the PL209 license, in which we have no participating interest. This redetermination was concluded in June 2013 with the issuance of an independent external expert decision. Following this, each participant in the Ormen Lange unit was allocated a revised unit interest with effect from July 1, 2013. Our participating interest in the unit was increased from 10.34% to 14.02%.

As a result of the increased unit interest, since July 2013 we have received additional production volumes in excess of our 14.02% ownership interest as compensation for historically deficient volumes and have been charged an immediate payment of the relevant share of historic investments.

Our share of gas production from Ormen Lange was approximately 20% from July 1, 2013 to June 30, 2015. From July 1, 2015 until February 2016, when we received the final gas volumes in accordance with the redetermination payback volumes, our share of gas production was approximately 27%.

A second and final redetermination may be called for by any one of the partners in the Ormen Lange unit when a certain percentage of the recoverable gas is estimated to have been produced. See Risk Factor 29 "We face certain risks related to any second redetermination relating to the Ormen Lange field."

Alve and Marulk. The Alve and Marulk assets are located in the Norwegian Sea and produce oil and gas. We hold a 15% interest in Alve, which is operated by Eni Norge AS, and we hold a 30% interest in Marulk, which is operated by Statoil Petroleum AS.

Our net production from Alve in FY 2015 was 0.73 mmboe. Oil and gas accounted for approximately 43% and 57%, respectively of this production. Our net production from Marulk in FY 2015 was 3.17 mmboe. Oil and gas accounted for approximately 26% and 74%, respectively of this production.

Both fields are developed using subsea templates tied back to a floating production, storage and offloading vessel ("FPSO") at the Norne oil field (which is operated by Statoil and in which we do not own an interest). Gas is processed at the Norne FPSO and exported through the Gassled transportation system. Crude and condensate is loaded via the Norne FPSO to tankers. We understand that the owners of the Norne license are currently discussing a lifetime extension of the Norne FPSO beyond 2021. Due to considerable reserves in the area, we believe a lifetime extension is likely.

Trym. The Trym asset is located in the southern North Sea, near the border between Norway and Denmark. We hold a 50% interest in the Trym field, which is operated by us. Trym produces gas and condensate, and is configured as a subsea tie-back to the Harald facilities in the Danish sector, which is operated by Mærsk Olie og Gas A/S (the Trym host operator). Gas is exported to Denmark (Nybro) via the DUC infrastructure system, including the Tyra platforms. Condensates are exported to the Fredericia terminal in Denmark via the Tyra and Gorm E platforms. Trym is developed with two horizontal producers to ensure full capacity utilization. Production began in February 2011. On April 4, 2016, the Trym host operator announced that it had made a decision to cease production of oil and gas from the two main facilities, Tyra East and Tyra West, in the Tyra field in the Danish North Sea on October 1, 2018, if an economically viable solution for continued operations is not identified during 2016. After shutdown of Tyra, Harald would no longer be able to receive the wellstreams from Trym.

Our net production from the field in FY 2015 was approximately 2.3 mmboe. Oil and gas accounted for approximately 26% and 74%, respectively of this production.

Ula, Gyda and Tambar. The Ula, Gyda and Tambar assets are located in the North Sea and produce oil and gas. We hold a 20% interest in Ula, a 45% interest in Tambar and 43% in Tambar East unit, all three of which are operated by BP Norge AS, and we hold a 34% interest in Gyda, which is operated by Repsol Norge AS.

Our net production from the Ula field in FY 2015 was approximately 0.7 mmboe. Oil accounted for all the production whereas gas is reinjected into the reservoir. The field is located in the southern part of the North Sea. The field has been developed with three bridge-linked steel jacket platforms, and includes living quarters. The Ula platform is a hub that receives tariff income from the Tambar and Oselvar fields, as well as the third-party owned neighboring Blane field, and has the potential to receive future income from additional fields. Production strategy has further been developed through an enhanced oil recovery water alternating gas reinjection scheme and infill drilling. All gas from Ula, Tambar, Oselvar and Blane is injected into the Ula reservoir.

Our net production from the Gyda field in FY 2015 was approximately 0.2 mmboe. Oil accounted for all of this production whereas gas is used for fuel. Gyda is a standalone platform and production began in 1990.

Our net production from the Tambar asset (Tambar and Tambar East) in FY 2015 was approximately 0.9 mmboe. Oil and gas accounted for approximately 85% and 15%, respectively of this production. Tambar and Tambar East are an unmanned wellhead platform tied back to Ula. The Tambar fields are located approximately 16 km southeast of Ula. Oil and gas are transported by the Tambar pipeline to the Ula platform. Production began in 2001. Current Tambar and Tambar East field reserve estimates exceed the approved plan for development and operation by approximately 50%. The production strategy involves oil production (natural depletion), artificial gas lift (being evaluated), infill drilling (targets currently being matured) and water injection (to be further evaluated).

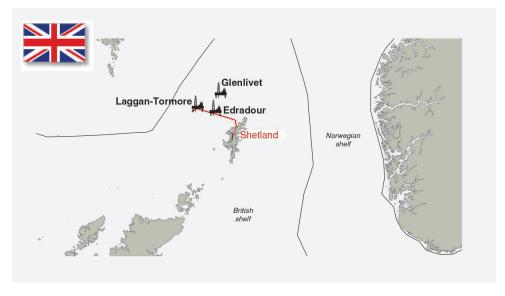
Oselvar. The Oselvar asset is located in the North Sea near the border between Norway and the UK. We hold a 55% interest in the Oselvar field, which is operated by us.

Our net production from the field in FY 2015 was approximately 0.6 mmboe. Oil and gas accounted for approximately 64% and 36%, respectively of this production.

Oselvar produces oil and gas and is configured as a subsea tie-back to the Ula platform (operated by BP Norge A/S). Gas is sold at Ula for reinjection directly into the Ula field. Oselvar is developed with three horizontal producers drilled into the oil reservoir. Production began in April 2012. The field has experienced a more rapid production decline than pre-development evaluations suggested. Consequently, we will present a plan for decommissioning of the field to the Norwegian Ministry of Petroleum and Energy in the course of 2016. Oselvar is expected to cease production in 2018, however some of the facilities may be reused if the nearby Butch discovery is developed. Butch is operated by Centrica.

15.8.4.4 UK producing assets

The map below shows the location of our UK producing assets and projects under development as of April 30, 2016.



Production from the Laggan field marked our first production in the UK. Production will be sustained through first production from the Tormore field in the near-term and the delivery of the Edradour and Glenlivet fields in the medium-term. At March 31, 2016, 21% of our 2P reserves were located in the UK and in FY 2015, our capital expenditures were DKK 1,811 million.

Laggan-Tormore. The Laggan-Tormore asset is located northwest of the Shetland Islands. We hold a 20% interest in the asset, which is operated by Total E&P UK Limited. Production commenced from the Laggan field in February 2016 and is expected to commence from the Tormore field later in 2016. Laggan-Tormore capital expenditures in FY 2015 amounted to DKK 1,297 million. The fields are developed using a subsea production system tied-back via pipelines to a new-build gas processing plant (the Shetland Gas Plant) in the north of Shetland, which is also owned by the Laggan-Tormore owners. After processing and condensate extraction, the gas is transported to the UK mainland via the Shetland Island Regional Gas Export pipeline (in which we own a 18.26% interest), which joins the existing Frigg UK pipeline carrying the gas from the North Sea to the St Fergus Gas Terminal on the northeast coast of Scotland. Condensate is piped from the Shetland Gas Plant to the neighboring Sullom Voe Oil terminal, where it is exported to market via tanker as blended crude.

The Laggan-Tormore infrastructure has been designed and built as a gas hub for the West of Shetland region with provision for the connection of additional fields in the future, with Edradour and Glenlivet as the first additional fields to be connected in 2017 and 2018, respectively.

15.8.5 Development activities and Hejre

15.8.5.1 Projects under development

Present development activity includes Edradour and Glenlivet (West of Shetland, UK).

The intent is not to take FID on new development projects.

As part of our objective to support the optimization of the key producing assets in our portfolio, we may still invest in field extensions in connection with, or build-outs near, our existing key producing assets.

Edradour and Glenlivet. The Edradour and Glenlivet fields are located approximately 40 km east of Laggan-Tormore. We hold a 20% interest in these fields, which are both operated by Total E&P UK Limited.

Both fields are being developed as subsea tiebacks to the Laggan-Tormore infrastructure, connecting to the existing pipeline and controls system and utilizing the same production system technology. Gas and condensates from the fields will be processed and exported via the Shetland Gas Plant, using the same export routes as Laggan-Tormore. Production from the Edradour field is based on a single well, with first gas expected in 2017. Production from the Glenlivet field is based on two wells, with first gas expected in 2018.

15.8.5.2 Hejre

Hejre. The Hejre field is located in the northwest Danish North Sea. The field is a HP/HT oil and gas field. We are the operator of, and hold a 60% interest in, Hejre. Our partner BayernGas holds the remaining 40% interest. All material decisions in respect of the development and operation of the field requires unanimity between the Hejre partners. Capital expenditures for Hejre in FY 2015 amounted to DKK 2,134 million.

In 2012, we decided, together with our partner BayernGas, to develop the Hejre field. In connection therewith, a contract was entered into with the EPC Consortium for the engineering, procurement and construction of the Hejre platform which consists of a jacket and topsides. The jacket was delivered and installed at Hejre in summer 2014. The construction of the Hejre jacket and topsides by the EPC Consortium has experienced technical difficulties and significant delays. The platform EPC Consortium has not been able to meet its contractual commitments under the EPC Contract. In March 2016, together with our partner BayernGas, we gave notice to terminate the EPC Contract with the platform EPC Consortium for cause with immediate effect. The termination means that the Hejre platform will not be completed and that the Hejre project in its current form has been stopped. See Risk Factor 28 "We face certain risks with regard to the Hejre project and our current provision may prove to be insufficient."

We have agreed with BayernGas that we will be controlling the termination process towards the EPC Consortium on behalf of the Hejre project, and that we will assume the potential liabilities, rights and

benefits arising out of the EPC Contract and termination process towards the EPC Consortium (including any liabilities that may result from the existing or any future arbitration or litigation relating to the EPC Contract).

The termination of the EPC Contract will require renegotiation or cancellation of third party contracts, including contracts for the North Sea transport and the installation of the Hejre topsides. We have recognized provisions at March 31, 2016 relating to the termination of the EPC Contract and ancillary third party contracts in accordance with IFRS. These provisions were based on our estimates at such date. For information regarding our provisions related to Hejre, see Section 16.2.6.6 "Termination of the EPC Contract in respect of the Hejre platform."

Well construction activities at Hejre began in mid-2014 and the drilling of the fourth well is now almost complete. A fifth and last Hejre development well will be drilled later in 2016, based on an existing rig commitment.

We are working with BayernGas to jointly assess alternatives for the development of the Hejre area. We will seek to preserve facilities already installed such as pipelines for a potential redevelopment of the Hejre field. If our assessment of redevelopment options for the Hejre field does not result in any viable alternative option, then this may result in a decision by us, together with our partner, to abandon the project and the license with resulting abandonment and decommissioning obligations. If an economically viable solution can be found, we will seek to optimally monetize the project. In any redevelopment option, we will seek to reduce our ownership interest and consider the operatorship model for such option.

For a description of our and BayernGas' commitments towards DONG OP, see Section 15.7.2.2.1 "Overview of DONG Oil Pipe" and Section 15.7.2.2.3 "Economic regulation and price structure."

DEA approval is required for the changes to the Hejre project that result from the decision to stop the project in its current form, including postponement of relevant deadlines for completion of the project in applicable Hejre permits, consents and license. Any failure to achieve any such required approval or consents could potentially result in a revocation of the Hejre license and resulting abandonment and decommissioning obligations.

The failures to perform in accordance with the EPC Contract, including delays in deliveries, by the EPC Consortium have led to the instigation of legal proceedings between the EPC Consortium and us. See Section 15.12 "Legal proceedings."

15.8.6 Discoveries, appraisal & exploration activities

15.8.6.1 Discoveries

We have interests in a number of discoveries, including Solsort in Denmark, Mjølner in Norway, Rosebank and Cambo/Tornado both in the UK.

Any investments in respect of these discoveries will be limited to honoring license commitments.

Our current capital commitments are limited.

We will be seeking to monetize our discoveries subject to market conditions and commerciality.

15.8.6.2 Appraisal & Exploration activities

Any exploration and appraisal investments will be limited to honoring license commitments and supporting existing core producing assets.

Our current capital commitments comprise of two exploration wells expected to be drilled in 2017 and one exploration well expected to be drilled in 2018 as well as work programs on some of the licenses. The commitment wells and the work programs are limited investments in the overall investment frame.

15.8.7 Current license portfolio

The table below shows certain key information regarding our portfolio of exploration and production licenses, as of April 30, 2016.

**	Our Working		License	DI.	D . (
License	Interest (%)	License Operator	Expiry	Phase	Partners
Denmark					
1/90 (Lulita) ⁽¹⁾	80	DONG E&P A/S	2026	Production	Noreco 20%
7/86 (Lulita) ⁽¹⁾	80	DONG E&P A/S	2026	Production	Noreco 20%
7/89 (Syd Arne)	36.7893	Hess Denmark ApS	2027	Production	Hess (61.52%), Danoil
					(1.69%)
4/95 (Nini)	57.143	DONG E&P A/S	2032	Production	DEAG (42.86%)
6/95 (Siri)	100	DONG E&P A/S	2027	Production	None
16/98 (Cecilie)	56.41	DONG E&P A/S	2032	Production	DEAG (43.59%)
5/98 (Hejre)	60	DONG E&P A/S	2040	Development ⁽⁸⁾	BayernGas (40%)
1/06 (Hejre extension)	48	DONG E&P A/S	2040	Exploration & Appraisal	BayernGas (32%)
9/95 (Maja)	70	DONG E&P A/S	2017	Exploration & Appraisal	Nordsøfonden (20%) Nordsøfonden (20%),
9/93 (Maja)	70	DONG E&F A/S	2017	Exploration & Appraisar	(Danoil 10%)
4/98 (Exploration)	70	DONG E&P A/S	2017	Exploration & Appraisal	Nordsøfonden (20%),
4/90 (Exploration)	70	DONG LET 145	2017	Exploration & Appraisar	(Danoil 10%)
3/09 (Solsort) ⁽¹⁾	35	DONG E&P A/S	2045	Exploration & Appraisal	VNG (15%), BayernGas
5,05 (5055010)		20110 201 140	20.0	Emploration at Employer	(30%), Nordsøfonden
					(20%)
4/98 (Solsort) ⁽¹⁾	35	DONG E&P A/S	2045	Exploration & Appraisal	VNG (15%), BayernGas
.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,					(30%), Nordsøfonden
					(20%)
15/16 (Lappedykker)	60	DONG E&P A/S	2022(3)	Exploration & Appraisal	Edison (20%),
., . (r · · · · · · · · · · · · · · · · · · ·	Nordsøfonden (20%)
16/16 (Nattergal)	30	DONG E&P	2022(4)	Exploration & Appraisal	Hess (30%), Danoil
(6 /					(10%), Edison (10%),
					Nordsøfonden (20%)
Norway					
PL019 (Ula)	20	BP Norge AS	2029	Production	BP (80%)
PL019B (Gyda and					
Tambar East) $^{(1)}$	34	Repsol Norge AS	2023	Production	Repsol (61%), Kufpec
DI 065 (E. 1					(5%)
PL065 (Tambar and	45	DD N. AC	2022	D. L. C.	DD (55%)
Tambar East)(1)	45	BP Norge AS	2023	Production	BP (55%)
PL300 (Tambar East) ⁽¹⁾	45	BP Norge AS	2023	Production	BP (55%)
PL122 (Marulk)	30	Eni Norge AS	2025	Production	ENI (20%), Statoil (50%)
PL147 (Trym)	50	DONG E&P Norge AS	2027	Production	BayernGas (50%)
PL122B (Marulk)	30	Eni Norge AS	2025	Production	ENI (20%), Statoil (50%)
PL122C (Marulk)	30	Eni Norge AS	2025	Production	ENI (20%), Statoil (50%)
PL122D (Marulk)	30	Eni Norge AS	2025	Production	ENI (20%), Statoil (50%)
PL159B (Alve)	15 45	Statoil Petroleum AS	2029 2041	Production	Statoil (85%)
PL208 (Ormen Lange) ⁽¹⁾ . PL250 (Ormen Lange) ⁽¹⁾ .	9.44	DONG E&P Norge AS A/S Norske Shell	2041	Production Production	Petero (30%), Shell (25%)
PL274 (Oselvar)	55	DONG E&P Norge AS	2039	Production	Petero (30%), Shell (25%) CapeOmega (45%)
PL274 (Oselvar) PL274CS (Oselvar)	55	DONG E&P Norge AS	2039	Production	CapeOmega (45%)
PL113 (Mjølner)	70	DONG E&P Norge AS	2021	Exploration & Appraisal	Statoil (30%)
PL613 (Fafner)	40	DONG E&P Norge AS	2019	Exploration & Appraisal	Edison (25%), Det norske
1 Lois (ramer)	40	DONG Let Noige 715	2017	Exploration & Appraisar	oljeselskap (20%), Dea
					(15%)
PL689 (Hyse)	40	DONG E&P Norge AS	2022	Exploration & Appraisal	Det norske oljeselskap
, ,		C			(20%), Tullow (20%)
					BayernGas (20%)
PL689B	40	DONG E&P Norge AS	2022	Exploration & Appraisal	Det norske oljeselskap
				•	(20%), Tullow (20%)
					BayernGas (20%)
PL728 (Turtles)	45	DONG E&P Norge AS	2023	Exploration & Appraisal	Maersk Oil (35%), Petoro
DI 730D /E -1 \	45	DONG ERBN	2022	F 1. 4. 6 4	(20%)
PL728B (Turtles)	45	DONG E&P Norge AS	2023	Exploration & Appraisal	Maersk Oil (35%), Petoro
DI 907	40	Edison Norgo AS	2022	Evaluation & Approisal	(20%)
PL807	40	Edison Norge AS	2023 2025	Exploration & Appraisal	Edison (60%) Capricorn (20%) Det
FL044	40	DONG E&P Norge AS	2023	Exploration & Appraisal	norske oljeselskap (20%),
					Petoro (20%)
PL845	20	ConocoPhilips	2025	Exploration & Appraisal	ConocoPhillips (40%),
					Wintershall (20%), Faroe
					Petroleum (20%)
United Kingdom(2)					` /
P1159 (Laggan-Tormore) .	20	Total E&P UK Limited	2034(5)	Production	Total (60%), SSE (20%)
P911 (Laggan-Tormore)	20	Total E&P UK Limited	2031(5)	Production	Total (60%), SSE (20%)
P1678 (Laggan-Tormore) .	20	Total E&P UK Limited	2035(5)	Production	Total (60%), SSE (20%)
P1195 (Glenlivet)	20	Total E&P UK Limited	2030(5)	Development	Total (60%), SSE (20%)
P1453 (Edradour)	20	Total E&P UK Limited	2033(5)	Development and	Total (60%), SSE (20%)
				Exploration & Appraisal	
P967 (Tobermory)	32.5	Total E&P UK Limited	2021	Exploration & Appraisal	Total (30%), SSE (20%),
D1006 (D. 1. 1)	4.0		2010	T 1 0	OMV (17.5%)
P1026 (Rosebank)	10	Chevron North Sea Limited	2019	Exploration & Appraisal	Chevron (40%), OMV
D1272 (Dasabant-)	10	Chayran North Co. Limita 1	2016	Evaluration & Assessing	(50%) Chayron (40%), OMV
P1272 (Rosebank)	10	Chevron North Sea Limited	2016	Exploration & Appraisal	Chevron (40%), OMV (50%)
					(3070)

License	Our Working Interest (%)	License Operator	License Expiry	Phase	Partners
P1191 (Rosebank South) .	10	Chevron North Sea Limited	2017	Exploration & Appraisal	Chevron (40%), OMV (50%)
P1598 (Cragganmore)	55	DONG E&P (UK) Limited	2017	Exploration & Appraisal	GDF Suez (45%)
P1830 (Black Rock)	25	OMV (U.K.) Limited	2018	Exploration & Appraisal	OMV (75%)
P2014 (Mull)	100	DONG E&P (UK) Limited	2016	Exploration & Appraisal	None
P2067 ⁽⁶⁾ (Catcher North) .	7.5	Statoil (U.K) Limited;	2016	Exploration & Appraisal	Nexen (27.5%), E.ON (15%), Centrica (15%), Statoil (35%)
P2067 (Catcher South East)	7.5	Nexen Petroleum U.K. Limited	2016	Exploration & Appraisal	Nexen (35%), E.ON (15%), Centrica (15%), Statoil (27.5%)
P2067 (Catcher South West)	15	Statoil (U.K) Limited	2016	Exploration & Appraisal	Nexen (35%), Statoil (20%), E.ON (15%), Centrica (15%)
P2138 (Rockall)	10	OMV (U.K.) Limited	2024	Exploration & Appraisal	OMV (60%), Statoil (30%)
P2194 (Longjohn) P1028 (Cambo—	20	Total E&P UK Limited	2018	Exploration & Appraisal	Total (60%), SSE (20%)
Non-Colsay)	20	OMV (U.K.) Limited	2019	Exploration & Appraisal	OMV (47.5%), Chevron (32.5%)
P1028 ⁽⁷⁾ (Cambo—Colsay)	25.4	OMV (U.K.) Limited	2019	Exploration & Appraisal	OMV (56.1%), Chevron (18.5%)
P1189 (Cambo)	20	OMV (U.K.) Limited	2017	Exploration & Appraisal	OMV (47.5%), Chevron (32.5%)
P1262 (Tornado)	20	OMV (U.K.) Limited	2017	Exploration & Appraisal	OMV (80%)
P1190 (Tornado)	25	OMV (U.K.) Limited	2017	Exploration & Appraisal	OMV (75%)
F018 (Naddoddur)	100	DONG E&P Føroyar P/F	2020	Exploration & Appraisal	None
F019 (Marjun)	100	DONG E&P Føroyar P/F	2020	Exploration & Appraisal	None
2013/40 (Amaroq)	17.5	Eni Denmark BV	2028	Exploration & Appraisal	Eni (35%), BP (35%), Nunaoil (12.5%)

⁽¹⁾ See table below for associated unit interests.

The table below shows certain key information regarding our unit ownership interests in unitized production assets as of April 30, 2016.

Unit	Location	Our Unit Interest (%)	Other Interests	Unit Operator
Lulita Unit (Licenses 1/90,				
7/86 and 1/62)	Denmark	40	Maersk (15.60%), Chevron (6.00%), Shell (18.40%), Noreco (10.0%)	Mærsk Olie og Gas A/S
Solsort Unit (Licenses 3/09,				
4/98 and 7/89)	Denmark	35.1396	BayernGas (27.66%), Nordsofonden (18.44%), VNG (13.83%), Hess (4.80%), Danoil (0.13%)	DONG E&P A/S
Tambar East Unit (Licenses PL065, PL019B and				
PL300)	Norway	43.24	BP (46.20%), Repsol (9.76%), Kufpec (0.8%)	BP Norge AS
Ormen Lange Unit (Licenses				
PL208, PL250 and PL209).	Norway	14.021	Shell (17.81%), Statoil (25.35%), Petoro (36.49%), ExxonMobil (6.34%)	A/S Norske Shell

⁽²⁾ Expiry dates for exploration and appraisal licenses in the UK indicate the end of the current license term.

⁽³⁾ Drill or drop 2018.

⁽⁴⁾ Drill or drop 2019.

⁽⁵⁾ Anticipated.

⁽⁶⁾ P2067 license is divided into three sub-areas.

⁽⁷⁾ P1028 license is divided into two sub-areas.

⁽⁸⁾ See Section 15.8.5 "Development activities and Hejre."

15.9 Intellectual property

We hold approximately 100 registered trademarks, including the DONG Energy, Radius, REnescience and Inbicon trademarks. We also hold industry know-how, trade secrets and a number of registered patents. Our registered patents relate predominantly to proprietary technology in our bio fuels (including the renewable energy business development of our new technologies REnescience and Inbicon) and in other areas. As of December 31, 2015, the patent portfolio included 20 patent families relating to Inbicon, 4 patent families relating to REnescience, and 2 published patent families relating to other technologies. In addition, the portfolio comprises several filed but unpublished patent applications. For key patent families, the geographical coverage can include more than 25 jurisdictions (including major markets as Europe, US, China and Brazil), and may also include parallel patent applications and granted patents.

15.10 Employees

The table below shows the number of our FTE employees (we have aggregated the employment hours of our part-time employees in order to calculate our total FTE employees) as at May 24, 2016 in each country in which we operate:

	As at May 24, 2016
Denmark	
Sweden	9
Norway	81
United Kingdom	745
Germany	183
The Netherlands	24
Other countries	152
Total	6,608

The table below shows the number of our FTE employees, by each reporting segment and in our group function, as at May 24, 2016:

	As at May 24, 2016
Wind Power ⁽¹⁾	2,383
Bioenergy & Thermal Power	802
Distribution & Customer Solutions	1,475
Oil & Gas	
Group functions ⁽²⁾	1,306
Total	6,608

⁽¹⁾ Includes approximately 335 A2SEA and 80 CT Offshore FTE employees.

The table below shows the number of FTE employees as at the dates indicated below:

	As a	t Decembe	r 31,
	2013	2014	2015
Number of FTE employees	6,496	6,500	6,674

Employee Satisfaction

We measure employee satisfaction on an ongoing basis. In 2015, our employee satisfaction was 74, measured on a scale of 0 to 100, with 70 or above reflecting above-average satisfied and motivated employees. We target a score of not less than 77 by 2020.

Changes in Oil & Gas

The actions we are taking within our Oil & Gas business to adapt to the changes in the Group's portfolio strategy and respond to the significant decrease in oil and gas prices over the last 18 months include

⁽²⁾ Includes Group Finance and Services, Group IT, Group Support and DONG Energy UK.

headcount reductions. We carried out redundancy processes in February, March and May 2016 which will lead to a FTE reduction of 261 in our Oil & Gas business. 58 of the 261 FTE's are vacant positions that will not be refilled.

Changes in A2SEA

In March 2016, A2SEA announced that it wishes to focus solely on its core business, the installation of foundations and turbines offshore. The shift in focus and priority means that CT Offshore will not take on any more projects. Due to these changes, a total of 281 FTEs have been made redundant (141 in A2SEA (32 office staff and 109 vessel crew) and 140 in CT Offshore (34 office staff and 106 vessel crew)). 81 employees from vessel crews in A2SEA will not be made redundant until the sale of relevant vessels has taken place.

As of the date of this Offering Circular, we have approximately 6,608 FTE employees. We consider our relations with our employees, and with the unions of which our employees are members, to generally be good. We have, however, experienced strikes in 2010 and 2013 at our generation plants. These were in connection with the annual negotiation of wages for skilled and unskilled workers. The employees were not satisfied with our proposal regarding the framework for determining an annual salary increase, as at that time the overall salary increase within the Danish labor market was quite low. The two strikes lasted only a few days. To date, no strikes have resulted in an inability to conduct our business.

In Denmark, as at December 31, 2015, approximately 27.3% of our employees were covered by collective bargaining agreements with labor unions with which we have agreements. Membership of the employees in these unions is individual and voluntary. The employment regime in Denmark contains relatively few restrictions on dismissal, and typically a compensatory payment of between three to six months' salary is made in connection with dismissal.

As at December 31, 2015, approximately 56 of our employees were former municipal civil servants who have maintained certain economic rights enjoyed by municipal civil servants. We estimate our maximum liability towards municipal civil servants or former municipal civil servants to be approximately DKK 4 million.

In Sweden, Norway, the UK and Germany, an aggregate of approximately 18.3% of our employees were covered by collective bargaining agreements with labor unions with which we have agreements. Membership of the employees in these unions is individual and voluntary.

15.11 Quality, health, safety and environment

15.11.1 Overview

Quality, health, safety and environment ("QHSE") are managed in a decentralized manner by our four businesses with support from Group functions: We have adopted common standards for QHSE which are applicable throughout the Group.

QHSE standards are based on international standards for the environment (ISO 14001), occupational health and safety (OHSAS 18001) and quality (ISO 9001). The use of management systems is function-specific.

The majority of the productions facilities we operate have environmental (ISO 14001) and occupational health and safety (OHSAS 18001) certifications, covering our operating wind farms, our CHP plants and our offshore oil and gas production facilities in Denmark.

We strive towards having all controlled development and production facilities achieve environmental certification. In 2016 the environmental certifications will be expanded to include wind farms under construction and Distribution and Sales activities in Distribution & Customer Solutions.

There are currently no plans to certify all businesses according to OHSAS18001.

We have ISO 9001 certificates in Denmark for our operating offshore wind farms, offshore oil and gas production facilities, gas distribution and storage and harbor facilities at our CHP plants.

Among other procedures, a number of internal QHSE audits are executed, primarily where we are certified. These audits are carried out by a number of experienced internal auditors who have other employment functions within our businesses in addition to these audits.

Since 2006, we have been a participant in the UN Global Compact initiative and are a member of the Nordic Global Compact Network. We are committed to advancing the UN Global Compact's ten principles on respect for the environment, human rights, labor rights and anti-corruption. Every year, we publish and submit a corporate sustainability report to the UN Global Compact to communicate our progress on implementing the ten principles, including information and data covering our environmental, occupational health and safety work. In addition, reporting on our sustainability performance has been integrated into our annual report since 2009.

15.11.2 Health & Safety

A healthy working environment coupled with a high level of safety in the workplace is a prerequisite for operating a responsible and efficient company. Safety is an integral part of the Group's values, of our daily operations and one of our top priorities in our strategy. We believe that all accidents can be prevented and we promote "The Safe Way or No Way" as part of our safety culture.

Our management is committed to maintaining high health and safety standards throughout the Group. It is our priority to secure the well-being and safety of any person working for or on behalf of the Group. People working for the Group should always be safe and fit for the situations they face. To this end, management focuses on compliance with well-defined health and safety policies and procedures, monitoring of performance and incidents, and continuous improvement of health and safety practices.

15.11.2.1 Safety

In 2013 we launched a Group-wide safety campaign "Safety through the Line," which has been rolled out across the Group during the last few years. The campaign focused on strengthening the safety culture throughout the Group, and is aimed at both our working sites as well as at our office environment and has resulted in noticeable safety improvements across the Group as shown in the table below.

In addition, we enroll all new managers in mandatory a Safety Leadership Onboarding program. The program enables leaders across the organization to understand their role in creating the conditions that promote safety, and hence through leadership, empower their teams in creating safety on a daily basis.

In selecting our business partners, we seek to prioritize those suppliers who maintain and practice a health and safety police similar to our own and we actively review and follow up on our business partners' compliance with safety requirements.

The table below shows the fatalities and LTIF for the periods indicated.

Metric	2011	2012	2013	2014	2015	Target 2020
Fatalities	3	1	0	0	0	0
LTIF*	4.1	3.6	3.2	2.4	1.8	< 1.5

^{*} Number of lost time injuries per 1 million work hours

We have a 2020 target of zero fatalities and a LTIF of 1.5, which we aim to achieve as a result of our constant focus on safety. In 2015, we had a lost time injury of 36 employee work days.

15.11.2.2 Health

We believe that it is important to focus on our employees' general well-being and during 2015 we launched our new health strategy, which is built on the four pillars: Exercise, Nutrition, Sleep and Mental Balance.

We emphasize a constant dialogue with our employees. We conduct and follow up on yearly People Matter Surveys and Work Place Assessments on physical work environments with subsequent action plans.

We aim to offer our employees a variety of activities and inspiration to improve their general well-being and energy levels to be able to cope with their challenges both at home and at the workplace.

15.11.3 Environment

We are committed to minimizing our environmental impact, which differs between our four businesses. Each of the businesses work with environmental management to continuously improve their processes and procedures, ensure compliance with applicable laws and regulations, define environmental priorities, set targets and develop action plans.

In 2015, we mapped our environmental impact, which can be grouped into the following three categories:

- 1. Climate impact: greenhouse gas emissions into the atmosphere;
- Biodiversity impact: effects on ecosystems and biodiversity of flora and fauna, onshore and offshore;
- 3. Resource impact: natural resource depletion and waste for incineration, recycling and landfill disposal

Our most significant ongoing impacts are caused by burning of fossil fuels at our thermal power plants, discharge of water containing oil to the sea, and waste from construction, operations and decommissioning. In addition, significant impacts on a non-recurring basis can potentially be caused by emergency situations and accidents.

The above three categories of environmental impact and related mitigation actions are outlined below.

15.11.3.1 Climate impact

15.11.3.1.1 CO₂ emissions from burning fossil fuels in Bioenergy & Thermal Power

The CO_2 emissions from power and heat generation account for a significant part of our impact on the environment and we work strategically to reduce such emissions. Our target is to have reduced CO_2 per generated kWh by 60% from 2006 to 2020. In 2015, emissions were 334 grams of CO_2 /kWh, compared with 638 grams of CO_2 /kWh in 2006, resulting in a reduction of 48%.

The reductions were, and are being, achieved by increasing generation from offshore turbines and converting several of our Danish CHP plants from fossil fuels to biomass. In 2015 more than half of our production of power and heat was based on offshore wind and biomass in our combined heat and power plants. One of our strategic targets is to reduce coal consumption in our Danish power plants and increase the use of biomass, with the target that bio-conversion of at least 60% of our Danish heat capacity is completed by 2020. By the end of 2015, the conversion of 19% of our Danish heat capacity was completed (i.e. biomass heat capacity at Herning and Avedøre Unit 2). See Section 15.6.4 "Fuel types applied and sourcing" and Section 3 "Special notice regarding forward-looking statements."

In Denmark, our power plants are subject to CO₂ allowance quotas based on Denmark's allocation of CO₂ Certificates under the ETS. The CO₂ emissions from these plants are verified separately by an independent certification body.

In addition to CO₂, other greenhouse gases from thermal power generation jointly account for less than 1% of the total greenhouse gas impact.

15.11.3.1.2 Ensuring CO₂ reductions through the use of sustainable biomass

Thermal generation based on biomass is considered to be carbon neutral under EU legislation, based on the assumption that the biomass is sustainably produced and managed and that the carbon released when solid biomass is burned will be re-absorbed during tree growth.

In order to ensure that the biomass we source is sustainable and results in significant CO₂ reductions compared to fossil fuels, we developed the "DONG Energy Program for Sustainable Biomass Sourcing" in 2014. Under this program, our suppliers must document compliance with specific sustainability criteria. The requirements ensure that the wood materials for the wood pellets and wood chips we source only come from forests, where:

- forests are continuously replanted to maintain or increase the forest's ability to continuously recapture and store the CO₂ emitted from burning wood pellets and chips;
- the forests' ecosystems and biodiversity are protected to ensure the forests' health and vitality; and
- social and labor rights are respected.

As of the date of this Offering Circular, there are no international regulatory guidelines for when biomass can be characterized as sustainable. For this reason, we developed the Sustainable Biomass Partnership (SBP) initiative together with six other European energy companies. SBP has created a certification system for sustainable wood-based biomass which enables energy companies in the UK, the Netherlands, Denmark and Belgium to document compliance with the regulatory requirements. In Denmark, the Danish Industry Agreement to Ensure Sustainable Biomass provides guidance for ensuring sustainability instead of regulation. SBP issued the first certificate in 2015.

We use the SBP certification system to demonstrate compliance with the Danish Energy Industry Agreement for Sustainable Biomass, introduced in December 2014. For additional information on our sourcing of biomass, see Section 15.6.4 "Fuel types applied and sourcing."

15.11.3.1.3 Energy use

Energy efficiency has an important role to play in minimizing climate change. We have an energy efficiency program headed by our CFO, which aims at reducing our energy use across our administration buildings and facilities. In addition, we advise both our residential customers and business customers such as companies, local authorities and public institutions on how to save energy and reduce CO_2 emissions.

15.11.3.2 Biodiversity impact

15.11.3.2.1 Minimizing biodiversity impact from biomass production

The biomass we source for thermal generation can potentially impact the forests' ecosystems and biodiversity if it is not produced sustainably. SBP addresses this risk. See Section 15.11.3.1.2 "Ensuring CO_2 reductions through use of sustainable biomass."

15.11.3.2.2 Stack emissions from burning fossil fuels and biomass at CHPs

When burning fossil fuels and biomass, CHP plants emit flue gas containing environmental pollutants into the atmosphere through the facility stack. Such residual compounds include NO_x , SO_2 , dust particles and heavy metals. Intense emission and deposits of these elements into the natural environment can cause contamination of local ecosystems. We reduce emissions from thermal generation by employing flue gas cleaning filters and monitoring systems to ensure compliance with regulatory requirements and minimize environmental impacts.

15.11.3.2.3 Discharge of water containing oil to the sea

The process of extracting oil and gas from offshore reservoirs produces water containing oil. Most of the oil is separated from the water produced on the platform but it invariably contains some oil residue post-separation. The water produced can subsequently be reinjected into reservoirs or discharged to the sea.

We are focused on minimizing discharges of oil into the sea to protect the marine environment. At offshore production platforms within the operational responsibility of the Group, and for which we hold an environmental permit, we aim to reinject more than 90% of the produced water from our reservoirs. In 2015, we reinjected 99.5% of the produced water from the Siri production platform operated by our Oil & Gas business, covering the Siri Area, consisting of the Siri field and the satellites Nini, Nini East and Cecilie.

In addition, from the Siri production platform, a total of 700 kg of oil dissolved in 18 thousand tons of water produced was discharged into the sea in 2015, compared to 601 kg of oil dissolved in 18 thousand tons of discharged water produced in 2014. Despite significant higher production from the Siri Area in 2015 compared to 2014, when Siri was temporarily non-operating due to a platform integrity issue, the discharge of oil into the sea was only slightly higher in 2015, reflecting more stable production and high reinjection.

In Q2 2013, Siri had challenges complying with the oil-in-water concentration limit value in the discharge permit, and the Danish Environmental Protection Agency issued a dispensation from this requirement for a period of time to allow for determination of the issue and corrections. The Environmental Committee of the Danish Parliament was informed of the dispensation.

15.11.3.2.4 Environmental incidents

We define an environmental incident as an unintended event that has a negative impact on the environment. Our mapping of environmental impacts shows that in terms of environmental incidents, the largest potential risks relate to chemical spills and uncontained and unplanned oil and gas discharges, which can potentially affect biodiversity and ecosystems negatively.

Regardless of the type of environmental incident which occurs, all actual and potential incidents are registered and all relevant data is recorded. The incidents are assessed based on their volume, dispersion and severity and are classified in five categories according to their significance, from C1 (lowest) to C5

(highest). All incidents are investigated in accordance with their classification and corrective and preventive actions are implemented and tracked.

In 2015, no C5 and five C4 environmental incidents occurred. The five incidents were all oil spills into soil. Four incidents were caused by cable leaks on public roads, while the fifth incident was caused by leaky piping at the Fredericia oil terminal. All contamination from the cable leaks has been removed. Delimiting contamination surveys are performed at the Fredericia oil terminal in cooperation with the authorities.

As of March 31, 2016, no C5 and three C4 incidents have occurred. The three incidents are one discharge to sea, one to soil, and one to air. The discharge to the sea was caused by a grounded vessel that leaked oil. The vessel is owned by A2SEA. The oil spill to soil was caused by a cable leak and the resulting contamination is being removed. The discharge to air of NO_x was due to a temporary $DeNO_x$ system outage.

For a description of the incident that occurred involving the vessel owned by A2SEA that resulted in a diesel fuel spill, see Section 15.5.10.5.1 "A2SEA."

For information on our environmental risks, see Risk Factor 49 "We may incur material costs to comply with, or as a result of, health, safety, and environmental laws and other related national and international regulations, in particular those relating to the release of carbon dioxide and other emissions."

15.11.3.2.4.1 Chemical spills

Chemical spills may potentially impact the environment negatively. We use chemicals for oil and gas production, offshore drilling operations and for wastewater and flue gas treatment at our thermal generation plants. In addition, we use fuel oil in thermal generation, which is also classified as a chemical. To limit environmental, health and safety impacts, it is our policy to record all chemicals we use and to assess the chemicals in relation to environmental, health and safety impacts before they are used.

In particular, an unintended spill of liquid pure ammonia (NH₃) would have a negative environmental impact. Ammonia is stored at some of our power plants and other facilities where it is used for flue gas treatment and cooling systems, respectively. An unintended ammonia spill may have a potentially lethal effect on humans and may have an effect on the surrounding ecosystems. For this reason, we have installed effective detection and warning systems, including preventive and mitigation barriers, to reduce the risk. As of the date of this Offering Circular, we have not experienced a severe discharge of ammonia at any of our locations.

15.11.3.2.4.2 Oil and gas discharges

Discharges are an inherent risk to production, distribution and utilization of oil and gas resources. Consequently, potential sources of oil and gas spillage undergo routine operational checks and procedures are followed to reduce risk, ensure structural integrity and a safe operating environment.

Specifically in oil and gas exploration and production, there is the concern that an uncontrolled well blow out could cause a large discharge of oil and gas into the environment. As this is an identified risk in our Oil & Gas business, all reasonable barriers and procedures are implemented to minimize the risk. The Oil & Gas business has never experienced an incident of this description.

15.11.3.3 Compliance with environmental laws and regulations

We are subject to numerous international, national, state and local environmental laws and regulations, particularly with regard to the construction and operation of renewable energy generation facilities, CHP plants, gas treatment plants, oil transportation, CO₂ and other pollutant emissions, hazardous waste disposal, water and ground protection and odor and noise control. We operate under a number of licenses and authorizations that are related to environmental regulations. See Section 18 "Regulation" for further information. Due to these various regulations, we may bear substantial compliance costs and/or apply for new environmental permits resulting from environmental regulations becoming more stringent and from implementation of "best industrial practices." See Risk Factor 49 "We may incur material costs to comply with, or as a result of, health, safety, and environmental laws and other related national and international regulations, in particular those relating to the release of carbon dioxide and other emissions."

Compliance with environmental laws and regulations requires, among other things, that we commission environmental impact assessments for future projects and that we obtain licenses, permits and other authorizations required to construct and operate our projects.

15.11.3.4 Resource impact

15.11.3.4.1 Waste

We produce considerable amounts of waste as part of our daily operations and during large-scale temporary works of construction and decommission, e.g. during the installation of offshore wind farms or the conversion of power plants from coal or gas firing to biomass. Our QHSE policy and local plans for managing waste ensure that our facilities have targets for decreasing levels of produced waste while at the same time increasing recycling of waste produced.

A significant waste byproduct is mineral products from thermal power generation. We are constantly focused on ensuring that the mineral products have a quality that makes them reusable. Mineral products from coal-based generation are reused as substitutes of raw materials in construction materials such as concrete and asphalt. Mineral products from biomass-based generation are used for improving the quality of soil in agriculture and forestry and for reestablishment of limestone quarry.

Since 2009, we have doubled the share of waste recycled at our administrative office locations. The goal is to recycle 70% of all waste from office locations by 2020.

15.11.4 Sourcing

We source goods and services from more than 25,000 suppliers in a wide range of industries including light and heavy manufacturing, mining, agro-forestry, financial services, and transport and logistics. In addition, we engage with a number of new joint-venture partners each year.

On May 1, 2014, the Group updated its responsible supply chain due diligence activities by strengthening its systematic risk-based approach and instituting the Responsible Business Partner Program (the "RPP"). The RPP is managed by Group Sustainability with support from procurement functions across the Group, namely Group Procurement, Wind Power procurement and Thermal Power fuel procurement. The RPP is overseen by a steering committee comprised of senior management from our four businesses and reports on a bi-annual basis to the Compliance Committee chaired by our CEO.

The RPP aims to mitigate business disruptions or reputational damage from social and environmental risks among business partners such as labor issues, community protests, or non-compliance with environmental regulations or pollution. The RPP four-step approach provides the framework for achieving our commitment to responsible ethical, social, and environmental business practices in our supply chains:

- Business partner acceptance of our Code of Conduct expectations
- Risk screening of business partner according to product category and production country
- Assessment of business partner performance against the Code of Conduct
- Follow-up on improving performance

The goal of the RPP is to support us in accessing competitive and diverse supply chains while ensuring that our key business partners operate in a responsible manner and continuously improve sustainability performance. The RPP allows us to develop and maintain positive partner relations while working collaboratively in a manner that promotes mutual trust and understanding. Engaging our business partners on responsible practices and the development of improvement measures provides benefits for their employees, communities and the environment and allows both us and our business partners to better manage regulatory risk, maintain transparency and reduce corruption.

Our RPP is aligned with key international principles and standards for responsible business conduct, including the following:

- UN Global Compact;
- UN Guiding Principles on Business and Human Rights;
- OECD Guidelines for Multi-national Enterprises;
- · UK Bribery Act; and
- Modern Slavery Act

In 2015, the RPP conducted 25 assessments—12 site assessments and 13 self-assessment questionnaires—resulting in 32 significant and one very significant areas of improvement. Through collaborative engagement with our suppliers, the RPP addressed 18 areas of improvement by December 31, 2015 and those remaining are on-track for closure in 2016.

15.12 Legal proceedings

15.12.1 General

We are from time to time subject to various court, arbitration, governmental, administrative and other legal proceedings arising in the ordinary course of business or otherwise, and we are from time to time met with claims from, and put forward claims against, our suppliers, customers, partners and regulatory and other public authorities in the ordinary course of business or otherwise which may not ultimately turn into legal proceedings, including, in each case, as described elsewhere in this Offering Circular. Other than as set out below, we have not within the last twelve months from the date of this Offering Circular been, and we are not currently, party to or aware of any threatened governmental, litigation, administrative, arbitration or dispute proceedings which could in the future have, or have had in the recent past, a material effect on our business, cash flows, results of operations and/or financial condition.

15.12.2 Competition disputes relating to Danish wholesale power prices

15.12.2.1 Elsam—July 1, 2003 to December 31, 2004

In March 2003, Elsam (now a part of the Group) entered into an agreement with the Danish Competition Authority (the secretariat of the Danish Competition Council) setting out guidelines for Elsam's price bids to the Nord Pool Spot. Accordingly, Elsam was, as a general rule, not allowed to offer power for sale on Nord Pool Spot at bid prices which exceeded the highest of the expected prices in neighboring countries (i.e. Sweden, Norway and Germany).

The Danish Competition Authority retroactively terminated the agreement in June 2005, *inter alia* on the basis that Elsam had allegedly not complied with the agreement during the third quarter of 2003. At the same time the Danish Competition Authority initiated an investigation into Elsam's bid pricing to Nord Pool Spot for the period from July 1, 2003 to December 31, 2004.

Following the investigation, by decision of November 30, 2005, the Danish Competition Council found that in the period from July 1, 2003 to December 31, 2004, Elsam had abused a dominant position on the wholesale market for physical power in Western Denmark by applying a strategy for placing bids on Nord Pool Spot that resulted in excessive prices contrary to Section 11 of the Danish Competition Act and Article 102 of The Treaty of the EU. The decision was based on an economic analysis devised by the Danish Competition Authority that identified 900 so-called "critical hours" during the period. The critical hours are identified when the prices exceed a benchmark determined by the Danish Competition Authority. The Danish Competition Council also found that Elsam had violated the agreement with the Danish Competition Authority during the third quarter of 2003. In considering the impact on the Danish wholesale power market, the Danish Competition Council estimated that the alleged anti-competitive behavior resulted in a consumer loss of approximately DKK 187 million, estimated on the basis of the economic analysis used for determining excessive prices.

On appeal, the Danish Competition Appeal Tribunal on November 14, 2006 found that during the period from July 1, 2003 to December 31, 2004, Elsam abused its dominant position since Elsam to a certain extent had the possibility of controlling the price formation on the wholesale market for physical power in Western Denmark and to a certain extent had done so contrary to Section 11 of the Danish Competition Act and Article 102 of The Treaty of the EU.

On January 8, 2007, we initiated a case before the Danish Maritime and Commercial Court requesting that the Court overturn the Danish competition authorities' finding that Elsam applied excessive bid prices in the period from July 1, 2003 to December 31, 2004. The case is stayed pending the court case regarding Elsam's bid prices for the period from January 1, 2005 to June 30, 2006, discussed below.

15.12.2.2 Elsam—January 1, 2005 to December 31, 2006.

Following the Danish Competition Appeal Tribunal's decision of November 14, 2006, the Danish Competition Authority initiated an investigation into Elsam's bid prices to Nord Pool Spot for the period from January 1, 2005 to December 31, 2006.

By decision of June 20, 2007, the Danish Competition Council found that Elsam had abused a dominant position on the wholesale market for physical power in Western Denmark during the period from January 1, 2005 to December 31, 2006 by applying a strategy for placing bids on Nord Pool Spot that resulted in excessive prices contrary to Section 11 of the Danish Competition Act and Article 102 of the Treaty of the EU. The decision was based to a large extent on the same economic analysis used in the

preceding decision and identified 1,484 so-called "critical hours" during the period. In considering the impact on the Danish wholesale power market, the Danish Competition Council estimated that the alleged anti-competitive behavior resulted in a consumer loss of DKK 111 million, estimated on the basis of the economic analysis used for determining excessive prices.

On appeal, the Danish Competition Appeal Tribunal on March 3, 2008 upheld the Danish Competition Council's decision as regards the period from January 1, 2005 to June 30, 2006, finding that Elsam to a not insignificant extent had the possibility of controlling the price formation on the wholesale market for physical power in Western Denmark and to a not insignificant extent had done so contrary to Section 11 of the Danish Competition Act and Article 102 of the Treaty of the EU. As regards the period from July 1, 2006 to December 31, 2006, the Danish Competition Appeal Tribunal annulled the Danish Competition Council's decision and referred it back to the Council for a more thorough review.

Since July 1, 2006, we have applied a bidding policy based on the marginal cost of production. The Tribunal found that the Council had not demonstrated that such a bidding policy constituted an abuse of a dominant position. To date, the Danish Competition Council has not adopted a renewed decision regarding Elsam's pricing for the second half of 2006.

On April 28, 2008, we appealed the Danish Competition Appeal Tribunal's decision to the Danish Maritime and Commercial Court requesting that the Court overturn the Tribunal's decision since we dispute that Elsam applied excessive bid prices. We argue, among other things, that (i) the economic analysis relied on by the Danish Competition Council in its finding of excessive prices is flawed and does not constitute sufficient evidence for determining excessive prices, (ii) that Elsam had not set excessive bid prices during the period in question, *inter alia* because the prices set by Elsam had not been sufficient to cover those costs included in Elsam's cost calculation for that period, and (iii) that Elsam had complied with the agreement entered into with the Danish Competition Authority in 2003.

Oral pleadings took place in April and May 2016 and judgment is expected to be rendered later in 2016. The judgment, when rendered, may be appealed to the Supreme Court by either of the parties. The final judgment, when rendered, is likely to have significant importance for the damages case brought against us, as discussed in the following.

15.12.2.3 Claims for damages

Following the Danish Competition Council's decision on November 20, 2007, a writ was filed with the Danish Maritime and Commercial High Court by 1,106 Danish plaintiffs, representing a broad range of Danish industry sectors, including companies affiliated with some of our shareholders and members of our board of directors.

According to the writ, the claim relates to Elsam's bid pricing on the wholesale power market in Western Denmark during the period from July 1, 2003 to December 31, 2006. The aggregate amount of the primary claim is approximately DKK 4,405 million with addition of interest from the date of the individual payments of allegedly excessive prices until settlement of the claim.

As per the date of this Offering Circular, the plaintiffs have not explained in detail how the aggregate claim as included in the writ has been calculated nor in our view provided adequate proof of the claim. During the proceedings, the plaintiffs have also adjusted the loss calculation however without providing an updated calculation of the individual claims or the aggregate claim.

For the same reason, the actual size of plaintiffs' claim for interest is highly uncertain. The Danish Interest Rates Act provides for a high interest rate on legal claims. The plaintiffs' claim for interest can therefore exceed any damages which may be awarded to the plaintiffs including the aggregate primary claim of DKK 4,405 million, considering in particular that interest is claimed from the date of the individual payments, i.e. in the period from July 1, 2003 and onwards, and that interest will continue accruing until a final non-appealable decision has been made by the courts and the amount has been finally paid.

We have claimed dismissal of the plaintiffs' claim for damages and interest.

The case is stayed pending the Danish Maritime and Commercial Court's decision in the case regarding Elsam's bid prices from the period January 1, 2005 to June 30, 2006, described above.

As a reaction to the claims for damages, we have currently provisioned DKK 298 million (with addition of interest calculated from the date of the plaintiffs' commencement of legal proceedings against us) in relation to the ongoing competition matters described above relating to Elsam's pricing of wholesale power

in Western Denmark (determined based on the aggregate of the Danish Competition Council's determination of consumer losses in the periods July 1, 2003 to December 31, 2004 (DKK 187 million) and January 1, 2005 to December 31, 2006 (DKK 111 million) as described above).

Other groups of companies claim to have suffered a loss as a result of Elsam's bid pricing. We have entered into suspension agreements with these groups of companies, meaning that the statutory limitation of these alleged claims has been suspended. We have not been presented with any actual claims from these groups of companies with the exception of one company that alleges to have suffered a loss of DKK 302 million with the addition of interest.

Based on the factual and legal analyses we have performed thus far, we have made no financial accounting provision for losses in respect of these claims in addition to the DKK 298 million with addition of interest referred to above.

15.12.3 DONG E&P A/S against DEA Deutsche Erdoel AG ("DEAG")

In 2003/2004, the Siri platform was modified to connect and process the well streams from the Nini and Cecilie satellite fields.

After a routine inspection on the Siri platform in 2009, cracks were discovered in the subsea structure connected to the storage tank. Due to the discovered cracks, both a temporary solution and a permanent solution were initiated. The permanent solution was completed and approved in 2014.

The total cost of the repair was approximately DKK 4.3 billion, consisting of approximately DKK 1 billion in respect of the temporary solution and approximately DKK 3.3 billion in respect of the permanent repair solution.

The satellite fields' contractual rights and obligations, including the fields' duty to contribute to the cost of the Siri platform, are regulated by a tie-in agreement entered into in August 2003 (the "Tie-in Agreement"). Pursuant to the Tie-in Agreement, DEAG must contribute to the costs of the Siri platform, which are required to uphold production from the satellite fields to the extent these qualify as operating costs under the Tie-in Agreement. It is our view that the costs of the temporary and the permanent repair solutions qualify as operating costs and that, as a result, DEAG, as license holder in Nini and Cecilie, must pay approximately DKK 715 million of the costs defrayed for the temporary and the permanent solution.

DEAG has refused to pay any of the costs, claiming that the costs constitute capital expenditures under the Tie-in Agreement and thus are not costs to be shared under the operating sharing mechanism in the Tie-in Agreement. However, DEAG has paid on account, without prejudice and without recognition of liability whatsoever, DKK 403 million. The received payment on account is recorded as debt in our financial statements.

The parties sought to settle the dispute, however settlement efforts were unsuccessful. Thus, arbitration proceedings between us and DEAG were initiated on October 31, 2014, with a final oral hearing expected to take place during autumn 2017. If DEAG ultimately prevails, we would be required to repay DEAG's DKK 403 million on account payment.

15.12.4 Disputes regarding purchase prices under long-term sales and purchase contracts for natural gas and LNC

We are party to several long-term purchase contracts for gas and/or LNG (in this Section 15.12.4, referred to jointly as "gas"). Purchase prices for gas under our purchase contracts have historically been linked to the development in oil prices. As oil prices increased relative to the increases in gas prices, this link caused the purchase price of gas under our purchase contracts to be greater than the corresponding market prices for gas on the developing traded gas hub market, where gas hub prices are not linked to oil prices. This resulted in gas sourced under our many long-term gas purchase contracts to become financially disadvantageous.

Our long-term gas purchase contracts generally provide for an arbitrated renegotiation to bring prices to a market-based price. A single purchase contract can have several ongoing price renegotiations at the same time. By April 2016, we had completed thirteen price reviews with our counterparties and we currently have another five ongoing. Five of the thirteen renegotiations were settled by arbitration. For additional information, see Section 15.7.4.1 "Gas Portfolio."

Our claims submitted in the proceedings all involve an introduction into the price formula of spot gas market price elements with the aim of reducing exposure to oil prices. We achieve this by claiming structural changes to the price formula so that the indexation in the price formula to the development in oil prices is reduced.

If the purchase price is reduced and the arbitral tribunal decides a new price formula, it follows from the long-term purchase contracts that the purchase price shall be recalculated from the effective date of the request for renegotiation. The seller under the relevant long-term purchase contract must then pay us the difference between the actual payments made and the new lower price, which has been decided.

Currently, we are not party to price disputes as seller under any long-term purchase contracts.

15.12.5 Regulatory and court disputes related to the offshore pipelines transportation tariffs

Our Distribution & Customer Solutions business offers third parties transportation in its offshore transportation pipelines. The tariffs and conditions for such transportation services are offered on a so-called "negotiated basis," not on a regulated basis. For additional information, see 18.4.4 "Regulation of offshore transportation of gas." Consequently, the DERA may review whether such tariffs and conditions are "on market terms," if the parties cannot reach an agreement.

In 2009, the DERA decided that the transportation tariffs (at the time 0.125 DKK/m³) were not unreasonable.

Following a recommendation by the DEA, in 2010 the DERA instigated a new review of the transportation tariffs resulting in June 2011 in a non-binding declaration that our tariffs should not exceed 0.05-0.07 DKK/m³.

15.12.5.1 First complaint

In October 2011, Maersk Energy Marketing A/S ("Maersk") complained to the DERA about the tariffs we charged, claiming that the tariffs should not exceed 0.02 DKK/m³. The DERA issued its decision on the complaint in October 2012 stating that the tariffs should not exceed 0.05–0.07 DKK/m³.

Both Maersk and we appealed this decision to the Danish Energy Board of Appeal, which in October 2013 upheld the reasoning in the DERA decision but ordered the DERA to set a specific tariff within the interval 0.05–0.07 DKK/m³. In January 2014, the DERA set the tariff at 0.0575 DKK/m³ (2012 prices). We appealed this decision to the Danish Energy Board of Appeal, which upheld it in its June 2014 decision. We have brought the decisions of the Danish Energy Board of Appeal from October 2013 and June 2014 before the Danish Western High Court.

Currently, the Danish Western High Court is expected to rule on the matter in the first half of 2017.

15.12.5.2 Second complaint

In a separate complaint, a shipper has lodged a complaint with the DERA with respect to the transport tariff level from November 2012 to April 2014, where we reduced the preliminary invoiced tariff to 0.0575 DKK/m³. The complaint also relates to the period from April 2014 and onwards where the complainant seeks a lower tariff than 0.0575 DKK/m³.

15.12.5.3 Third complaint

The third complaint relates to transportation agreements entered into in the period July 2012 and April 2014, which had been fulfilled prior to the complaint. In our view the DERA does not have authority to require ex officio that we charge a certain tariff if we have already entered into the transportation agreement with a shipper.

By decision in late February, 2016, the DERA ruled in favour of this view. In early April 2016, this decision was appealed by the complainant to the Danish Energy Board of Appeal.

15.12.5.4 Provisions

We have made provisions related to the above three complaints amounting to DKK 93 million.

15.12.6 Hejre

The Heire project has suffered from cost overruns and delays in the deliveries of the Heire platform.

The platform was under construction by the EPC Consortium pursuant to the EPC Contract. The EPC Consortium members are jointly and severally liable and responsible for performance of the work under the EPC Contract.

Current arbitral proceedings

There are arbitral claims relating to the EPC Contract initiated prior to and following the termination of the EPC Contract. The arbitral claims remain in the preparatory phase and dates have not yet been scheduled for hearings, except for the request for interim measures described below.

In arbitral proceedings, the EPC Consortium has claimed more than 2 years in time extensions for delivery of the topsides under the EPC Contract, which originally would have been delivered in time to allow production to commence in late 2015 and has also submitted claims related to compensation for additional work totaling approximately DKK 1,400 million, excluding interest.

As of the date of this Offering Circular, the EPC Consortium has not explained in detail how the majority of these claims have been calculated nor, in our view, provided adequate proof of the claims. For the same reason, the actual size of the claims is highly uncertain.

We have rejected all of the claims and we have given notice of a claim against the EPC Consortium. Our claim has not been finally calculated yet.

The EPC Consortium has also submitted an arbitral request for interim measures requesting that we compensate the EPC Consortium for costs related to topsides storage, that we either remove the topsides at our cost and risk from the EPC Consortium's premises or instruct and compensate the EPC Consortium for costs related to topsides disposal, and that we maintain all insurance coverage under the EPC Contract, until the allocation of such costs have been finally determined. We have rejected the pleas. The interim measures hearing is expected to take place in June 2016.

Termination of EPC Contract

In addition to the above arbitral proceedings, we and BayernGas hold the EPC Consortium in material breach of its contractual obligations and have, on this basis, in March 2016 given notice to terminate the EPC Contract with the EPC Consortium for cause with immediate effect. The EPC Consortium has rejected our allegation that it is in material breach of the EPC Contract and advised us that it considers our termination of the EPC Contract as wrongful and reserves all its rights under the EPC Contract and any law. We anticipate that this will result in additional claims and legal proceedings being initiated. See Risk Factor 28 "We face certain risks with regard to the Hejre project and our current provision may prove to be insufficient." We have agreed with BayernGas that we will be controlling the termination process towards the EPC Consortium on behalf of the Hejre project, including the pending arbitral proceedings described in this Section 15.12.6 and any future legal proceedings described in this Section 15.12.6 that may result from the termination of the EPC Contract, and that we will assume the potential liabilities, rights and benefits arising out of the EPC Contract and termination process (including any liabilities that may result from the existing or any future arbitration or litigation relating to the EPC Contract), including payments to the EPC Consortium for damages and lost profits under the EPC Contract if such legal proceedings determine that our termination of the EPC Contract for cause was not justified.

15.12.7 Kyndby

We have entered into an agreement with Energinet.dk (the so-called Kyndby agreement) pursuant to which we have delivered approximately 600 MW of regulation power in Eastern Denmark to Energinet.dk in the period from 2011 to 2015 with a total revenue of approximately DKK 1.4 billion. In June 2013, the EU Commission notified the Kingdom of Denmark of its decision to initiate a formal state aid procedure in relation to the Kyndby agreement (EU Commission's State aid procedure No. SA.32184). The EU Commission expressed doubts as to the existence of state aid in the agreement to our benefit. We have not been a party to the proceedings. On May 23, 2016 the EU Commission announced that it has found that the agreement does not involve any state aid. The decision of the EU Commission may be appealed to the General Court of the EU. Such appeal must be made within two months from the date of publication, the date of notification or, in the absence thereof, the date on which the decision came to the knowledge of the

appellant. Should an appeal be lodged and should the decision not be upheld, then if the agreement is considered to include incompatible state aid, we may be required to repay the aid, including any interest, and if the agreement is considered to include compatible state aid, but notice should have been given to the EU Commission in advance (i.e. unlawful state aid), we may be required to repay interest on the aid amount.

Based on the factual and legal analyses we have performed thus far, and noting that we do not have full insight into the proceedings as we are not a party to them, and based upon the recent decision of the EU Commission, we have made no provisions for any repayment claim that may result from any appeal, if such is commenced.

15.13 Material contracts

The following is a summary of each material contract, other than contracts in the ordinary course of business, into which we or any of our subsidiaries have entered which contain obligations or entitlements that are material to us as at the date of this Offering Circular. In the course of our ordinary business, we enter into contracts which have obligations or entitlements that are material to the Group. An overview of certain of our contracts entered into in the ordinary course of our business, such as, for example, agreements entered into as part of our offshore wind farm partnerships (share purchase agreements, shareholders' agreements, construction agreements, O&M agreements and PPAs), heat agreements entered into in connection with the conversion of our CHP plants to biomass and long term gas purchase contracts, is embedded in Section 15 "Business", to which we refer. Certain of such contracts, including agreements entered into in relation to our offshore wind farm partnerships, contain provisions relating to change-of-control events, pre-emption rights, transfer restrictions or buy-back arrangements related to specified events or other transfer provisions.

15.13.1 Stenlille

On October 20, 2014, we entered into a share sale and purchase agreement with Energinet.dk to sell 100% of DONG Storage A/S, which owned the Stenlille natural gas storage facility in Denmark for a purchase price of DKK 2.2 billion. The transaction was completed on December 31, 2014.

15.13.2 Nesa Allé

On November 20, 2013, we entered into a share sale and purchase agreement with ATP to sell 100% of DONG Energy Vangede A/S, which owned and operated our offices at Nesa Allé in Denmark. At the same time, we entered into a lease agreement for the Nesa Allé offices. The transaction was completed on December 30, 2013.

The lease agreement may be terminated by ATP to expire December 31, 2038 at the earliest and by us to expire on December 31, 2028 at the earliest. We may not assign the lease prior to December 31, 2028 but are entitled to sublet the leasehold during that period. Pursuant to the lease agreement, we are responsible for all exterior and interior maintenance of the leased premises. As tenants, we pay all costs related to the leasehold in addition to the rent, including, but not limited to, taxes, duties, costs to supply companies, operating costs, maintenance costs etc. Throughout the term of the lease, we are responsible for accidental damages to the property up to a maximum of 50% of the estimated property reconstruction price.

We have not paid any deposit. However, we will provide the landlord with a cash deposit corresponding to 12 months' rent including VAT or a guarantee from a recognized Danish bank corresponding to 12 months' rent including VAT if the we do not hold a credit rating of at least BBB (Standard & Poor's) and Baa2 (Moody's).

15.13.3 Gas Distribution

On May 10, 2016 we entered into an agreement with Energinet.dk for the divestment of our gas distribution activities to Energinet.dk, including the Gas Distribution Network, for a price of DKK 2.3 billion which has been fixed in accordance with the principles applicable pursuant to Section 34 of the Danish Natural Gas Supply Act. Completion of the divestment is conditional upon obtaining approval by the Kingdom of Denmark (as required by Exhibit 1 of our Articles of Association), the Danish Ministry of Energy, Utilities and Climate, and the Finance Committee of the Danish Parliament, and upon obtaining merger approval by the Danish Competition and Consumer Authority. For Energinet.dk it is also a condition that prior to completion of the divestment, the Gas Distribution Network does not suffer from

damage that prevents unchanged continued operations of the entire or major parts of the gas distribution activities in Jutland and/or at Zealand. We currently anticipate that completion of the divestment will occur in September 2016.

We have granted certain representations and warranties, which are subject to customary limitations that will apply in the event of a breach of the representations and warranties, with certain customary exceptions. As part of the divestment and, among others, to assist Energinet.dk in taking over operations, we have agreed to provide, on market terms and conditions, transitional services to Energinet.dk within IT, surveillance, customer handling, accounting and energy savings services, for a period of 15 (fifteen) months following completion of the divestment for the majority of such services.

16. OPERATING AND FINANCIAL REVIEW

The following is a discussion of our financial condition and results of operations as at March 31, 2016 and 2015 and for Q1 2016 and 2015 and as at December 31, 2015, 2014 and 2013 and for FY 2015, FY 2014 and FY 2013. This discussion should be read in conjunction with our Audited Consolidated Financial Statements including the notes thereto as set forth elsewhere herein. Our Audited Consolidated Financial Statements have been prepared in accordance with IFRS as adopted by the EU and Danish disclosure requirements for listed companies and state-owned public limited companies. Certain of the information contained in the following discussion may constitute forward-looking statements that are based on assumptions and estimates and are subject to risks and uncertainties. Investors should read the section entitled "Special notice regarding forward-looking statements" for a discussion of the risks and uncertainties related to those statements. Investors should also read the section entitled "Risk factors" for a discussion of certain factors that may affect our business, results of operations or financial condition.

In 2011, we introduced an alternative performance measure, business performance, to supplement the Group's IFRS financial statement. The business performance measure included in this Offering Circular is a non-IFRS measure that reflects the internal management of the Group and represents the underlying results for the period under review. Under the business performance measure, the value adjustment of hedging transactions is deferred and recognized for the period in which the hedged exposure materializes, with certain exceptions. Business performance measures are audited by PwC as part of their audit of the Audited Consolidated Financial Statements. For additional information on business performance measures, see Section 16.3.1 "Description of business performance measure." To reflect whether an income statement figure is an IFRS or a business performance measure, we write IFRS or business performance (or BP) in connection with the relevant figures in the Offering Circular, unless they are identical under IFRS and BP.

16.1 Selected industry trends

Offshore wind is the renewable energy technology in the OECD with the highest relative growth rate, with a forecasted installed capacity compound annual growth rate (CAGR) of 25% from 2014 to 2020 according to BNEF. See Section 14 "Industry Section."

As an outcome of the Paris Agreement, the energy industry's expansion of local supply chains and reduced costs in the construction of offshore wind farms in the period through 2020, we expect that there will be continued political support for offshore wind markets.

In general, the EU's 2014 "Guidelines on State aid for environmental protection and energy 2014–2020" require that support for renewable energy generation be determined in competitive tender or auction processes. Certain of the EU countries in which we operate have already implemented regulatory regimes in compliance with these guidelines, while others are in the process of doing so. In the UK, the Secretary of State has confirmed that the Government will continue to support offshore wind if the industry meets certain cost reduction conditions. See Section 18.2.2.2 "Legislation relevant to offshore wind power generators in England and Wales."

In recent years, the contribution margin (spreads) within conventional fossil fuel-based power generation has been under pressure due to lower demand during and after the financial crisis, energy optimization and increased capacity, including renewable energy capacity. The low demand and high supply of power has caused power prices to fall more than fuel prices and as a result, the contribution margin has fallen, which makes it challenging for conventional power plants to generate sufficient earnings. However, an opportunity has arisen in certain markets, including Denmark, to convert existing thermal heat and power plants to biomass firing, which has created a new market for the Group, where heat generation rather than power generation is the primary product together with ancillary services.

Power distribution is a stable and regulated activity where profitability is dependent on the attractiveness of the regulatory framework and the distributor's ability to deliver efficient results within the regulatory framework, for example on operating expenditures. The competition in the European energy markets for the purchase and sale of gas and power has meant that margins in sales activities have been under pressure for a number of years. Focus has therefore shifted from the straightforward sale of energy towards delivering service solutions which can help customers optimize their energy consumption.

The oil and gas industry has been affected by a decrease of approximately 60% in oil prices since mid-2014 as well as a general market trend of cost overruns and delayed expansion projects. The North Sea, which is a mature hydrocarbon area, has also been affected by increasing unit costs for produced oil and gas. The markedly deteriorated short and mid-term outlook for the oil and gas industry has prompted many

companies, including us, to adapt to the new market environment by postponing, down-scaling or cancelling new exploration activities and investments and reducing employee headcount. The objective of our Oil & Gas business going forward will be on optimizing value in our existing core producing assets in Denmark, Norway and the UK by focusing on delivering strong returns and positive cash flows, which will be reinvested in renewable energy. See Section 15.1 "Overview."

16.2 Factors affecting our results of operations and financial condition

Our results of operations are affected by general industry factors, such as economic and market conditions, government policy, legislation and regulation, weather and wind patterns, commodity prices, litigation and competition, as well as certain factors distinct to our business, including with respect to our investments, hedging and asset portfolio.

The key factors affecting our results are summarized below, grouped by topic or by reporting segment:

Investments and divestments

- Development and execution of investment projects (including execution timing and our ability to complete investment projects within our anticipated budget);
- Divestment of ownership interests in wind farms through partnerships, oil and gas infrastructure assets and other assets;

Commodity prices, currency exchange rates, interest rates and hedging activities

- Commodity prices (principally oil, gas, power, coal, biomass and other fuels utilized in our thermal heat and power generation), CO₂ and Green Certificates and the contractual terms upon which we procure and sell commodities;
- Exchange rate of the Danish Krone with other currencies (principally the British Pound, US Dollar and Norwegian Krone, and, to a lesser extent, the Euro);
- · Our commodity and currency hedging activities;

Wind Power

- Volumes of power we generate, including load factors, transmission availability and availability of our assets;
- Prices of power and Green Certificates such as ROCs;
- Divestment of ownership interests in wind farms through partnerships and construction contracts;
- Ability to reduce the cost of electricity from offshore wind;
- Increased competition and our ability to win tenders as well as levels of associated project development costs;

Bioenergy & Thermal Power

- Prices of power, coal, biomass, gas, CO₂ Certificates and derived spreads;
- Volumes of power and heat generated, including interconnector access;
- Successful bio-conversion of CHP plants;
- Prepayments from heat customers, including in connection with bio-conversions;

Distribution & Customer Solutions

- Prices of oil, gas and power, including sales margins;
- Terms of our gas purchase contracts, renegotiation of these contracts and related lump sum payments;
- Timing differences between (i) changes in oil spot prices and changes in the price we pay for gas under our long-term, oil-indexed gas purchase contracts, (the "time lag" effect), (ii) the date of our exposure related to purchases under oil-indexed gas purchase contracts through hedge contracts and the date

on which we purchase the underlying gas, and (iii) the re-evaluation of gas storage prices and the recognition of related hedges;

- Our ability to effectively manage and optimize our wholesale gas position, including our gas purchase contract portfolio, our gas storage capacity and LNG capacity;
- Our Market Trading activities;
- Volumes of power and gas distributed and sold;
- Efficiency of our Distribution business;
- Levels of competition in the market for sales of power and gas in Denmark and elsewhere in Northwestern Europe/countries where we operate;

Oil & Gas

- Prices of oil and gas;
- Volumes of oil and gas produced;
- The effect of the first Ormen Lange redetermination and any second redetermination;
- Estimation of oil and gas reserves, level of exploration success and our ability to develop and mature reserves;
- Costs related to the repair of the Siri platform up until the completion thereof in Q3 2014;
- Restructuring and refocusing of the Oil & Gas business;
- Termination of the EPC Contract in respect of the Hejre platform;

Multiple businesses or the Group

- Seasonality and weather;
- Net working capital ("NWC");
- Onerous contracts;
- Decommissioning obligations;
- Regulatory regimes in the countries in which we operate, including allocation of subsidies for Wind Power, levies on thermal generation, support for bio-conversions and capped returns on infrastructure assets;
- Share of earnings from regulated, quasi-regulated and contracted activities;
- Impairment losses;
- Taxation; and
- Litigation.

The discussion below is intended to explain the impact of these factors on our business and results of operations. See also Section 1 "Risk factors" for information on how certain of these factors may affect our results of operations as well as the risks associated with these and other factors affecting our results of operations.

16.2.1 Investments and divestments

16.2.1.1 Investments

As is typical in our industry, our business is capital intensive; in Q1 2016, FY 2015 and FY 2014, gross investments amounted to DKK 4,176 million, DKK 18,693 million and DKK 15,359 million, respectively. Wind Power accounted for 54% of these gross investments in aggregate. Given the scale and complexity of the projects we undertake, there is typically a lag of several years between our investment and commissioning of the assets, including the generation of revenue, EBITDA impact and cash flow resulting from that investment. We intend to continue our investment program; for further information, see Section 16.7 "Anticipated future investments."

The table below shows the gross investments by reporting segment for the periods indicated:

	Q1 2016	%	Q1 2015	%	FY 2015	%	FY 2014	%	FY 2013	%
	(DKK million, except percentages)									
Wind Power	2,772	66.4	2,965	64.0	10,192	55.1	7,827	51.1	9,485	44.7
Bioenergy & Thermal Power	342	8.2	176	3.8	1,214	6.6	725	4.7	680	3.2
Distribution & Customer Solutions	114	2.7	190	4.1	1,110	6.0	1,739	11.4	1,447	6.8
Oil & Gas	945	22.7	1,303	28.1	5,985	32.3	5,032	32.8	9,610	45.3
Segment Total	4,173	100.0	4,634	100.0	18,501	100.0	15,323	100.0	21,222	100.0
Other activities and eliminations	3		34		192		36		12	
Total gross investments	4,176		4,668		18,693		15,359		21,234	

16.2.1.2 Divestments

We have completed a number of divestments in recent years. The majority of our divestments in Q1 2016, FY 2015 and FY 2014 were related to divestments of ownership interests in core assets in Wind Power. We divest these assets as part of our overall funding plan under our significant investment program.

The table below shows the cash consideration received in connection with the divestments of our ownership interests in offshore wind farms, other core divestments and non-core divestments for the periods indicated:

Divestment proceeds	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013			
		(DKK million)						
Wind Power partnership model (excluding London								
Array)	1,821	0	1,650	1,469	2,045			
London Array	0	0	0	5,747	0			
Glenlivet	0	0	210	94	0			
Non-core	129	_57	713	3,343	13,287			
Divestments	1,950	_57	2,573	10,653	15,332			

Divestment of core assets in Wind Power, which comprise divestment of ownership interests in offshore wind farms, amounted to DKK 1,821 million in Q1 2016, DKK 1,650 million in FY 2015 and DKK 1,469 million in FY 2014. We expect to continue to divest core assets as part of our partnership model in Wind Power. While the divestment of ownership interests in offshore wind farms through partnerships does not immediately affect our EBITDA from operations, as the interests are most often divested in the Construction Phase before the wind farm is operational, the divestments have a material impact on EBITDA through the initial divestment gains and subsequent earnings from construction agreements. See Section 16.2.3.4 "The divestment of ownership interests in offshore wind farms and construction contracts" and Section 16.2.3.6 "Other operating income."

Divestment of other core assets amounted to DKK 210 million in FY 2015 and DKK 5,841 million in FY 2014 and concerned the divestment of half of our 50% ownership interest in the London Array wind farm as part of our financial action plan launched in 2013 and the divestment of ownership interests in the Glenlivet field.

The divestment of non-core assets, including onshore wind farms, waste plants, and hydropower assets, amounted to DKK 129 million in Q1 2016, DKK 713 million in FY 2015 and DKK 3,343 million in FY 2014. Divestments of non-core assets, which were all in operation at the time of divestment, had an immediate effect on our revenue, EBITDA and cash flow.

Under the Political Agreement and the Confirmation Political Agreement, we have agreed to seek, on market terms, to divest the gas distribution, oil pipeline and offshore gas pipeline activities to the Danish TSO, Energinet.dk at an appropriate time. The divestment of the gas distribution business, including the Gas Distribution Network, was announced on May 10, 2016.

The table below shows the impact from divestments for the periods indicated:

	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
		(I			
Gain (loss) on divestment of assets (part of EBITDA)	540	411	373	1,869	349
Gain (loss) on divestment of enterprises (BP)	(3)	18	16	1,258	2,045
Gain (loss) recognized in financial items and other items	0	0	0	59	(201)
Gain (loss) from divestments (BP)	537	429	389	3,186	2,193
EBITDA (BP) until deconsolidation	0	0	173	531	1,328

Divestments impact our results through (i) gain (loss) on the transactions and (ii) discontinuation of EBITDA from the divested assets or activities. The impact on profit before tax from divestments amounted to DKK 537 million in Q1 2016, DKK 389 million in FY 2015 and DKK 3,186 million in FY 2014. EBITDA (BP) up to the time of deconsolidation amounted to DKK 0 million in Q1 2016, DKK 173 million in FY 2015 and DKK 531 million in FY 2014.

16.2.2 Commodity prices, currency exchange rate and interest rates

We are exposed to risks relating to fluctuations in the prices of oil, oil products (such as fuel oil and gas oil), gas, power, coal, biomass and CO₂ Certificates in our activities relating to gas sourcing, wholesale and retail supply of power and gas, generation of heat and power, oil and gas production and hedging activities. A large part of our income streams, costs, capital expenditures, taxes and indebtedness are in currencies other than the Danish Krone. The results of some of our operations may benefit from an increase in the price of a commodity or value of a currency while the results of other operations may be adversely affected by the same increase. In addition, movements in one commodity price or currency may be correlated at times with movements in prices of other commodities or currencies that are important to us, whereas at other times there will be no meaningful correlations. As an example, the price of oil measured in USD often correlates negatively with the development in the DKK/USD exchange rate.

Our market risk management strategies seek to reduce volatility in our after tax cash flows that results from fluctuations in market prices for oil, oil products, gas, power, coal, CO₂ Certificates and other relevant commodities as well as to reduce any cash flow volatility caused by fluctuations in currency exchange rates and interest rates. Management of these risks is an important area of focus for us and our hedging activities can have a significant effect on our results of operations. For further information, see Section 16.12 "Risk management" below and Risk Factor 1 "We are exposed to fluctuations in the prices of commodities, certificates, currency exchange rates, interest rates, inflation rates and general developments in the securities market" for a discussion of how these risks may adversely affect our results of operations, cash flows or financial condition and our risk management policies. In both FY 2015 and FY 2014, the declining commodity prices have had a substantial negative impact on our net profit. The most significant impact was from impairment losses in Oil & Gas due to the declining oil and gas prices, but EBITDA (BP), while also adversely affected, was significantly less impacted due to our hedging activities. See Section 16.2.6.1 "Market prices and hedges." A continuous adverse development in market prices and related currencies may lead to further impairment losses on our asset portfolio. For further information on the impact on EBITDA (BP) for FY 2013 to FY 2015, see Section 16.2.3: "Key factors affecting Wind Power," Section 16.2.4 "Key factors affecting Bioenergy & Thermal Power," Section 16.2.5 "Key factors affecting Distribution & Customer Solutions" and Section 16.2.6 "Key factors affecting Oil & Gas") and Section 16.3 "Comparison of results of operations for Q1 2016, Q1 2015, FY 2015, FY 2014 and FY 2013." For further information on the sensitivity towards commodity price and currency exchange risks, see Section 16.12.1.1 "Commodity price risk" and Section 16.12.1.2 "Currency exchange risk."

The table below shows price developments in the periods indicated, which are key factors affecting our results of operations and those of our individual reporting segments:

		Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
Average:						
Oil, Brent	USD/bbl	34	54	52	99	109
Oil, Brent	DKK/bbl	229	358	353	553	610
Gas, TTF	EUR/MWh	13	21	20	21	27
Gas, NBP	EUR/MWh	13	22	20	21	27
Power, Nord Pool System	EUR/MWh	24	28	21	30	38
Power, Nord Pool DK ⁽¹⁾	EUR/MWh	23	28	24	31	39
Power, EEX DE	EUR/MWh	25	32	32	33	38
Power, LEBA UK	EUR/MWh	46	55	56	50	59
Coal, API 2	USD/ton	45	61	57	75	82
CO ₂ , EUA	EUR/ton	5.7	7.1	7.7	6.0	4.5
Green Dark Spread, $DK^{(1)(2)}$	EUR/MWh	2.7	2.2	(1.9)	5.3	12.8
Green Spark Spread, NL ⁽³⁾	EUR/MWh	(0.1)	(3.2)	(2.6)	(2.6)	(3.8)
USD exchange rate	DKK/USD	6.8	6.6	6.7	5.6	5.6
GBP exchange rate	DKK/GBP	9.7	10.0	10.3	9.2	8.8
EUR exchange rate	DKK/EUR	7.5	7.5	7.5	7.5	7.5

Sources: Platts, ICIS Heren, Nord Pool, LEBA, EPEX, Argus-McCloskey and the Danish Central Bank.

- (1) Based on average prices in DK1 and DK2.
- (2) Green Dark Spread represents contribution margin per MWh generated at thermal generation stations and is calculated considering the price of power (at the Danish power price, which is the average of power prices on the DK1 (West Denmark) and DK2 (East Denmark) bidding areas of Nord Pool) minus the cost of coal and CO₂ Certificates. The Green Dark Spread has been calculated assuming a net power efficiency of 39%, an energy content of 25.12 GJ/ton for coal and a CO₂ emission factor for coal of 95 kg/GJ.
- (3) Green Spark Spread represents the contribution margin per MWh generated at gas-fired thermal generation stations and is calculated considering the price of power (Dutch power price) minus the cost of gas (TTF) and CO₂ Certificates. The Green Spark Spread has been calculated assuming a net power efficiency of 50% (higher heating value), an energy content of 3.6 GJ/MWh for gas and a CO₂ emission factor for gas of 56.9 kg/GJ (lower heating value, where 1 MWh of gas in lower heating value amounts to 1.1052 MWh of gas in higher heating value).

16.2.2.1 Oil prices

The oil price (Brent) in Q1 2016 was USD 34 per barrel (average), 37% lower than in Q1 2015. The decrease in oil prices was a result of higher production from a number of countries, including the OPEC countries (especially Saudia Arabia) and Russia, the prospect of increased production and exports from Iran after the easing of the sanctions against the country, as well as from a worsened outlook for demand due to weaker growth prospects for China.

The oil price in 2015 was USD 52 per barrel (average), 47% lower than in 2014. The decrease in oil prices that began in the second half of 2014 was attributable to the increase in US oil production, continued high production levels from the OPEC countries and a dampened outlook for demand due to weaker growth prospects in a number of countries, including China in particular.

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 2014, supported by restricted production in a number of OPEC countries and political unrest in the Middle East. The price fell significantly in the course of the second half of 2014, driven primarily by a continued rapid increase in US oil production and increased production from Libya, while OPEC production remained 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 2014, also contributed to the oil price decline.

For a discussion of the impact on our Oil & Gas business, see Section 16.2.6.1 "Market prices and hedges."

16.2.2.2 Gas prices

The continental European gas hub price (TTF) was EUR 13/MWh in Q1 2016 (average), 38% lower than in Q1 2015. The decrease was due to high gas production levels in Russia and Norway, a lower demand and larger gas inventories than in Q1 2015. The lower oil price also contributed to the lower gas prices.

The gas hub price was EUR 20/MWh in 2015 (average), 5% lower than in 2014; the lowest level in 2015 of approximately EUR 16/MWh was seen in December. Gas prices were stable in the first half of 2015, but decreased throughout the second half. The lower price level was due to good gas supplies, a markedly lower level of oil prices and warm weather in the autumn and winter.

The gas hub price was EUR 21/MWh in 2014 (average), 22% lower than in 2013; the lowest level in 2014 of approximately EUR 16/MWh occurred in June. The lower level in 2014 was due in particular to significantly warmer weather in Northwestern Europe than normal throughout the year, which reduced demand and resulted in larger gas inventories than normal. In contrast, 2013 was characterized by a long, cold winter in Northwestern Europe, where low gas storage levels contributed to sustaining higher prices.

For a discussion of the impact on our Oil & Gas business, see Section 16.2.6.1 "Market prices and hedges."

16.2.2.3 Power, coal and CO₂ prices and spreads

In Q1 2016, the power price in the two Danish price areas averaged EUR 23/MWh, which was 18% lower than in Q1 2015. Lower coal and CO₂ prices in Q1 2016 than in Q1 2015, higher water levels in the Nordic hydropower reservoirs and a high level of power generation from renewable energy sources contributed to the lower power prices.

In the Danish price areas, the Green Dark Spread increased to EUR 2.7/MWh in Q1 2016 from EUR 2.2/MWh in Q1 2015. The increase was due to a greater decrease in coal and CO₂ prices than in power prices.

In 2015, the power price in the two Danish price areas averaged EUR 24/MWh, which was 25% lower than in 2014. Markedly lower coal prices (API 2) in 2015, which decreased from USD 75 per ton (average) in 2014 to USD 57 per ton (average) in 2015, higher water levels in the Nordic hydropower reservoirs and greater power generation from renewable sources, resulted in low power prices throughout Western Europe. However, the power price in the UK increased by 12% to EUR 56/MWh (average) in 2015 driven by a higher UK carbon price floor and an appreciation of the British Pound against the Euro, offset by declining gas prices. The higher power price in the UK compared to the power price in the Nord Pool area and in Germany was due to the greater power generation from gas-fired power plants in the UK compared to the number in continental Europe.

In the Danish price areas, the Green Dark Spread decreased to EUR (1.9)/MWh in 2015 from EUR 5.3/MWh in 2014, due to the lower power prices and higher CO_2 prices, which were partially offset by lower coal prices. The Dutch Green Spark Spread remained stable at EUR (2.6)/MWh.

In 2014, the power price in the two Danish price areas averaged EUR 31/MWh, which was 21% lower than in 2013. The fall was primarily attributable to significantly warmer weather than normal, which reduced demand, as well as the availability of significantly more hydropower in the Nordic region than in 2013. In addition, lower coal prices (API 2), which decreased from USD 82 per ton in 2013 to USD 75 per ton in 2014, and increased power generation from renewable energy sources also contributed to lower power prices in all of Western Europe. The power price in the UK decreased by 15% to EUR 50/MWh (average) in 2014 driven by a strong decline in gas prices.

In the Danish price areas, the Green Dark Spread fell to EUR 5.3/MWh in 2014 from EUR 12.8/MWh in 2013 as a result of the lower power 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, when the spread was negative at EUR (3.8)/MWh.

Although the price for CO_2 Certificates increased by 71% from 2013 to EUR 7.7/ton in 2015, the price remained low compared to the originally intended price when the EU ETS allowance scheme was introduced in 2005. The aim of the scheme was to impose additional costs on power generation from power plants with high CO_2 emissions per produced kWh of power, thereby encouraging a shift towards generation capacity with lower or no CO_2 emissions.

16.2.2.4 GBP exchange rate

The GBP exchange rate was 9.7 DKK/GBP in Q1 2016 (average) and 10.0 DKK/GBP in Q1 2015 (average), representing a decrease of 3%.

The GBP exchange rate was 10.3 DKK/GBP in 2015 (average) and 9.2 DKK/GBP in 2014 (average), representing an increase of 12% from 2014 to 2015 and of 5% from 2013 to 2014.

16.2.2.5 USD exchange rate

The USD exchange rate was 6.8 DKK/USD in Q1 2016 (average) and 6.6 DKK/USD in Q1 2015 (average), representing an increase of 3%.

The USD exchange rate was 6.7 DKK/USD in 2015 (average), 20% higher than in 2014, and 5.6 DKK/USD in 2014 (average), which was stable compared to 2013.

16.2.2.6 Interest rates

We have incurred and will continue to incur significant indebtedness to finance our investments. At the end of March 2016, fixed rates were applied to 79% of our interest-bearing debt, excluding hybrid debt, compared to 91% at the end of 2015, 88% at the end of 2014 and 71% at the end of 2013. We also incur interest rate risk related to our interest-bearing assets and financial hedging contracts. To mitigate interest rate risk, we hedged a portion (85%) of our projected debt in 2016. Beyond 2016, we have further hedged future interest payments through a band of yearly minimum and maximum fixed rate levels based on a matching of interest sensitive assets and liabilities, thereby limiting the exposure to fluctuating interest rates. Our results of operations may be affected by changes in interest rates with respect to the unhedged portion of our indebtedness that bears interest at floating rates to the extent the effect is not offset by an opposite effect on interest rate-dependent income streams. In addition, our results can be affected by a potential early redemption of debt instruments as the low interest rate levels have caused the market value of our debt portfolio to exceed the book value by DKK 4.9 billion as of March 31, 2016. For further information, see Section 16.12.1.3 "Interest rate risk."

In April and May 2016, we reduced our excess cash position by prepaying long-term bank debt in a principal amount of DKK 1,955 million and by terminating certain interest rate swaps. Additional reductions of our excess cash position have been initiated from notices given in April 2016 to lenders for prepayment during June 2016 of additional long-term bank debt in a total nominal amount of DKK 298 million. Furthermore, on May 11, 2016, we priced and announced the results of a public bond tender offer launched by us on April 28, 2016. Through the bond tender offer, we repurchased bonds across our four senior EUR bond series in the total nominal amount of EUR 524 million from investors at a total cash price of EUR 615 million, which was settled on May 13, 2016. All bonds repurchased by us are cancelled. We actively monitor the developments in the markets on an ongoing basis and may in the future further reduce our excess cash position by prepaying additional long-term bank debt and/or by repurchasing outstanding senior bonds through a public tender process.

The interest rate level may affect our ability to divest ownership interests in our wind farms and/or impact the profitability of our partnership model. In addition, interest rate developments affect the allowed return on certain regulated distribution assets. See Risk Factor 3 "We are exposed to fluctuations in interest rates."

16.2.2.7 Commodity and currency hedges

The impact from our hedging activities has had an overall positive impact on our EBITDA (BP) in the periods under review as set out in the table below:

Hedge effect (business performance) by commodity	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
Oil hedges	220	(58)	(194)	(186)	97
Coal hedges	(56)	(114)	(277)	(231)	(278)
Currency hedges	(108)	(75)	(623)	(574)	(438)
Gas (commercial fixed price and hedges)	1,204	525	2,259	1,425	(109)
Power (commercial fixed price and hedges)	308	321	931	831	662
Total	1,568	<u>599</u>	2,096	1,265	<u>(66)</u>

Hedge effect (business performance) by reporting segment	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
		(1			
Wind Power	94	75	66	180	207
Bioenergy & Thermal Power	36	94	191	261	134
Distribution & Customer Solutions	530	120	384	1,159	836
Oil & Gas	869	364	1,657	(24)	(878)
Other activities and eliminations	39	(54)	(202)	(311)	(365)
Total	1,568	599	2,096	1,265	(66)

As these hedges have gradually been entered into based on the forward prices 1 to 5 years prior to the year in which they are realized, and based on the expected activity levels in the respective periods, they may not be good indicators for hedges in the future periods. The above impact from hedging activities does not include gross earnings generated from our Market Trading function. See Section 16.2.5.3 "Market Trading and Exposure Management."

The table below shows the expected transfer of the value of the Group's hedges to business performance EBITDA as at March 31, 2016.

	Expected year of transfer to business performance EBITDA			
	Q2 to Q4 2016	2017	After 2017	Total
		(DKK mi	llion)	
Oil	1,087	736	273	2,096
Gas	2,050	1,232	928	4,210
Power	640	528	277	1,445
Coal	(93)	(31)	(2)	(126)
Currency	(195)	(73)	96	(172)
Total	3,489	2,392	1,572	7,453

16.2.3 Key factors affecting Wind Power

16.2.3.1 Power generation, load factor and allocation of ROCs and CfDs

Power generation from our Wind Power business has historically been generated from onshore and offshore wind assets as well as from hydropower. However, as of FY 2015, our power generation from Wind Power consists solely of offshore wind generation. Following the Construction Phase, there is typically a period of six to twelve months between the time that the first turbine reaches first power until the final commissioning of the last turbine in the wind farm. In FY 2015, Westermost Rough and Borkum Riffgrund 1 were in the ramp up phase and both were commissioned before the end of 2015, following which they contributed full capacity to our power generation. In February 2016, Gode Wind 2 reached first power and we expect Gode Wind 1 to reach first power in late May or June 2016, after which both wind farms will be ramping up generation and are expected to be commissioned in Q2 2016 and Q3 2016, respectively. We expect Burbo Bank Extension to reach first power in Q4 2016 and to ramp up generation thereafter. We expect Race Bank to reach first power in the second half of 2017, and ramp up generation thereafter.

	Q1 2016	FY 2015	FY 2014	FY 2013
Power generation (period):				
Power generation from wind farms (TWh)	1.7	5.8	5.0	4.8
Power generation from hydropower plants (TWh)	0	0	0	0.5

The time-based load factor for our portfolio of offshore wind farms was on average (weighted) 45% in FY 2015, 44% in FY 2014 and 42% in FY 2013. The load factor is among others impacted by site specific wind speeds and general weather conditions, the specific turbines, availability of wind farms and the extent to which we have wind farms under ramp up, and is thus subject to change between years and within the year. Compared to the average load factor of 45% in FY 2015 for our current portfolio, we expect the load factor for the wind farms in our execution pipeline to average (weighted) 48% to 50% over the life-cycle, primarily driven by technical development and sites with better wind conditions. See Risk Factor 9 "We are subject to certain risks relating to wind conditions."

The allocation of ROCs and CfDs is based on our power generation from eligible wind farms. Wind farms that are eligible for ROCs will receive a predetermined number of ROCs, typically ranging from 1.5 to 2.0 per MWh of power generated in addition to the market price of the power, whereas wind farms that are eligible for CfDs, are paid a Feed-In Premium in addition to the market price. However, as the Feed-in Premium is the difference between the winning strike price set in the relevant CfD auction and the market reference price, the full amount received per generated MWh of power is certain under the CfD regime.

16.2.3.2 Availability of offshore wind farms

Earnings from Wind Power depend upon the availability of offshore wind farms and of their related grid connections, which in turn may be affected by component failures and breakdowns. See Risk Factor 10 "Our power generation from offshore wind farms is heavily dependent on the availability of offshore wind farms, the availability of the grid connections and the operating performance of the equipment we use in the operation of such wind farms." In Denmark and Germany, we are compensated financially by the TSO if the grid connection is not available, subject to certain limitations in Germany (See Section 18.2.3.6 "Grid arrangements"). We do not receive similar compensation in the UK.

The time-based availability of offshore wind farms was 89% in Q1 2016, which was lower than in FY 2015, 93% in FY 2015, which was slightly lower than in FY 2014, where availability was 94%. The lower availability in Q1 2016 and FY 2015 compared to FY 2014 can mainly be ascribed to failures in the export cable at Walney 2 in December 2015. The cable failure at Walney 2 was repaired at the end of March 2016. The inauguration of new wind farms in 2015 also contributed negatively due to lower availability in the ramp-up period.

16.2.3.3 Market prices and hedges, including for power, GBP exchange rate and ROCs

A significant portion of total wind-based power generation is sold at fixed and/or guaranteed minimum prices, including sales of ROCs and CfDs (see Section 18.2.2.3 "Offshore wind energy support schemes"). The overall decline in the power price in recent years has therefore only had a limited negative impact on Wind Power's EBITDA (BP). With continuously increasing power generation (and related sales of ROCs) in the UK, the appreciation of the British Pound has in contrast had a positive impact on EBITDA (BP) from 2013 to Q1 2016. The net impact on EBITDA (BP) from the lower power price and appreciated British Pound has, to a large extent, been offset by hedges, which amounted to an income of DKK 94 million, DKK 66 million, DKK 180 million and DKK 207 million in Q1 2016, FY 2015, FY 2014 and FY 2013, respectively.

The variable price element of the ROCs, the recycle value, has varied from GBP 3.67 in the period April 2012 to March 2013 to GBP 0.35 in the period April 2014 to March 2015. The revenue from the recycle value of the ROCs relating to Q1 2016, FY 2015, FY 2014 and FY 2013 amounted to less than DKK 100 million in aggregate.

16.2.3.4 The divestment of ownership interests in offshore wind farms and construction contracts

In our Wind Power business, we have developed a partnership model as a funding source whereby financial or institutional investors have become partners in our offshore wind farms, typically by acquiring a 50% share in a project. These partnerships are structured to allow for investors' different risk appetite. The accounting treatment of our two partnership risk models, the EPC Wrap Model and the Shared Risk Model, varies. Irrespective of the risk model, we also offer our partners PPAs and O&M agreements. We expect to bring in partners at a price approximately equal to our cost of capital for the wind farms in our execution pipeline and to divest ownership interests 12–24 months after the FID. For further information, see Section 15.5.8 "Partnerships."

Where we have entered into a Shared Risk Model partnership, the gain on divestment is recognized in EBITDA (part of other operating income) at the time of the transaction and the proceeds are recognized in the investment cash flow (part of net investments). After the initial recognition, there will generally be no further impact on EBITDA. However, part of the proceeds may be deferred until a later stage.

Where we have entered into an EPC Wrap Model partnership, the impact on EBITDA is twofold and is realized through (i) an initial gain on divestment at the time of the transaction (with an accounting treatment similar to that in the Shared Risk Model), and (ii) through subsequent gains from a construction agreement throughout the Construction Phase. The distribution of EBITDA between the two components

varies depending on the specific agreements and the characteristics of the projects, including the progress of the individual project at the time of the transaction.

The construction agreements are recognized in revenue (and thus EBITDA) and are measured at the selling price of the construction work performed by reference to the completion degree of the contract at the balance sheet date, and total expected income allocated to the contract. Construction agreements in progress relate to the construction of a part (typically 50%) of the offshore wind farms under construction, which are owned by our partners. In the UK, we offer corresponding construction agreements related to the construction of the full offshore transmission assets, which we are required to divest within 18 months from the approximate date on which power is first generated from the assets.

The recognized profit (loss) on construction of transmission assets has varied from small gains to losses of up to DKK 0.3 billion per wind farm in recent years. Although we are allowed to earn a return on the capital we have used during the construction phase of the transmission asset, Ofgem may deem some of the costs we have incurred as disallowed, in which case they are not recovered through our construction proceeds, thereby resulting in an initial EBITDA loss on the transaction. However, as the transmission tariffs we pay to the UK grid operator during the first 20 years of the wind farm are determined primarily by the price paid for the transmission asset, the transmission tariff we pay in proportion to our ownership interests will therefore be lower than if no disallowed costs were incurred. The initial loss may therefore be offset during the lifetime of the wind farm. We normally provide for expected disallowed costs based on previous experience, at the time when the likelihood of constructing the transmission asset is high, which is normally when capital expenditure is contracted. In the next few years, we expect disallowed costs to be lower than they were in FY 2015 based on our current FID schedule.

The table below shows the components of Wind Power's EBITDA (BP) from construction contracts and divestment gains for the periods indicated:

	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
Divestment of ownership interests	546	0	7	1,856	73
assets	1,052	323	<u>744</u>	383	1,479
Construction contracts and divestment gains	1,598	323	751	2,239	1,552

The divestment gains in Q1 2016 and FY 2014 primarily related to Burbo Bank Extension and to London Array and Westermost Rough, respectively. EBITDA from construction contracts primarily related to Gode Wind 1 & 2 in Q1 2016, Borkum Riffgrund 1 and Gode Wind 1 & 2 in FY 2015 and to Anholt in FY 2013.

Cash flows from operating activities are significantly impacted by funds used in Wind Power's construction contracts. Construction for partners is recognized in NWC under work-in-progress based on the degree of completion, reduced by milestone payments received from the partners. Construction of transmission assets in the UK are accounted for in NWC under work-in-progress according to the degree of completion until the time of transfer to the OFTO. No milestone payments are received until the completion of the construction of transmission assets except for the partners' share thereof, if so agreed between the parties.

The table below shows the composition of Wind Power's work-in-progress for the periods indicated:

Work-in-Progress (WIP) balance	As at March 31, 2016	As at December 31, 2015	As at December 31, 2014	As at December 31, 2013						
	(DKK million)									
Selling price of construction contracts	13,185	11,761	4,861	9,125						
Progress billings	(11,030)	(8,568)	(4,717)	(7,650)						
Construction contracts	2,155	3,193	144	1,475						
Of which construction contracts for wind farms	(455)	(156)	(1,664)	(182)						
Of which offshore transmission assets	2,610	3,349	1,808	1,657						
Trade payables relating to construction contracts	(2,359)	(1,492)	(31)	(70)						
Work-in-Progress	(204)	1,701	113	1,405						

The funds used in NWC from work-in-progress amounted to DKK (204) million, DKK 1,701 million and DKK 113 million as at March 31, 2016, December 31, 2015 and 2014, respectively. The increase from

December 31, 2014 to December 31, 2015 is due to the simultaneously construction of transmission assets related to Burbo Bank Extension, Race Bank and Walney Extension offshore wind farms. The release of funds used in NWC from work-in-progress from December 31, 2015 to March 31, 2016 was mainly due to the sale of the Westermost Rough transmission assets in February 2016.

16.2.3.5 Project development costs

We incur project development costs to develop our portfolio of construction projects. Such project development costs are either expensed (charged to the income statement) or capitalized (included in the balance sheet) depending on the stage of development of the specific project that the costs relate to. Costs are expensed in the early stages of development until there is certainty regarding the future economic benefits of the project, after which costs are capitalized. Acquired project rights, including our rights related to Race Bank and the Hornsea zone, are capitalized and tested for impairment on a regular basis. Our expensed project development expenditure was DKK 119 million, DKK 473 million, DKK 288 million and DKK 180 million in Q1 2016, FY 2015, FY 2014 and FY 2013, respectively, not taking into account project development costs in associates and joint ventures that are consolidated in one line item in our accounts. We expect significantly higher expensed project development costs in the coming years due to the build-up of our portfolio of projects to be constructed post-2020 as well as due to the shift towards competitive tender and auction processes which may cause us to incur project development costs on projects that we are not awarded.

16.2.3.6 Execution assets

The wind farm projects in our execution pipeline consists of Gode Wind 1 & 2, Burbo Bank Extension, Race Bank, Walney Extension, Borkum Rifgrund 2 (FID expected to be taken in 2016) and Hornsea 1. We expect the key drivers of the portfolio of our execution assets to be as follows (life-cycle calculations): (i) capital expenditures of DKK 22–24 million per MW (weighted average 2015 prices); (ii) load factor of 48%–50% (weighted average with Burbo Bank Extension as an outlier with lower than average expected load factor); (iii) operating expenditures expected to decrease in the long-term from current levels for existing operating assets of DKK 15–17 million per MW (2015 prices; excluding cost of goods sold (primarily BSUoS and TNUoS charges) for the UK wind farms as well as balancing and other fees) due to cost-out initiatives and increasing scale of production. For our partnerships related to the execution assets, we furthermore expect to bring in partners at a price approximately equal to our cost of capital, to divest a portion of our ownership interest in Hornsea 1 in 2018 and to divest a portion of our ownership interests in the remaining projects 12–24 months after FID. See Section 3 "Special notice regarding forward-looking statements."

16.2.4 Key factors affecting Bioenergy & Thermal Power

16.2.4.1 Market prices and hedges

In Q1 2016, the loss from power generation from CHP plants decreased due to less unfavorable market conditions, namely the improved spreads described in Section 16.2.2.3 "Power, coal and CO_2 prices and spreads" above. As a result of this improvement, EBITDA (BP) from power generation amounted to a loss of DKK 46 million in Q1 2016 (excluding ancillary services) compared to a loss of DKK 71 million in Q1 2015 (excluding ancillary services and an insurance compensation).

In FY 2015, the loss from power generation from CHP plants increased due to unfavorable market conditions, namely the lower spreads, and was the main causes of a DKK 490 million decrease in EBITDA (BP) in FY 2015 compared to FY 2014. As a result of this decrease, EBITDA (BP) from power generation amounted to a loss of DKK 934 million in FY 2015 (excluding ancillary services and the compensation from a settled dispute concerning CO₂ Certificates and an insurance compensation), compared to a loss of DKK 444 million in FY 2014. In FY 2014, EBITDA (BP) from power generation decreased by DKK 279 million compared to a loss of DKK 165 million in FY 2013. The decrease was due to lower power generation, primarily caused by the lower spreads.

The negative impact from lower power prices and spreads was to some extent offset by hedges entered into before power prices and spreads began to decline in late 2013. The net impact from power, coal and currency hedges amounted to an income of DKK 36 million, DKK 191 million, DKK 261 million and DKK 134 million in Q1 2016, FY 2015, FY 2014 and FY 2013, respectively.

16.2.4.2 Volumes of power and heat generated, including interconnector access

Our level of heat generation is primarily affected by the weather, which was warmer than a normal year in both FY 2014 and FY 2015. Our level of heat generation is further influenced by our divestment of non-core assets and because certain municipal heat companies have built their own heat generating assets, resulting in a decline of our market share. See Section 15.6.3.1 "Heat and power generation from Danish assets."

Our level of power volumes generated are, among other things, also impacted by weather conditions. High wind energy content leads to high wind power generation and therefore lower demand for thermal power generation. Thermal power generation is also partly affected by the temperature as several of our Danish power plants are CHP plants, where demand for and generation of heat to some extent result in generation of power, which might not have been generated on its own in periods with unattractive spreads. Periodic limitations on the power transmission capacity, particularly between Jutland and Germany, adversely affect our thermal power generation.

16.2.4.3 Prepayments from heat customers, including in connection with bio-conversions

In connection with our three currently ongoing bio-conversion projects, the capital expenditure of which is estimated to be DKK 4 billion in aggregate, the heat customers on average pay approximately two thirds of the total capital expenditures during the construction phase. The prepayments are recognized in our balance sheet as long-term prepayments as they occur and changes in the prepayments are treated as changes in NWC in our cash flow from operating activities. While we only finance approximately one third of the investments ourselves, the full amount is treated as gross investments and capitalized on the balance sheet and depreciated both for accounting and tax purposes.

The prepayments are recognized in our income statement as revenue from heat sales throughout the duration of the heat contract, which typically varies from 15 to 20 years. As they have no further cash effect, the recognized revenue (and EBITDA) has no cash flow effect and is offset by changes in prepayments (NWC) in our cash flow from operating activities.

Our share of the DKK 4 billion capital expenditure, approximately one third of which is not prepaid by customers, will be recovered through payments from heat customers throughout the duration of the new heat contracts (i.e. from sharing of the tax advantage, sharing of the CHP advantage and increased cost coverage, including coverage of losses from forced power generation) as well as a subsidy of DKK 150/MWh when generating power using biomass. These payments will impact revenue and the operating cash flow statement positively.

After completion of the conversions of Studstrup (unit 3) and Avedøre (unit 1) in late 2016 and Skærbæk (unit 3) in 2017, we expect EBITDA from our district heating activities to more than double compared to FY 2015.

16.2.5 Key factors affecting Distribution & Customer Solutions

Our revenue and earnings in power distribution (Radius) are subject to regulation, see Section 15.7.2.1.6 "Regulation of power distribution," and may vary between years due, for example, to changes in volumes distributed, the long Danish mortgage bond rate and energy savings. If we in a given year charge our customers too much or too little, the over or under coverage must be settled in subsequent years. We do, however, regularly assess whether the efficiency improvements in Radius are sufficient to allow for a return in excess of the return cap while maintaining a sufficient buffer to the revenue cap, which ultimately limits revenues.

The Distribution and Sales businesses are not particularly exposed to commodity price and currency fluctuations.

16.2.5.1 Terms of our long-term gas purchase contracts

Our results of operations are influenced by the pricing terms and "take or pay" clauses of certain long-term contracts under which we purchase gas. In FY 2015 and FY 2014, approximately one third of our gas was purchased under long-term purchase contracts, most of which also included "take or pay" clauses. For further information on our purchase contracts, see Section 15.7.4.1 "Gas Portfolio." The prices we pay to purchase gas under some of these contracts have been, and remain to some extent, linked to oil indices. In contrast, our gas sales contracts are primarily linked to gas hub indices. The greater decline in gas hub

prices relative to oil prices that began occurring from 2009 has led to losses on our purchase contracts as our gas purchase prices have exceeded our sales prices. The negative impact from the de-linking in the development of oil and gas hub prices has to a large extent continued during this period, although there have been temporary exceptions from late 2014 through to the date of this Offering Circular.

The net EBITDA effect of the unfavorable prices we pay under the purchase contracts vary significantly from year to year due to fluctuations in oil prices and quantities taken under the contracts. In FY 2014, the combination of 22% lower gas prices and only 9% lower oil prices on average for the year led to a loss on the purchase contracts that had not yet been renegotiated. In FY 2015, the combination of 47% lower oil prices and only 5% lower gas prices on average for the year reduced the loss on these contracts as compared to FY 2014. The accumulated losses incurred on our long-term gas purchase contracts in recent years have been substantial.

The effect of the unfavorable prices is mitigated through the rectification of historical losses (i.e. excess prices paid) through lump sum payments from our suppliers that may be received following renegotiation of the long-term purchase contracts as well as through improved price terms following the renegotiation. Since 2010, when we initiated the first renegotiation, we have completed the renegotiation of 13 long-term gas contracts as at March 31, 2016. Five ongoing renegotiations remain, most of which are expected to be completed by the end of 2017. The conclusion of renegotiations has positively impacted EBITDA in Q1 2016 and in each of FY 2015, FY 2014 and FY 2013 through received lump sum payments and improved price terms. In FY 2016, we expect to receive lump sum payments of DKK 3.5 billion, of which the majority was received in Q1 2016.

16.2.5.2 Timing differences on purchase contracts, gas at storage and related hedges

EBITDA (BP) from our gas portfolio activities is impacted by timing differences in three areas: (i) our long-term oil-indexed purchase contracts, (ii) our hedging contracts related to the purchase contracts and (iii) our hedging contracts related to gas at storage.

Not all commodity price changes have an immediate impact on our results of operation. Certain of our significant gas purchase contracts are subject to a "time lag" effect. This means that the prices at which we purchase gas are calculated on the basis of formulas incorporating variables based on market prices for fuel oil, gas oil, coal and/or other fuels as well as exchange rates over periods of up to 17 months prior to the purchase date. These prices are automatically recalculated periodically, typically quarterly. Accordingly, the impact on earnings and cash flow will be exaggerated in the short-term in periods of increasing and decreasing oil prices, an effect which will be stabilized in the long-term, providing an overall neutral effect unless there is a permanent change in oil prices or the purchase contracts terminate. In FY 2014, EBITDA was substantially negatively impacted by this time lag as the decline in the oil price throughout the second half of the year had no impact on purchase prices, whereas the decrease in the gas price had an immediate impact on our sales prices. The decline in oil prices in the second half of 2014 had a positive impact on EBITDA in FY 2015 due to lower purchase prices driven by the time lag from 2014. In Q1 2016, the impact was minor as the oil price decline was lower during 2015 and Q1 2016 than in 2014.

In addition to the contractual renegotiations of our gas purchase contracts discussed above, the changes in the prices of fuel oil, gas oil, coal and/or other fuels are mitigated through hedging of the expected price exposure that will exist following the conclusion of renegotiations if the expected renegotiated price formula is not 100% gas hub indexed. The market value of our hedging contracts related to our purchase contracts with a time lag are recognized in the business performance income statement at the time of the settlement of the hedging contracts, which is at an earlier date than the physical delivery date of the underlying gas purchase contract. This means that, for example, under an oil-indexed gas purchase contract with a 3-month time lag, where the purchase price is calculated on an oil-indexed price determined in the fourth quarter of 2016, and where we take delivery of, and pay for, the gas in January 2017, we enter into a hedge of the oil price with settlement in the fourth quarter of 2016, thereby effectively hedging the gas purchase price we must pay in January 2017. The value of this hedge is recognized in our income statement in the fourth quarter of 2016, which is the time we incur an oil price exposure, while the purchase price change is not realized until January 2017, when we take delivery of the gas and sell it, typically at market spot prices.

Changes in the price of gas in our storage facilities are also mitigated through hedging. The value adjustment of the hedging transaction is recognized for the period in which the hedged exposure materializes, which is when gas leaves the storage facility for delivery. Each month, we revalue the current

volume of gas in storage, such that the underlying change in gas prices may be recognized earlier than the recognition of the value of the hedge.

16.2.5.3 Market Trading and Exposure Management

Our Market Trading function's primary task is to execute the physical and financial hedge transactions in the market once a decision to hedge has been made by Group Executive Management. It also takes positions in the market to earn a profit and to ensure an ongoing market presence and thus gain more detailed market insight. The function acts within limits based on VaR and Stress. The gross earnings generated from our trading portfolio, which is recognized in revenue at fair value through our profit and loss statement on a daily basis, amounted to DKK 294 million, DKK 552 million, DKK 365 million and DKK 36 million in Q1 2016, FY 2015, FY 2014 and FY 2013, respectively. For further information, see Section 16.12.1.1 "Commodity price risks" and Note 7.3 to the audited consolidated financial statements as at December 31, 2015.

In Q1 2016, we merged our previous Exposure Management activities into Market Trading to simplify our organizational set-up because, among other reasons, the oil and gas exposures under management will substantially decrease in the future following the completion of the renegotiation of our long-term gas purchase contracts as our purchase price to a larger extent than previously will be linked towards gas hub prices. In contrast to the accounting treatment within our market trading activities, the value adjustments of the hedging transactions transferred from the previous Exposure Management function is deferred and recognized in the period in which the hedge exposure materializes. The value of the financial contracts that were under management in the Exposure Management function up until the merger into Market Trading has been locked-in and will continue to be accounted for in such manner until expiry, whereas trades entered into after the merger into Market Trading will be recognized at fair value through profit and loss and be managed under the VaR and Stress limits. Exposure Management has generated positive EBITDA (BP) in recent years, and at the end of FY 2015, it had an accumulated and locked-in gain of DKK 0.6 billion to be recognized in EBITDA (BP) in FY 2016 to 2020, with a significant positive effect in FY 2016 and a negative effect in FY 2017.

16.2.6 Key factors affecting Oil & Gas

16.2.6.1 Market prices and hedges

Between Q1 2016 and Q1 2015, a 37% decline in oil and 39% decline in gas prices resulted in a decrease in EBITDA of DKK 1,050 million excluding the impact from hedges and assuming constant volumes. Between FY 2015 and FY 2014, a 47% decline in oil and 5% decline in gas prices resulted in a decrease in EBITDA of DKK 2,424 million excluding the impact from hedges and assuming constant volumes. Between FY 2014 and FY 2013, a 9% decline in oil and 22% decline in gas prices resulted in a decrease in EBITDA of DKK 3,156 million excluding the impact from hedges and assuming constant volumes. In the second half of FY 2014, in FY 2015 and in Q1 2016, a portion of the negative price development was offset by a positive development in the impact from hedges. However, as our hedging of oil and gas risk is based on a tax-adjusted risk to achieve certainty of cash flows and profit after tax, the declining oil and gas prices had a significant negative net impact on EBITDA (BP).

The total impact from hedges amounted to DKK 869 million, DKK 1,657 million, DKK (24) million and DKK (878) million in Q1 2016, FY 2015, FY 2014 and FY 2013, respectively, reflecting the decline in oil and gas prices during the period, partly offset by the impact from appreciation of the GBP and USD exchange rates. The majority of Oil & Gas's price exposure for 2016 and 2017 is hedged at an oil price of USD 80/bbl and at a gas price of EUR 20/MWh. In 2018, more than half of Oil & Gas's price exposure is hedged at an oil price of USD 60/bbl and at a gas price of EUR 16/MWh, while a minor part of the price exposure for 2019 is hedged. See Section 16.12.1.1 "Commodity price risk."

The table below shows the expected transfer of the value of Oil & Gas' hedges to business performance EBITDA as at March 31, 2016:

	Realized hedges	Expected year of transfer to business performance EBITDA				
	Q1 2016	Q2 to Q4	2017	After 2017	Total	
		(DKK million)				
Oil	691	1,690	1,481	445	3,616	
Gas	422	993	1,119	624	2,736	
Currency	(244)	(472)	(215)	221	(466)	
Total	869	2,211	2,385	1,290	5,886	

16.2.6.2 Effect of the first Ormen Lange redetermination

Following the redetermination of ownership interests in the Ormen Lange field, as of July 1, 2013 we have received additional production volumes in excess of our 14.02% ownership interest. See Section 15.8.4.3 "Norwegian producing assets." The share of production thus amounted to 24% in FY 2015, 21% in FY 2014 and 16% in FY 2013, with an impact on EBITDA from these excess production volumes of DKK 2.5 billion in each of FY 2015 and FY 2014 and DKK 1.6 billion in FY 2013. The excess production volumes ended in February 2016, after which we will receive volumes corresponding to our 14.02% ownership interest, resulting in an expected share of 16% of the production from the field in 2016. The EBITDA from the excess production volumes amounted to DKK 0.3 billion in Q1 2016.

The table below shows the total oil and gas production and the volumes from Ormen Lange for the periods indicated:

	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
		(million boe		
Ormen Lange, redetermination catch-up	1.9	2.2	11.2	9.4	4.8
Ormen Lange, ownership interest	4.3	4.5	15.8	19.1	17.7
Other fields	3.8	3.2	13.9	13.3	9.2
Total	10.0	9.9	40.9	41.8	31.7

A potential second redetermination relating to the Ormen Lange field could lead to a change in our ownership interest and thus impact our EBITDA and investments in the future. For further information, see Risk Factor 29 "We face certain risks related to any second redetermination relating to the Ormen Lange field."

16.2.6.3 Costs related to the repair of the Siri platform

After a routine inspection at the Siri platform in 2009, cracks were discovered in the subsea structure connected to the storage tank. Repairs to the Siri platform were completed in 2014. The total cost of the repair was DKK 3.9 billion, including DKK 0.2 billion, DKK 0.8 billion and DKK 0.7 billion in FY 2015, FY 2014 and FY 2013, respectively, of which the vast majority impacted EBITDA. Part of the costs were regained through final insurance settlements in FY 2015.

16.2.6.4 Restructuring and refocusing of Oil & Gas

The restructuring and refocusing of the Oil & Gas business include among others organizational adjustments, a cost improvement program, reduced exploration and investment activities, and optimization of the asset portfolio. The reduced exploration and investment activities are further elaborated on in Section 15.8 "Oil & Gas", Section 16.2.6.5 "Exploration" and Section 16.7 "Anticipated future investments."

The organizational adjustment is expected to reduce the number of FTEs (including external consultants) from approximately 920 in 2015 to 650 in 2016. The redundancy of employees during Q1 2016, is not expected to have any significant impact on our cost base in FY 2016 due to notice periods and severance payments. The termination of the EPC Contract in respect of the Hejre platform is expected to result in further organizational adjustments later in 2016. The cost improvement program covers both operating expenditure and capital expenditure and is targeted at (i) reducing overhead costs, (ii) optimizing lifting costs through improved efficiency from reservoir to market, and (iii) renegotiating contracts with suppliers and consultants.

16.2.6.5 Exploration

Exploration and appraisal expenditures amounted to DKK 77 million, DKK 868 million, DKK 1,292 million and DKK 1,726 million in Q1 2016, FY 2015, FY 2014 and FY 2013, respectively. In Q1 2016, exploration and appraisal expenditures consisted mainly of owner cost and licence costs. In FY 2015 the exploration wells Xana and Solsort were expensed due to the decline in oil and gas prices, which lead to uncertainty regarding the financial viability of any further development. In FY 2014, the exploration wells in Rosebank and Cambo were expensed. In FY 2013, the viability of the exploration wells in Trym Syd, Cragganmore, Cambo V, Mjølner and Tornado were assessed to be non-commercial and thus expensed. However, Solsort, Mjølner, Rosebank and Cambo/Tornado are all discoveries, and are kept in our portfolio, although at a book value of zero.

In the near term, exploration expenditure will be limited to honoring license commitments and supporting existing core producing assets. Although we will not take a FID on new development projects, as part of our objective to support the optimization of key producing assets in our portfolio, we may, however, still invest in field extensions in connection with, or build-outs near, our existing key producing assets and already-initiated developments, including at or in the Hejre area. For additional information, see Section 15.8 "Oil & Gas."

16.2.6.6 Termination of the EPC Contract in respect of the Hejre platform

In March 2016, together with our partner BayernGas, we gave notice to terminate the EPC Contract with the EPC Consortium for cause with immediate effect. The termination means that the Hejre platform will not be completed and that the Hejre project in its originally planned form has been stopped. For further description of the termination see Risk Factor 28 "We face certain risks with regard to the Hejre project and our current provision may prove to be insufficient."

Following the termination of the EPC Contract, the provision related to the Hejre project recognized at December 31, 2015 was reassessed. At March 31, 2016 the total provision of DKK 2,541 million related to costs to be incurred as a result of the stop of the Hejre project in its originally planned form, including cancellation of ancillary third party contracts, costs relating to the completion of a well and idle period for a rig, costs relating to reinforcement and continuous inspection of the Hejre jacket, costs relating to decommissioning and potential costs associated with the general uncertainties relating to the Hejre project, including uncertainties related to the termination of the EPC Contract and the EPC Consortium's pending arbitral claims. Within the total provision, no specific amount has been allocated to the termination of the EPC Contract, which we anticipate will result in claims and legal proceedings being initiated by the EPC Consortium, and the EPC Consortium's pending arbitral claims, as discussed in Section 15.12.6 "Hejre". The provision at March 31, 2016 was recognized as onerous capital expenditure contracts of DKK 1,111 million, other provisions of DKK 750 million and decommissioning provisions of DKK 680 million. The provision of DKK 750 million was recognized in Q1 2016 in EBITDA, however the total provision relating to the Hejre project was not affected as a corresponding reversal of the previous provision recognized at December 31, 2015 for onerous capital expenditure contracts was made.

The potential repayment obligations and other contingent liabilities related to the Stabilization Plant are included in the provisions made in relation to the Hejre project recognized in DONG O&G accounts as of December 31, 2015 and March 31, 2016. In the Group accounts the provision has been eliminated and replaced by a write down of the Stabilization Plant. The Hejre project continues to be recognized as an asset and was written down to zero in FY 2015 and in Q1 2016. The provisions relating to cancellation of contracts and decommissioning will be included in cash flow from operating activities.

16.2.7 Factors affecting multiple businesses or the Group

16.2.7.1 Seasonality and weather fluctuations

Fluctuations in temperature in Northwestern Europe affect the demand for heat and power and therefore affect our power and heat generation levels, as well as our sales, distribution and storage of gas. Our power and gas sales and distribution, as well as power and heat generation levels, are typically higher in the first and fourth quarters of the year, from October to March, and lower during the warmer second and third quarters, from April to September. The generation of wind-based power is also affected by fluctuations in wind speed, as discussed below.

Wind speed impact on wind-based power generation

Average wind speeds can vary from year to year and fluctuations have a direct effect on earnings in Wind Power. The Wind Power business applies a metric, Wind Energy Content ("WEC"), to measure the relationship between actual wind speeds and normal wind speeds based on historical data for the relevant offshore wind farm site. The resulting WEC percentage is 100% for the year if there is no deviation between the actual wind speeds and the normal wind speeds. Actual wind speeds can vary significantly from normal wind speeds across years and during the year, with the highest WECs in Q1 and Q4, while the average wind speed for the year is usually close to a normal wind year, i.e. 100%. The WEC for our Wind Power site portfolio was 97% in 2013, 97% in 2014, 102% in 2015 and 113% in Q1 2016.

Weather impact on the generation of heat and power, and on the distribution and sale of gas and power

The weather in the region was warmer than usual in 2015 and 2014, following a long, cold winter in 2013. The change in weather during the winter months of 2014 contributed to the 28% decrease in power generation and 22% decrease in heat generation at our Danish power plants and 9% decrease in gas distribution from FY 2013 to FY 2014. The weather in Q1 2016 was colder than in Q1 2015.

Changes in weather also affect commodity prices; for example, in 2014, the 22% decrease (average) in the continental European gas hub price (TTF) was partly attributed to the significantly warmer weather than in 2013, especially during the first half of the year. The warm weather in 2015 also negatively affected commodity prices and the price of power in the two Danish price areas.

The level of precipitation and wind also affects the price at which we are able to sell power on Nord Pool, as hydropower produced in Sweden and Norway and wind power generation typically have low variable costs compared with other sources of power generation. Although long-term precipitation is relatively stable in the region, wide variations occur in the short-term both within a year and between years. The precipitation in the Nordic region in 2015 was higher than normal, whereas it was lower in 2014. High hydro reserve levels, high levels of rainfall in Sweden and Norway and strong wind therefore contributed to lower power sales prices in 2015 in the two Danish price areas.

16.2.7.2 Net working capital

Cash used in working capital fluctuates continuously and can create significant variations between fiscal quarters and years. This is particularly applicable with respect to the following:

- Inventories; gas inventories in the Distribution & Customer Solutions business are used to manage
 and optimize the Group's total gas portfolio, hence gas volumes are purchased when prices are low
 and sold when prices are high. This change in volume and use of capacity, together with price
 adjustments, results in volatility in the funds used in gas inventories. In addition, the Green
 Certificates resulting from wind power generation are accounted for as inventory until they are
 periodically sold;
- Contracts for the construction of offshore transmission assets and offshore wind farms where we have divested a 50% ownership share;
- Central clearing counterparties ("clearing accounts") can use or release significant funds in NWC and are comprised of receivables from, or payables to, banks in connection with exchange trades from financial hedging instruments, depending on the development in the market value of the hedging instrument:
- Prepayments from heat customers in relation to lifetime extensions and bio-conversions of CHP plants. Pursuant to the contract, the heat customers on average pay approximately two-thirds of the total capital expenditure up front. The prepayments are treated as NWC;
- Accounts receivables and payables related to distribution of gas and power, the sale and purchase of gas, oil and power as well as the related hedging contracts fluctuates throughout the year; and
- In addition, other things including VAT and other indirect taxes, prepaid VAT on exports, accrued interests, grid connection charges, other deferred income and prepayments.

The table below shows the main components of the working capital for the periods indicated:

	2016		2015			2014			2013				
Net working capital	As at March 31	As at December 31	As at September 30	As at June 30	As at March 31	As at December 31	As at September 30	As at June 30	As at March 31	As at December 31	As at September 30	As at June 30	As at March 31
	(DKK million)												
Inventories	3,887	3,567	3,770	2,540	3,747	2,938	2,141	2,869	3,171	3,560	2,811	1,845	1,893
payables	(204)	1,701	3,942	1,948	992	113	3,100	2,685	2,083	1,405	2,840	1,310	(354)
Central clearing accounts Prepayments from heat	(2,248)	(1,912)	(793)	(185)	93	511	970	930	1,128	1,656	1,433	1,551	1,514
customers	(2,083)	(1,891)	(1,542)	(1,318)	(1,173)	(1,062)	(1,062)	(888)	(924)	(402)	(339)	(315)	(24)
payables, net	2,244	2,140	1,917	1,173	2,086	1,761	2,495	2,608	2,912	3,149	2,756	3,117	4,827
Other	(7,812)	(6,492)	(5,468)	(5,360)	(4,841)	(5,893)	(5,791)	(5,831)	(6,036)	(7,264)	(7,088)	(6,074)	(6,149)
Net working capital	(6,216)	(2,887)	1,826	(1,202)	904	(1,632)	1,853	2,373	2,334	2,104	2,413	1,434	1,707

The trade payables relating to purchases of intangible assets and property, plant and equipment is not recognized in the change in NWC in our cash flow from operations, but in gross investments as they relate to capital expenditures. The table below shows the trade payables relating to capital expenditures for the periods indicated:

	2016		2015			2014			2013				
Trade payables relating to capital expenditures	As at March 31	As at December 31	As at September 30	As at June 30	As at March 31	As at December 31	As at September 30	As at June 30	As at March 31	As at December 31	As at September 30	As at June 30	As at March 31
(DKK million)													
Trade payables relating to capital expenditures	(4,719)	(3,772)	(3,857)	(5,124)	(4,288)	(2,415)	(2,476)	(2,818)	(1,739)	(1,551)	(1,696)	(3,192)	(2,635)

16.2.7.3 Onerous contracts

In the course of the Group's operations, a number of commercial contracts have been entered into with fixed terms that may result in the contracts becoming onerous depending on market developments. Recognition of onerous contracts will impact EBITDA negatively in years where the onerous contracts are recognized and positively in the following years where provisions are disposed. The time value increase of the provision is recognized in the profit (loss) for the year as a financial expense. The provisions do not have any cash flow effect.

In FY 2012 we recognized provisions totaling DKK 2.9 billion for onerous contracts for gas storage capacity and capacity in an LNG terminal. The provisions related to three long-term leases for gas storage capacity in Germany entered into in 2006 and 2007. At that time, access to storage capacity was considered a prerequisite for operating in the German gas market. Market liberalization and greater liquidity subsequently led to this no longer being the case. The value of access to gas storage facilities diminished over time as well-supplied markets resulted in low summer/winter spreads. With limited growth forecast for Europe and because markets continue to be well-supplied, the situation was considered unlikely to improve significantly. A DKK 2.3 billion provision was therefore recognized for the three onerous contracts. At the same time, a DKK 0.6 billion provision was made relating to an onerous contract for capacity in an LNG terminal in the Netherlands due to an expected oversupply of LNG terminal capacity in Europe in the short and medium terms.

In FY 2014 we recognized a provision of DKK 484 million for a capacity contract that became onerous in connection with the divestment of the Danish gas storage facility in Stenlille. In addition, we increased the provision relating to the LNG terminal by DKK 0.7 billion due to a further deterioration of the LNG market, and reversed DKK 0.7 billion of the provision related to German gas storages due to changed terms in the contract related to one of these storages. Both of these changes impacted EBITDA.

In FY 2015 we recognized a provision of DKK 2,516 million for onerous contracts relating to the construction of the Hejre field. The provision of these onerous contracts and the disposal or potential reversal in the following years will be recognized in depreciation, amortization and impairment losses on intangible assets and property, plant and equipment.

In Q1 2016, DKK 655 million of the provision for onerous contracts was used for the construction of the Hejre field. Following the termination of the EPC Contract, the provision for onerous contracts related to the Hejre field was reassessed and DKK 750 million of the provision was reversed. The provision as at March 31, 2016 of DKK 1,111 million primarily related to reinforcement and continuous inspections of the Hejre jacket, completion of a well, and idle period for a rig.

As at March 31, 2016, the following is the expected maturity of our provision for onerous contracts.

	2016	2017-2020	After 2020	Total		
		(DKK million)				
Leasing of gas storage capacity in Germany	145	501	641	1,287		
LNG terminal capacity in the Netherlands	96	410	621	1,127		
Stenlille Gas Storage Facility	67	247	80	394		
Construction of the Hejre field	363	748		1,111		
Other	2	61		63		
Total onerous contracts	<u>673</u>	<u>1,967</u>	1,342	3,982		

16.2.7.4 Decommissioning obligations

We are currently subject to different regulatory environments which require decommissioning of the Group's operating assets such as wind farms, CHP plants, power and gas distribution networks, pipelines, oil and gas facilities and wells, infrastructure assets, development licenses and other assets when the activities related to these assets have ceased. Decommissioning obligations are measured at the present value of the future liability in respect of demolition and decommissioning as expected at the balance sheet date. The value of the provision is recognized in property, plant and equipment and depreciated together with the associated asset. The time value increase of the provision is recognized in the profit (loss) for the year as a financial expense. The provisions do not have any cash flow effect.

As at March 31, 2016, the following is the expected maturity of our provision for decommissioning obligations:

	0-5 years	5–10 years	10-20 years	After 20 years	Total
			(DKK million)	
Wind Power	57	301	1,760	417	2,535
Bioenergy & Thermal Power	117	76	408	198	799
Distribution and Customer Solutions	3	73	_	112	188
Oil & Gas	1,856	2,313	3,515	439	8,123
Total decommissioning obligations	2,033	2,763	<u>5,683</u>	<u>1,166</u>	11,645

The assets where decommissioning activities are expected to commence within the next 5 years are the Vindeby offshore wind farm, six CHP units which have ceased production, and the oil and gas fields Gyda, Tambar, Oselvar, Alve and Marulk.

16.2.7.5 Share of earnings from regulated, quasi-regulated and contracted activities

Certain of our activities are subject to either regulated prices or medium and long-term contracts with fixed fees or prices, while other activities are exposed to the market. Income from the former is predictable and thus increases the stability of our earnings and cash flows. The three significant activities where we are subject to regulation and quasi-regulation are: (i) offshore wind farms which are subject to fixed tariffs and guaranteed minimum prices during the first 8 to 20 years of operational lifetime (for further information, see Section 18.2 "Wind Power"); (ii) power distribution, gas distribution and oil transportation (Oil Pipe) which are subject to rules on returns on an asset base and debt levels determined by regulation, and (iii) power plants where heat generation is subject to principles of cost coverage based regulation. Moreover, when a power plant is converted from fossil fuels to sustainable biomass, we are granted a tax advantage (corresponding to the tax that would have been paid if a fossil fuel had been used instead of biomass) which may be shared with the customer throughout the duration of the heat contract.

The three significant activities where we have entered into medium and long-term contracts with fixed fees or prices are: (i) Construction contracts on offshore wind farms (for further information, see Section 18.2 "Wind Power"); (ii) O&M agreements and PPAs with partners on offshore wind farms and (iii) an ancillary service contract on a peak-load power plant.

In contrast, income from market exposed activities is less predictable and includes our activities related to our oil and gas production, the portion of our wind power generation that is sold at market price, and gas and power purchases and sales which are dependent on changing energy prices, currency exchange rates and weather patterns. In accordance with our hedging policy, the majority of the commodity price

exposure and related currency exposure is hedged when we enter into a new year, thereby mitigating a large part of our price exposure. However, as our commodity price hedging is conducted on a tax adjusted basis to secure stability in our cash flow after tax, our EBITDA (BP) is not fully hedged. For further information, see Section 16.12.1 "Market risk management."

The table below shows the share of earnings from regulated and quasi-regulated, contracted and market exposed activities:

Share of earnings from regulated, quasi-regulated and contracted activities and total EBITDA	FY 2015	FY 2014	FY 2013
	(%, ex	ce <mark>pt DKK</mark> n	nillion)
Regulated and quasi-regulated activities	34	31	31
Contracted activities	7	8	11
Market exposed activities	59	61	58
Total	100	100	100
EBITDA (BP)	18,484	16,389	15,004

In FY 2015, 34% of our EBITDA (BP) came from regulated and quasi-regulated activities and 7% of our EBITDA came from short and long-term contracted activities. We expect that approximately 80% to 90% of our EBITDA (BP) in 2020 will come from regulated, quasi-regulated and contracted activities, mainly driven by wind farms coming on line.

16.2.7.6 Impairment losses

We have incurred substantial impairment losses in recent years, primarily related to our oil and gas assets and our Dutch gas-fired power plant, as set forth in the table below:

Impairment losses by reporting segment	Q1 2016	FY 2015	FY 2014	FY 2013
		(DKK 1	million)	
Wind Power	0	504	0	339
Bioenergy & Thermal Power	0	680	0	1,000
Distribution & Customer Solutions	0	0	216	5
Oil & Gas	(750)	15,849	8,108	3,664
Total ⁽¹⁾	(750)	<u>17,033</u>	8,324	<u>5,008</u>

⁽¹⁾ Includes DKK 2,516 million in FY 2015 and a reversal of DKK 750 million in Q1 2016 regarding onerous contracts relating to the construction of property, plant and equipment.

The impairment losses have led to net losses in FY 2015, FY 2014 and FY 2013. Our profit (loss) for the periods are illustrated in the table below inclusive and exclusive impairment losses after tax:

Profit (loss) (business performance)	Q1 2016	FY 2015	FY 2014	FY 2013
		(DKK n	nillion)	
Profit (loss) as reported	5,216	(12,084)	(5,284)	(993)
Impairment losses (added back) ⁽¹⁾	(750)	17,033	8,324	5,008
Tax regarding impairment losses (added back)	325	(1,236)	(1,632)	(2,726)
Profit (loss) adjusted for impairment losses	4,791	3,713	1,408	1,289

⁽¹⁾ Includes DKK 2,516 million in FY 2015 and a reversal of DKK 750 million in Q1 2016 regarding onerous contracts relating to the construction of property, plant and equipment.

16.2.7.7 Taxation

We are subject to a number of different tax regimes in the countries in which we operate. At the end of Q1 2016, the countries in which the Group had the most significant activities were Norway, Denmark and the UK. In each of Q1 2016, FY 2015, FY 2014 and FY 2013, significant taxes have been paid in Norway under the hydrocarbon tax regime, whereas other parts of the business have been subject to less taxation during this period.

16.2.7.7.1 International joint taxation

Since 2005, the Group has chosen to use Danish rules on international joint taxation, which are tax rules that were originally introduced to promote Danish companies' investments abroad. International joint taxation allows for a temporary relief in the Danish taxable income for negative taxable income, which primarily stems from depreciation and amortization relating to non-Danish capital expenditures and expenses incurred abroad. These can be deducted in the Danish statement of taxable income, just as profit earned abroad is taxed in Denmark. In recent years, the Group has made significant investments in Denmark and abroad, especially in Wind Power and in development of oil and gas production. Over the past decade, the Group has thus realized significant increased deductions, resulting in some of the Group's Danish tax payments being postponed to subsequent years.

The rules on Danish international joint taxation only result in a postponement of the tax payable in Denmark and will thus result in increased Danish tax payments in the future, corresponding to the tax savings the Group has realized from foreign investments in previous years.

The deferred tax liability resulting from Danish international joint taxation is recognized in the consolidated financial statements and amounted to DKK 2,903 million as of December 31, 2015, DKK 2,656 million as of December 31, 2014 and DKK 2,763 million as of December 31, 2013. For further information, see Note 5.4 to the audited consolidated financial statements as at December 31, 2015 regarding deferred tax. If the Group exits joint taxation as of FY 2016, the amount expected to be triggered as a one-time tax payment will be approximately DKK 2.6 billion. We continuously monitor the most appropriate time to exit international joint taxation, and we currently anticipate that this will be during the period from 2016 to 2018.

16.2.7.7.2 Local tax regimes

In Denmark, the Group has paid modest income taxes for a number of years. This is because the Group has incurred significant costs in connection with the establishment of wind farms, bio-conversions and the development and maintenance of existing production facilities in Oil & Gas (including effect from capital expenditure uplift). In Oil & Gas, exchange rate fluctuations (especially the US Dollar appreciation) have also meant that no hydrocarbon tax has been paid in recent years as the negative development in the market price of our US Dollar hedges has lowered our taxable income. In the coming years, significant ordinary corporate tax payments in Denmark are expected, in particular related to the construction of wind farms. This will be taxed at a rate of 22%. In the Danish Oil & Gas business we do not expect to pay taxes in the near future.

In Norway, the Group pays two types of income taxes: ordinary income tax at a rate of 27% and hydrocarbon tax at a rate of 51% on the oil and gas extracted. The total hydrocarbon income from the extracted oil and gas is thus taxed at 78%. In recent years the effective tax rate has deviated from the statutory rate of 78%; in Q1 2016 it was 93%, in FY 2015 it was 83%, in FY 2014 it was 84% primarily due to non-deductible depreciation and in FY 2013 it was 75%, primarily due to uplifts.

The payment of income taxes in Norway, which has made up the most significant part of our total tax payments in recent years, is divided such that half of the expected income tax for the year is paid to the Norwegian State as provisional tax on account in the current year, and the remaining half is settled in the first half of the following year.

The Group's Oil & Gas activities in the UK are subject to a tax regime similar to the one in Norway. In the UK, hydrocarbon income is subject to a special income tax at a rate of 30% and a hydrocarbon tax at a rate of 20%, resulting in a total rate of 50%. Our UK Wind Power business is subject to ordinary income tax at a rate of 20%. Concurrently with the development of our oil and gas fields, the Group has made significant investments in offshore wind farms in the UK. Due to the substantial costs associated with establishing both oil, gas and wind power production facilities in the UK, resulting in the accumulation of significant tax assets, the Group does not expect to pay tax in the UK in the near future.

In the UK and in Denmark, the Oil & Gas business carries significant tax assets, of which the majority are not recognized in the Group balance sheet (DKK 30 billion as of December 31, 2015). It is considered unlikely that these tax assets can be utilized in the near future. The tax assets are detailed in Note 5.4 to the audited consolidated financial statements as at December 31, 2015 under the heading "Deferred Tax."

16.2.7.7.3 Forecasted tax payable

In the future our most significant tax payments are expected to relate to wind farm construction activities, Norwegian oil and gas activities, and the operation of UK and German wind farms. A termination of the elected international joint taxation will also have an effect on the tax payments.

Our development and construction of wind farms has primarily been managed and carried out through our Danish Wind Power organization. The profits related thereto are therefore subject to taxation in Denmark. The taxation of the aggregated gains realized under a construction agreement normally falls in the year of the wind farm completion date, whereas EBITDA impact from the agreement is recognized during the Construction Phase. The Danish entity entitled to the proceeds under the construction agreement is subject to taxation of the total gain relating to the construction of the full wind farm, including both that realized as an external gain from the partner (i.e. the gains shown in our financial statements) and an internal gain related to our share of the wind farm (although this internal gain is eliminated in the consolidated accounts). The power generating entity is eligible for tax depreciation on the total investment (construction proceeds paid), which for a UK entity is 18% per annum from the year of first power. The initial Danish taxation of the internal gain on the construction agreement is thus offset by subsequent tax depreciation in the power generating entity, although the overall value of these tax depreciation differ from the Danish tax incurred due to difference in tax rates in Denmark and abroad, and as the tax depreciation are only eligible over a longer period.

Profits on the divestment of shares, for instance as part of the Group's partnership strategy of divesting our ownership interests in each offshore wind farm project, will as a general rule be tax exempt for the Group in the local country. However, a divestment reducing the ownership of a given foreign subsidiary to *less* than a controlling share of this entity will trigger the exit of this entity from Danish international joint taxation. In connection with the exit, a theoretical gain is calculated, which causes the payment of part of the Danish re-taxation balance (under the international joint taxation).

Therefore, as long as the Group is subject to international joint taxation, both the share gain and the construction gain will trigger tax payable in Denmark. Once the Group is no longer subject to international joint taxation and has paid the full re-taxation balance to the Kingdom of Denmark as a consequence of the discontinuance of the international joint taxation, share gains will as a general rule become tax exempt for the Group.

We expect our Norwegian Oil & Gas business to continue to be in a tax paying position in the near future, although our earnings in the future are expected to decrease compared to FY 2015 and FY 2014. The UK wind power generating activities are not expected to be in a tax paying position in the near future. Tax losses can be transferred from our Oil & Gas business to our Wind Power business in both Denmark and the UK respectively in the near future, thus allowing us to employ tax deficits, which would otherwise not be utilized.

In Germany the Group is currently paying an insignificant amount of taxes, and is expected to continue to be in a tax paying position in the future.

16.2.7.7.4 Uncertain tax position

Management estimates have been applied in the assessment of the possible outcome of certain tax disputes, which may arise or are under evaluation by tax authorities in countries where we operate. We believe 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 this will depend on the outcome of the disputes and settlements reached with the relevant tax authorities. Liabilities in respect of uncertain tax positions are measured using the single best estimate method or the probability-weighted-average method and are recognized under income tax payable or deferred tax, depending on the relevant potential impact of the realization of an uncertain tax position.

16.2.7.7.5 Effective tax rate

Our effective tax rates according to the business performance measure were 26%, (29)%, (150)% and 534% in Q1 2016, FY 2015, FY 2014 and FY 2013, respectively, and have been significantly impacted by substantial earnings in Norway coupled with negative results in the rest of the business, large impairment losses, the re-determination of the Ormen Lange field, and tax-exempt divestment gains. Furthermore, the fact that tax losses carry forward in the Oil & Gas business in the UK have not been booked has had a

considerable impact on the effective tax rates historically. The corresponding effective tax rates according to IFRS were 26%, (59)%, 227% and (176)% in Q1 2016, FY 2015, FY 2014 and FY 2013, respectively.

In the future, we expect our effective tax rate on our business performance measures to be closer to a weighted average of the ordinary corporate income statutory tax rates for Denmark (22%), the UK (18%), Germany (30%) and Norway (78%), excluding the effect of potential impairment losses and/or tax-exempt gains on divestments, as earnings from our oil and gas activities are expected to be less prominent than in recent years. In March 2016, the UK government announced its intention to reduce the statutory corporate income tax rate in the UK from 18% to 17% by 2020.

16.3 Comparison of results of operations for Q1 2016, Q1 2015, FY 2015, FY 2014 and FY 2013

16.3.1 Description of business performance measure

In 2011, we introduced an alternative performance measure, business performance, to supplement the Group's IFRS financial statements. The business performance measures included in this Offering Circular reflect the internal management of the Group and represents the underlying results for the period under review. Under the business performance measure, the value adjustment of hedging transactions is deferred and recognized for the period in which the hedged exposure materializes, with the exceptions mentioned above in Section 16.2.5.2 "Timing differences on purchase contracts, gas at storage and related hedges."

The main reasons for introducing business performance measures were (i) an inability for us to achieve the same degree of timing between the recognition of our commercial exposure and hedging contracts under the IFRS rules, for example with respect to option premiums and certain commercial fixed price contracts, and (ii) a high risk of hedging contracts being in non-compliance with the IFRS hedge accounting rules, which would require us to account for the hedging contracts at fair value through profit or loss, while our commercial exposure is accrual accounted.

Under our hedging policy, we hedge market price risks for up to five years (except for interest rate risk which is managed for the duration of the debt portfolio) with a view to stabilize cash flows and ensure certainty regarding the Group's finances. For further information regarding our risk management, see Section 16.12 "Risk management." With a view to ensuring transparency, the financial effect of hedging transactions is reflected in our financial reporting simultaneously with the hedged exposure (for example, with respect to sales of power). This can normally be achieved by applying the IFRS rules on hedge accounting. However, for energy companies like ours it may be difficult to ensure simultaneity. This is because hedging instruments that precisely match the underlying commercial exposure, or which are sufficiently liquid, are not always available. Consequently, the Group engages in proxy hedging. For example, power generation in Denmark is to some extent hedged by financial contracts on the EEX and Nord Pool as these normally develop uniformly over time. Therefore only certain of the Group's financial hedging transactions comply with the IFRS rules on hedge accounting even though the financial risk has been reduced (for example if the correlation between the price of the commercial exposure (DK1) and the price of the hedging contract (EEX) is outside a 80%-125% range). In case of non-compliance with the IFRS hedge accounting rules, the market value adjustment of the hedging transactions must immediately be recognized in the income statement, which may give rise to considerable fluctuations in net income.

Due to the challenge of ensuring simultaneity in financial reporting and the administrative burden related to back testing and documenting of hedge accounting compliance, we have chosen not to apply the voluntary IFRS rules on hedge accounting to transactions hedging energy prices and associated currency risks, including currency risks associated with ROCs. Market value adjustments of these hedges are therefore recognized immediately in the IFRS income statement.

The timing of the recognition of hedging contracts is the only difference between the two accounting methods, and this difference is eliminated when the hedging contracts expire.

As an illustrative example, suppose we enter into a hedging agreement in year 1 to hedge the price exposure connected with Oil & Gas's production of 2 million boe in year 5 at USD 100 per boe, securing a total revenue of USD 200 million (2 million boe at a price of USD 100 per boe). In year 5 the oil price has fallen to USD 60 per boe, causing the hedge to have a positive market value of USD 80 million (a hedged price of USD 100 per boe minus the spot price of USD 60 per boe amounting to a gain from the hedging agreement of USD 40 per boe) which secures that the total income from the transaction remains USD 200 million. The USD 200 million is composed of a gain from the hedging agreement of USD 80 million (2 million boe at a gain of USD 40 per boe) and USD 120 million from the sale of 2 million boe at the spot price of USD 60 per boe. The accounting impact of the transaction in years 1–5 is

demonstrated in the table below. Under the business performance measure, the hedging agreement would be recognized in the income statement in year 5, at the same time as the hedged oil is recognized/sold, securing a total revenue in year 5 of USD 200 million. However, the development in market value is recognized on an ongoing basis in the IFRS income statement. When the agreement expires in year 5, the effect on results over the period is identical under IFRS and the business performance measure; it is only the timing of recognition which differs as the business performance measure ensures the simultaneous recognition of the underling exposure and the hedging agreement.

The recognition in the income statement of the market value of a hedging contract (and the hedged exposure) under the business performance measure and IFRS principles can be illustrated as follows:

		Hedged exposure	Hedging contract			Total accour impact	0
Recognition in the income statement (USD million)	Oil Price (USD per boe)	Sale of oil	Development in market value	Business Performance	IFRS	Business Performance	IFRS
Year 1	100	0	0	0	0	0	0
Year 2	90	0	20	0	20	0	20
Year 3	130	0	(80)	0	(80)	0	(80)
Year 4	115	0	30	0	30	0	30
Year 5	60	120	110	80	110	200	230
Total		120	80	80	80	200	200

When we use proxy hedging, any difference between the development in market value of the hedging contract and the market value of the hedged exposure is recognized immediately in the BP income statement as part of the gain or loss from the trading portfolio. Under IFRS, the full development in market value is recognized on an ongoing basis in the IFRS income statement for which reason gain/loss from proxy hedging will also be recognized immediately in the IFRS income statement.

As an illustrative example of the recognition of proxy hedging in the BP income statement, suppose we enter into a proxy hedge, using a power hedge on the EEX entered into in year 1 to hedge power generation in Western Denmark in year 3. This is a common hedging strategy as there is limited liquidity on the forward market for Danish power and as the development in the power price on the DK1 and Northern Germany are expected to develop uniformly over time. This hedging strategy will cause an ongoing gain (loss) from the trading portfolio as the hedged exposure (DK1 power) and hedging contract (EEX power) do not match at all times. The recognition of the hedging contract under the business performance measure can be illustrated as follows:

	Develop	ment in market v	Recognition of the BP in			
	Hedged exposure (DK1 power)	Hedging contract (EEX Power)	Ineffective part of the hedge	Immediately	Deferred to future periods	Total
Year 1	55	(59)	(4)	(4)	(55)	(59)
Year 2	(25)	28	3	3	25	28
Year 3	<u>(12)</u>	_11	_(1)	_(1)	_12	_11
Total	18	<u>(20)</u>	<u>(2)</u>	<u>(2)</u>	<u>(18)</u>	<u>(20)</u>

When the hedging contact expires in year 3 the market value is -20, of which -2 has been recognized in the income statement in year 1 to 3 prior to expiry. The remaining -18 is deferred to a future period as illustrated in the first example in this section. For further information concerning the trading portfolio, see Note 7.3 to the audited consolidated financial statements as at December 31, 2015. The method of recognition under business performance is otherwise identical with the method of recognition under IFRS as adopted by the EU.

To reflect whether an income statement figure is an IFRS or a business performance measure, we write IFRS or business performance (or BP) in connection with the relevant figures in the Offering Circular, unless they are identical under IFRS and BP.

16.3.1.1 Performance overview

The tables below set forth the business performance measures, the IFRS income statement line items and the adjustments between the two measures for the periods indicated:

	Q1 2016			Q1 2015			
	Business performance	Adjustments	IFRS	Business performance	Adjustments	IFRS	
				million)			
Revenue	18,833	499	19,332	19,267	(2,316)	16,951	
Cost of sales	(8,167)	317	(7,850)	(12,642)	302	(12,340)	
Other external expenses	(1,571)		(1,571)	(1,167)		(1,167)	
Employee costs	(930)		(930)	(859)		(859)	
Share of profit (loss) from associates							
and joint ventures (core)	24		24	27		27	
Other operating income	894		894	1,406		1,406	
Other operating expenses	(994)		(994)	(31)		(31)	
Operating profit (loss) before							
depreciation, amortization and							
impairment losses (EBITDA) ⁽¹⁾	8,089	816	8,905	6,001	(2,014)	3,987	
Depreciation and amortization of							
intangible assets and property, plant							
and equipment)	(1,765)		(1,765)	(2,091)		(2,091)	
Impairment losses on intangible assets			,				
and property, plant and							
equipment) (2)	750		750	0		0	
Operating profit (loss) (EBIT)	7,074	816	7,890	3,910	(2,014)	1,896	
Gain (loss) on divestment of			•				
enterprises ⁽³⁾	(3)		(3)	18		18	
Share of profit (loss) from associates	. ,		· /				
and joint ventures (non-core)	(1)		(1)	(3)		(3)	
Financial income and expenses, net	12		12	$(8\hat{5}0)$		(850)	
Profit (loss) before tax	7,082	816	7,898	3,075	(2,014)	1,061	
Tax on profit (loss) for the year	(1,866)	180	(2,046)	(1,331)	473	(858)	
Profit (loss) for the year	5,216	636	5,852	1,744	(1,541)	203	
Profit (loss) for the year is attributable	•		,	,	, , , ,		
to:							
Shareholders of DONG Energy A/S			5,988			155	
Coupon payments and bond discount			ŕ				
after tax, hybrid capital			(35)			(41)	
Non-controlling interests			(101)			89	
Profit (loss) for the year			5,852			203	

⁽¹⁾ EBITDA is a non-IFRS measure and indicates our operating profit (EBIT) before depreciation, amortization and impairment losses. We present EBITDA as a supplemental performance measure because we believe that it facilitates operating performance comparisons from period to period by omitting potential differences between periods caused by variations in capital structure, tax positions and the age of, and depreciation expenses as well as impairment losses associated with, fixed assets. EBITDA should not be considered in isolation or as a substitute for operating profit or other statement of operations or cash flow data prepared in accordance with IFRS as a measure of our profitability or liquidity. EBITDA does not take into account our debt service requirements and other commitments, including capital expenditures, and, accordingly, is not necessarily indicative of amounts that may be available for discretionary uses. In addition, EBITDA, as presented in this Offering Circular, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

⁽²⁾ Includes DKK 2,516 million in FY 2015 and a reversal of DKK 750 million in Q1 2016 regarding onerous contracts relating to the construction of property, plant and equipment (for further information, see Note 3.3 of the audited consolidated financial statements as at December 31, 2015).

(3) The difference in FY 2014 between BP and IFRS in Gain (loss) on divestment of enterprises of DKK (5) million relates to the divestment of Swedish onshore wind activities, resulting in Swedish power hedges becoming ineffective.

		FY 2015			FY 2014		FY 2013		
	Business performance	Adjustments	IFRS	Business performance	Adjustments	IFRS	Business performance	Adjustments	IFRS
				(D	KK million)				
Revenue	70,843 (44,966) (6,237) (3,804)	3,544 (106)	74,387 (45,072) (6,237) (3,804)	67,048 (42,226) (7,147) (3,336)	4,781 (837)	71,829 (43,063) (7,147) (3,336)	(6,955)	(906) 101	72,199 (47,123) (6,955) (3,491)
from associates and	112		112	(02)		(02)	(711)		(711)
joint ventures (core) Other operating income .	112 2,933		112 2,933	(93) 2,466		(93) 2,466	(711) 705		(711) 705
Other operating expenses Operating profit (loss) before depreciation, amortization and impairment losses	(397)		(397)	(323)		(323)	(425)		(425)
$(EBITDA)^{(1)} \ldots \ldots$	18,484	3,438	21,922	16,389	3,944	20,333	15,004	(805)	14,199
Depreciation and amortization of intangible assets and property, plant and	(9.701)		(9.701)	(0.242)		(0.242)	(7.055)		(7.055)
equipment)	(8,701)		(8,701)	(9,242)		(9,242)			(7,955)
equipment) ⁽²⁾	(17,055)		(17,033)	(8,324)		(8,324)	(5,008)		(5,008)
Operating profit (loss)	(7.250)	2 420	(2.012)	(1.177)	2.044	2.7/7	2.041	(905)	1.226
(EBIT)	(7,250)	3,438	(3,812)	(1,177)	3,944	2,767	2,041	(805)	1,236
Gain (loss) on divestment of enterprises ⁽³⁾ Share of profit (loss) from associates and	16		16	1,258	(5)	1,253	2,045		2,045
joint ventures (non-core)	(8)		(8)	(484)		(484)	(57)		(57)
Financial income and expenses, net	(2,125)		(2,125)	(1,710)		(1,710)	(3,800)		(3,800)
Profit (loss) before tax Tax on profit (loss) for	(9,367)	3,438	(5,929)	(2,113)	3,939	1,826	229	(805)	(576)
the year	(2,717) (12,084)	(807) 2,631	(3,524) (9,453)	(3,171) (5,284)	(965) 2,974	(4,136) (2,310)	(/ /	207 (598)	(1,015) (1,591)
Profit (loss) for the year is attributable to: Shareholders of DONG Energy A/S			(10,198)			(2,976)			(2,327)
Coupon payments and bond discount after tax,			71.4			500			765
hybrid capital			714			588			765
Non-controlling interests . Profit (loss) for the year .			31 (9,453)			78 (2,310)			(29) (1,591)

⁽¹⁾ EBITDA is a non-IFRS measure and indicates our operating profit (EBIT) before depreciation, amortization and impairment losses. We present EBITDA as a supplemental performance measure because we believe that it facilitates operating performance comparisons from period to period by omitting potential differences between periods caused by variations in capital structure, tax positions and the age of, and depreciation expenses as well as impairment losses associated with, fixed assets. EBITDA should not be considered in isolation or as a substitute for operating profit or other statement of operations or cash flow data prepared in accordance with IFRS as a measure of our profitability or liquidity. EBITDA does not take into account our debt service requirements and other commitments, including capital expenditures, and, accordingly, is not necessarily indicative of amounts that may be available for discretionary uses. In addition, EBITDA, as presented in this Offering Circular, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

⁽²⁾ Includes DKK 2,516 million in FY 2015 and a reversal of DKK 750 million in Q1 2016 regarding onerous contracts relating to the construction of property, plant and equipment (for further information, see Note 3.3 of the audited consolidated financial statements as at December 31, 2015).

⁽³⁾ The difference in FY 2014 between BP and IFRS in Gain (loss) on divestment of enterprises of DKK (5) million relates to the divestment of Swedish onshore wind activities, resulting in Swedish power hedges becoming in

16.3.1.2 Difference between IFRS and business performance EBITDA for Q1 2016, Q1 2015, FY 2015, 2014 and 2013

The business performance adjustments are divided into (i) "market value adjustments relating to future periods," and (ii) "reversal of deferred losses/gains."

- (i) "Market value adjustments relating to future periods" are the market value adjustments for the year (period) in the IFRS result of financial and physical hedging contracts relating to commercial exposure (production, purchase or sale), which will not be recognized in the business performance measures until subsequent periods; and
- (ii) "Reversal of deferred losses/gains" relate to adjustments regarding financial and physical hedging transactions from prior periods where the commercial exposure (production, purchase or sale) has been recognized during the year (period). Reversal of deferred losses/gains has the equivalent opposite effect as the adjustments did when they initially were recognized as "Market value adjustments relating to future periods." The total net impact on the adjustments column is therefore zero over the lifetime of the relevant agreement.

The difference between IFRS and business performance EBITDA is shown in the tables below for the periods indicated:

	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
		$(\Gamma$	OKK million	1)	
EBITDA—business performance	8,089	6,001	18,484	16,389	15,004
Market value adjustments for the period of financial and					
physical hedging contracts that relate to future periods	2,125	(1,323)	5,923	5,662	(162)
Reversal of deferred gain (loss) relating to hedging					
contracts from previous periods, where the hedged					
production or trade is recognized in business					
performance EBITDA for this period	(1,309)	(691)	(2,485)	(1,718)	(643)
Total adjustments	816	(2,014)	3,438	3,944	(805)
Total adjustment of revenue	499	(2,316)	3,544	4,781	(906)
Total adjustment of cost of sales	317	302	(106)	(837)	101
EBITDA—IFRS	8,905	3,987	21,922	20,333	14,199

The market value adjustments of financial and physical hedging contracts are shown in the tables below for the periods indicated:

	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
		(I	KK million	n)	
Oil hedges	88	(20)	2,114	(21)	(399)
Coal hedges		(114)	(189)	(268)	(247)
Currency hedges		(1,438)	(1,049)	(342)	(145)
Gas (commercial fixed price and hedges)	737	3	3,257	4,842	510
Power (commercial fixed price and hedges)	119	246	1,790	1,451	119
Total market value adjustments	2,125	(1,323)	5,923	5,662	<u>(162)</u>

The reversal of gains (losses) of hedging contracts from prior periods is shown in the tables below for the periods indicated:

	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
		(I	OKK million	n)	
Oil hedge	(202)	63	291	48	(73)
Coal hedge		91	254	227	279
Currency hedge		(14)	(31)	5	(106)
Gas (commercial fixed price and hedges)	(1,152)	(604)	(2,298)	(1,519)	(475)
Power (commercial fixed price and hedges)	(244)	(227)	(701)	(479)	(268)
Total reversal of gains (losses)	(1,309)	(691)	(2,485)	(1,718)	(643)

In Q1 2016, market value adjustments in respect of future periods totaled DKK 2,125 million and related primarily to hedging of currency and gas. Reversal of deferred gains (losses) transferred to business performance in Q1 2016 totaled DKK (1,309) million and relate primarily to hedging of gas, power and oil.

In FY 2015, market value adjustments in respect of future periods totaled DKK 5,923 million and related primarily to the hedging of gas, oil and power. Reversal of deferred gains (losses) transferred to business performance in FY 2015 totaled DKK (2,485) million and relate primarily to the hedging of gas and power.

In FY 2014, market value adjustments in respect of future periods totaled DKK 5,662 million and related primarily to the hedging of gas and power. Reversal of deferred gains (losses) transferred to business performance in FY 2014 totaled DKK (1,718) million and relate primarily to gains from hedging of gas and power.

In FY 2013, market value adjustments in respect of future periods totaled DKK (162) million and related primarily to the hedging of oil and coal, partly offset by hedging of gas. Reversal of deferred gains (losses) transferred to business performance in FY 2013 totaled DKK (643) million and relate primarily to gains from hedging of gas and power partly offset by a loss on coal hedges.

16.3.2 Comparison of IFRS results of operations for Q1 2016 and Q1 2015

As described in Section 16.3.1 "Description of business performance measure," we do not apply the voluntary IFRS hedge accounting rules for hedging contracts regarding commodity and associated currency exposure. The market value adjustment of these contracts are continuously recognized in the income statement, which may affect the comparability of the IFRS results for the individual periods. Consequently, the IFRS results does not reflect the commercial hedging of risks, according to which the reporting segments and the Group are managed and evaluated. The business performance measures are described in Section 16.3.4 "Comparison of business performance measures of operations for Q1 2016 and Q1 2015."

16.3.2.1 Revenue (IFRS)

Our revenue (IFRS) in Q1 2016 was DKK 19,332 million, or a 14% increase compared with Q1 2015, principally due to an increase in revenue from construction contracts, higher wind-based power generation and higher sales of power. In addition, revenue from hedging increased by DKK 3,710 million, from DKK (1,589) million in Q1 2015 to DKK 2,121 million in Q1 2016, mainly due to hedging of British Pound. The increase in revenue was partly offset by lower gas sales and significantly lower power, gas and oil prices. The Group's power generation from offshore wind increased by 6% as a result of new wind farms in operation, partly offset by a failure in a transmission cable at Walney 2, which occurred in December 2015. The cable was repaired at the end of March 2016. The Group's thermal power and heat generation was at the same level compared to Q1 2015. Oil and gas production increased by 1% to 10.0 million boe, driven by the startup of Laggan-Tormore field in the UK, partly offset by the end of additional volumes from the redetermination of the Ormen Lange field as of mid-February 2016.

16.3.2.1.1 Revenue (IFRS) by reporting segment

The table below shows the Group's revenue (IFRS) by reporting segment for the periods indicated:

	Q1 2016	%	Q1 2015	%	
	(DKK n	(DKK million, except percentages)			
Wind Power	6,877	31.8	3,152	15.6	
Bioenergy & Thermal Power	1,762	8.1	1,951	9.7	
Distribution & Customer Solutions	10,110	46.7	12,914	63.9	
Oil & Gas	2,904	13.4	2,187	10.8	
Segment Total	21,653	100.0	20,204	100.0	
Other activities and eliminations	(2,321)		(3,253)		
Total revenue (IFRS)	19,332		16,951		

16.3.2.1.2 Wind Power (IFRS)

The tables below shows the components of revenue (IFRS) and the power generation in the Wind Power segment for the periods indicated:

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Wind farm operations, including O&M agreements and PPAs	3,374	183.8	1,189
Construction contracts	3,430	97.9	1,733
Other revenue, including A2SEA	73	(68.2)	230
Total Wind Power revenue (IFRS)	<u>6,877</u>	118.2	<u>3,152</u>
	Q1 2016	% change	Q1 2015
Power generation (period):			
Power generation from wind farms (TWh)	1.7	6.3	1.6
Power generation from hydropower plants (TWh)	0	n.m.	0

In Q1 2016, revenue (IFRS) totaled DKK 6,877 million, an increase of DKK 3,725 million compared to Q1 2015. The increase was primarily the result of increased revenue from construction contracts of the German offshore wind farms Gode Wind 1 and the UK Burbo Bank Extension for partners and construction of offshore transmission assets in the UK.

In addition, revenue from wind farms, O&M agreements and PPAs increased partly as a result of higher revenue from hedging (mainly British Pound) and partly due to higher power generation, driven primarily by the start-up of production from Westermost Rough in the UK and Borkum Riffgrund 1 in Germany, which were inaugurated in July and October 2015 respectively. However, power generation was negatively affected by less favorable wind conditions than in Q1 2015, and a fault in a transmission cable at Walney 2 in the UK in December 2015. The cable fault at Walney 2 was repaired at the end of March 2016.

Revenue from A2SEA was negatively impacted by fewer orders for older installation vessels and a higher share of internal projects.

16.3.2.1.3 Bioenergy & Thermal Power (IFRS)

The tables below shows the components of revenue (IFRS) and the power and heat generation in the Bioenergy & Thermal Power segment for the periods indicated:

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Heat sales	885	7.8	821
Power sales, including ancillary services	877	(22.4)	1,130
Total Bioenergy & Thermal Power revenue (IFRS)	<u>1,762</u>	(9.7)	<u>1,951</u>
	Q1 2016	% change	Q1 2015
Power and heat generation (period):			
Heat generation (TWh)	4.3	(2.3)	4.4
Power generation from power plants (TWh)	3.0	0.0	3.0

In Q1 2016, revenue (IFRS) totaled DKK 1,762 million, a decrease of DKK 189 million compared to Q1 2015.

Revenue from heat sales increased by 8% despite lower heat generation. Heat generation in Q1 2016 was negatively affected by the sale of the Måbjerg CHP plant in May 2015. Adjusted for the divestment, heat generation was higher than in Q1 2015 due to the colder weather.

Revenue from power sales and ancillary services decreased by 22% primarily due to lower power prices. The power price in the two Danish price areas averaged EUR 23/MWh, which was 18% lower than in Q1 2015. Lower coal and CO₂ prices in Q1 2016 than in Q1 2015, higher water levels in the Nordic hydropower reservoirs and a high level of power generation from renewable energy sources contributed to the lower power prices.

16.3.2.1.4 Distribution & Customer Solutions (IFRS)

The tables below shows the components of revenue (IFRS) and the volume of power and gas distribution and sales in the Distribution & Customer Solutions segment for the periods indicated:

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Revenue from distribution and transportation ⁽¹⁾	1,723	(0.4)	1,730
Sales of gas ⁽²⁾	4,539	(37.8)	7,297
Sales of power ⁽²⁾	3,667	4.5	3,510
Other revenue, including hedges		(52.0)	377
Total Distribution & Customer Solutions revenue (IFRS)	10,110	(21.7)	12,914

Distribution and transportation includes the Oil Pipeline Business, the Gas Distribution Network and the Power Distribution Network.

⁽²⁾ Sales of gas and power include commercial fixed price contracts.

	Q1 2016	% change	Q1 2015
Volume of power distribution (TWh)	2.4	4.3	2.3
Volume of gas distribution (TWh)	3.2	3.2	3.1
Volume of gas sales (TWh)	41.6	(5.2)	43.9
Volume of power sales (TWh)	10.7	25.9	8.5

In Q1 2016, revenue (IFRS) totaled DKK 10,110 million, a decrease of DKK 2,804 million, or 22%, compared to Q1 2015. The decrease was primarily the result of lower revenue from sales of gas due to a 5% decrease in volumes sold and an average decrease of 38% in gas prices (TTF) compared to Q1 2015. Revenue from sales of power increased marginally in spite of lower power prices due to a 26% increase in volumes sold as a result of resale of power from the German offshore wind farm Borkum Riffgrund 1, which has been in operation since October 2015.

16.3.2.1.5 Oil & Gas (IFRS)

The tables below shows the components of revenue (IFRS) and the net oil and gas production in the Oil & Gas segment for the periods indicated:

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Sales of oil (including condensate)	532	(39.0)	872
Sales of gas	1,203	(37.5)	1,924
Hedges	1,112	n.m.	(727)
Other revenue	57	(51.7)	118
Total Oil & Gas revenue (IFRS)	2,904	32.8	2,187
	Q1 2016	% change	Q1 2015
Net oil and gas production (period):			
Denmark (mmboe)	1.4	7.7	1.3
Norway (mmboe)	8.2	(4.7)	8.6
United Kingdom (mmboe)	0.4	n.m.	0
Total (mmboe)	10.0	1.0	9.9

In Q1 2016, revenue (IFRS) totaled DKK 2,904 million, an increase of DKK 717 million compared to Q1 2015 primarily due to a DKK 1,839 million increase in revenue from hedging (mainly British Pound and US Dollar) from DKK (727) million in Q1 2015 to DKK 1,112 million in Q1 2016, whereas the lower oil and gas prices resulted in a lower revenue from production.

Oil and gas production increased marginally to 10.0 million boe. The higher production was due to Laggan-Tormore in the UK, where the first gas was produced in February 2016. In addition, production in Denmark increased by 7% as a result of the takeover of Noreco's ownership interests in the fields in the

Siri area. This was partly offset by lower production in Norway as a result of the Ormen Lange field producing less relative to Q1 2015 and the end of additional volumes from the Ormen Lange field as of mid-February 2016 as a consequence of the redetermination. The share of production of the Ormen Lange field was 20% in Q1 2016—6 percentage points higher than our ownership interest of 14%—compared with 21% in Q1 2015.

16.3.2.2 Cost of sales (IFRS)

The table below shows the components of cost of sales (IFRS) for the periods indicated:

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Gas	44	(99.2)	5,305
Power	2,800	2.3	2,736
Coal	325	6.6	305
Biomass	513	(8.6)	561
Oil	16	6.7	15
Distribution and transmission costs	1,716	14.2	1,503
Costs associated with construction contracts	2,281	64.6	1,386
Other cost of sales	155	(70.7)	529
Total cost of sales (IFRS)	7,850	(36.4)	12,340

Cost of sales (IFRS) decreased by DKK 4,490 million, or 36%, from DKK 12,340 million in Q1 2015 to DKK 7,850 million in Q1 2016. The decrease was mainly due to a decrease in costs associated with gas purchases from DKK 5,305 million in Q1 2015 to DKK 44 million in Q1 2016, due to the receipt of lump sum payments following the conclusion of renegotiation of gas purchase contracts and the lower gas prices in Q1 2016. The decrease was partly offset by an increase in costs associated with construction contracts, from DKK 1,386 million in Q1 2015 to DKK 2,281 million in Q1 2016.

16.3.2.3 Other external expenses

Other external expenses increased by DKK 404 million, or 35%, from DKK 1,167 million in Q1 2015 to DKK 1,571 million in Q1 2016. The increase was mainly due to costs related to new offshore wind farms in operation and higher costs in A2SEA related to, among other things, the restructuring.

16.3.2.4 Employee costs

Employee costs increased by DKK 71 million, or 8%, from DKK 859 million in Q1 2015 to DKK 930 million in Q1 2016. The increase was due to higher wages as the number of employees in Q1 2016 increased mainly due to higher activity and new wind farms in operation in Wind Power. The increase was partly offset by a higher proportion of our employee costs being allocated to investment projects, which are capitalized on the balance sheet.

16.3.2.5 Share of profit (loss) from associates and joint ventures—core

Share of profit (loss) from associates and joint ventures decreased by DKK 3 million, from a profit of DKK 27 million in Q1 2015 to a profit of DKK 24 million in Q1 2016.

16.3.2.6 Other operating income

The table below shows the components of other operating income for the periods indicated:

		Q1 2015 million)
Gain on divestment of assets	591	437
Insurance compensation	0	792
Other compensation	245	101
Miscellaneous operating income	_58	76
Total other operating income	894	1,406

Other operating income decreased by DKK 512 million, or 36%, from DKK 1,406 million in Q1 2015 to DKK 894 million in Q1 2016. The decrease was due to insurance compensations received in Q1 2015, partly offset by higher gain on divestment of assets, which in Q1 2016 included a gain from the divestment of 50% of Burbo Bank Extension in February 2016. In Q1 2015, the gain on divestment of assets primarily consisted of a contingent consideration related to the sale of 60% of our ownership interest in the UK Glenlivet gas field in 2014.

16.3.2.7 Other operating expenses

The table below shows the components of other operating expenses for the periods indicated:

	Q1 2016	Q1 2015
	(DKK	million)
Loss on divestment of assets	51	26
Miscellaneous operating expenses	943	5
Total other operating expenses	994	_31

Other operating expenses increased by DKK 963 million, from DKK 31 million in Q1 2015 to DKK 994 million in Q1 2016. The increase was mainly due to a provision for expenses related to the termination of supplier contracts concerning the construction of the Hejre platform. The provision relating to the Hejre field was not affected by the decision to terminate the project in its current form, however part of the provision for onerous contracts relating to the construction of property, plant and equipment, recognized in December 2015, was reversed and replaced with a provision for cancellation of contracts. See Section 16.2.6.6 "Termination of the EPC Contract in respect of the Hejre platform."

16.3.2.8 Operating profit (loss) before depreciation, amortization and impairment losses (EBITDA) (IFRS)

EBITDA (IFRS) for Q1 2016 increased by DKK 4,918 million, or 123%, from DKK 3,987 million in Q1 2015, to DKK 8,905 million in Q1 2016. The increase was driven by the successful renegotiation of gas purchase contracts, Wind Power and market value adjustment of hedges. The total lump sum payments from renegotiation of gas purchase contracts is expected to be around DKK 3.5 billion in 2016, of which the majority was realized in Q1 2016.

The positive development in operations relative to Q1 2015 was primarily due to higher activity from contracts for the construction of offshore wind farms in Germany and the UK, including a gain from the divestment of 50% of Burbo Bank Extension in February 2016, and higher wind-based power generation as a result of new offshore wind farms in Germany and the UK. Furthermore, hedges contributed positively due to lower prices, particularly currency and gas prices. The positive development was partly offset by lower activity from older installation vessels and higher costs in A2SEA relating to, among other things, restructuring.

In Q1 2016, EBITDA was negatively affected by a provision of DKK 750 million relating to the Hejre field resulting from the termination of the platform contract and a lower value of the catch-up volumes from the Ormen Lange field, while Q1 2015 was positively affected by insurance compensations and divestment gains totaling DKK 1.2 billion. The total provision relating to the Hejre field was not affected by the decision to terminate the project in its current form, however part of the provision for onerous capital expenditure contracts was reversed and replaced by provision for cancellation of contracts. These contracts will be included in cash flow from operating activities rather than gross investments. The change had no impact on EBIT or cash flows in Q1 2016.

16.3.2.8.1 EBITDA (IFRS) by reporting segment

The table below shows the Group's EBITDA (IFRS) by reporting segment for the periods indicated:

	Q1 2016	%	Q1 2015	%
	(DKK million, except percentages)			
Wind Power	4,017	44.6	1,115	25.2
Bioenergy & Thermal Power	117	1.3	245	5.5
Distribution & Customer Solutions	3,636	40.3	647	14.6
Oil & Gas	1,247	13.8	2,425	54.7
Segment Total	9,017	100.0	4,432	100.0
Other activities and eliminations	(112)		(445)	
Total EBITDA (IFRS)	8,905		3,987	

16.3.2.8.2 Wind Power (IFRS)

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Wind farm operations, including O&M agreements and PPAs	2,888	262.8	796
Construction contracts and divestment gains	1,598	394.7	323
Other, including A2SEA and project development	(469)	n.m.	(4)
Total EBITDA (IFRS)	4,017	260.3	1,115

In Q1 2016, EBITDA (IFRS) increased by DKK 2,902 million, or 260%, from DKK 1,115 million in Q1 2015 to DKK 4,017 million in Q1 2016. The increase was mainly due to a higher EBITDA from wind farm operations, including O&M agreements and PPAs as a result of hedging of currency (British Pound) and power, higher power generation, in particular from Westermost Rough and Borkum Riffgrund 1 as well as due to compensation from the German transmission owner TenneT for delays in the establishment of infrastructure for the Gode Wind 2 offshore wind farm. This was partly offset by lower generation due to lower wind energy content than in Q1 2015 and a failure in a transmission cable at Walney 2, which was repaired at the end of March 2016. In addition, higher activity concerning contracts for the construction of offshore wind farms for partners, particularly Gode Wind 1 and Burbo Bank Extension, including a gain from the divestment of 50% of Burbo Bank Extension to PKA and KIRKBI in February 2016.

16.3.2.8.3 Bioenergy & Thermal Power (IFRS)

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Heat	132	(2.9)	136
Ancillary services	68	(35.8)	106
Power	<u>(83)</u>	n.m.	3
Total EBITDA (IFRS)	117	(52.2)	245

In Q1 2016, EBITDA (IFRS) decreased by DKK 128 million, or 52%, from DKK 245 million in Q1 2015 to DKK 117 million in Q1 2016. The decrease was mainly due to the recognition of insurance compensation in Q1 2015 (included in EBITDA from Power). In addition, EBITDA from the heat business fell marginally and EBITDA from ancillary services decreased due to invoicing in Q1 2015 regarding prior years.

16.3.2.8.4 Distribution & Customer Solutions (IFRS)

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Distribution	680	9.5	621
—of which Power Distribution	414	6.2	390
Sales	29	(47.3)	55
Markets, including LNG	2,927	n.m.	<u>(29)</u>
Total EBITDA (IFRS) ⁽¹⁾	3,636	462.0	647

Including EBITDA from the Danish oil and gas infrastructure assets of DKK 267 million and DKK 230 million in Q1 2016 and Q1 2015, respectively.

In Q1 2016, EBITDA (IFRS) increased by DKK 2,989 million, or 462%, from DKK 647 million in Q1 2015 to DKK 3,636 million in Q1 2016. The increase was mainly due to received lump sum payments and ongoing margin improvement from the completed renegotiations of long-term oil-indexed gas purchase contracts.

EBITDA from the Distribution business increased compared to Q1 2015, amounting to DKK 680 million in Q1 2016 mainly due to higher distributed volumes as a result of colder weather in Q1 2016.

EBITDA from the Sales business decreased by 47% compared to Q1 2015, amounting to DKK 29 million in Q1 2016 mainly due to lower income from the City Light business as a result of fewer lights points.

EBITDA from Markets and the LNG activities amounted to DKK 2,927 million in Q1 2016. The increase of DKK 2,956 million compared to Q1 2015 was primarily due to received lump sum payments and ongoing margin improvement from the completed renegotiations of long-term oil-indexed gas purchase contracts. In addition, Q1 2015 was negatively affected by the fall in oil prices from mid-2014, which was not reflected in the oil-indexed gas purchases until later in 2015 due to time lag in the contracts, while the sales price had already fallen in Q1 2015. The total lump sum payments from the renegotiation of gas purchase contracts is expected to be around DKK 3.5 billion in 2016, of which the majority was realized in Q1 2016.

16.3.2.8.5 Oil & Gas (IFRS)

	Q1 2016	% change	Q1 2015
		K million, ex percentages)	cept
Denmark	(715)	n.m.	927
Norway	940	(51.5)	1,939
United Kingdom	(13)	n.m.	358
Exploration and appraisal	(77)	(8.5)	(71)
Hedges	1,112	n.m.	(728)
Total EBITDA (IFRS)	1,247	(48.6)	2,425

In Q1 2016, EBITDA (IFRS) decreased by DKK 1,178 million, or 49%, from DKK 2,425 million in Q1 2015 to DKK 1,247 million in Q1 2016. The decrease was partly attributable to lower oil and gas prices, partly to a provision for payments as a result of the termination of the Hejre EPC Contract of DKK 750 million, and finally due to non-recurring items of DKK 1.1 billion, which contributed positively in Q1 2015. The total provision relating to the Hejre field was not affected by the decision to terminate the project in its current form, however part of the provision for onerous capital expenditure contracts was reversed and replaced by provision for cancellation of contracts. These contracts will be included in cash flow from operating activities rather than gross investments. The change had no impact on EBIT or cash flows in Q1 2016. In addition, hedging of currencies (mainly British Pound and US Dollar) as well as oil and gas contributed to the increase in EBITDA (IFRS).

The Q1 2016 EBITDA in Denmark decreased by DKK 1,642 million and can be attributed to the provision for onerous contracts relating to the Hejre platform as well as receipt of insurance compensation, which contributed positively in Q1 2015. The decrease of DKK 999 million in EBITDA in Norway was primarily due to lower production and lower prices. EBITDA from additional volumes from the Ormen Lange field totaled DKK 0.3 billion against DKK 0.5 billion in Q1 2015. In the UK, EBITDA decreased by

DKK 371 million as a result of the gain relating to the divestment of 60% of the Glenlivet field, which contributed positively with DKK 0.4 billion in Q1 2015.

16.3.2.9 Depreciation, amortization and impairment losses on intangible assets and property, plant and equipment

	Q1 2016	Q1 2015
	(DKK n	nillion)
Depreciation	(1,765)	(2,091)
Impairment losses, net ⁽¹⁾	750	0
Total depreciation and impairment losses	<u>(1,015</u>)	<u>(2,091</u>)

Includes reversal of DKK 750 million in Q1 2016 regarding onerous contracts relating to the construction of property, plant and equipment.

In Q1 2016, depreciation, amortization and impairment losses on intangible assets and property, plant and equipment decreased by DKK 1,076 million, or 51%, from DKK (2,091) million in Q1 2015 to DKK (1,015) million in Q1 2016. Depreciation decreased by DKK 326 million due to mature assets in Bioenergy & Thermal Power that were fully depreciated at the end of 2015, the derived effect of impairment losses in Oil & Gas in December 2015 and the fact that the infrastructure assets that were classified as assets held for sale in September 2015 are no longer depreciated. The decrease was partly offset by higher depreciation in Wind Power due to offshore wind farms being commissioned.

Impairment losses amounted to an income of DKK 750 million as a result of the previously-mentioned reversal of the provision of capital expenditure contracts in respect of Hejre.

16.3.2.10 Operating profit (loss) (EBIT) (IFRS)

Operating profit (loss) (IFRS) in Q1 2016 increased by DKK 5,994 million, from a gain of DKK 1,896 million in Q1 2015, to a gain of DKK 7,890 million in Q1 2016. This operating gain was significantly affected by the higher EBITDA and lower depreciation. The change of the provision relating to Hejre did not affect EBIT.

16.3.2.10.1 Operating profit (loss) (EBIT) (IFRS) by reporting segment

The table below shows the Group's operating profit (loss) (IFRS) by reporting segment for the periods indicated:

	Q1 2016	Q1 2015
	(DKK 1	nillion)
Wind Power	3,211	404
Bioenergy & Thermal Power	(63)	(104)
Distribution & Customer Solutions	3,456	348
Oil & Gas	1,408	1,698
Segment Total	8,012	2,346
Other activities and eliminations	(122)	(450)
Total Operating Profit (Loss) (EBIT) (IFRS)	7,890	1,896

16.3.2.10.2 Wind Power (IFRS)

EBIT increased by DKK 2,807 million from DKK 404 million in Q1 2015 to DKK 3,211 million in Q1 2016. The increase was mainly due to higher EBITDA.

16.3.2.10.3 Bioenergy & Thermal Power (IFRS)

EBIT was improved by DKK 41 million from DKK (104) million in Q1 2015 to DKK (63) million in Q1 2016. The improvement was mainly due to lower depreciation.

16.3.2.10.4 Distribution & Customer Solutions (IFRS)

EBIT increased by DKK 3,108 million from a gain of DKK 348 million in Q1 2015 to DKK 3,456 million in Q1 2016. The increase was mainly due to higher EBITDA.

16.3.2.10.5 Oil & Gas (IFRS)

EBIT decreased by DKK 290 million from DKK 1,698 million in Q1 2015 to DKK 1,408 million in Q1 2016. The decrease was mainly due to lower EBITDA. The change of the provision relating to Hejre did not affect EBIT.

16.3.2.11 Gain (loss) on divestment of enterprises

Gain (loss) on divestment of enterprises decreased by DKK 21 million from DKK 18 million in Q1 2015 to DKK (3) million in Q1 2016. There were no significant effects on earnings from divestments of enterprises in Q1 2016 or Q1 2015.

16.3.2.12 Share of profit (loss) from associates and joint ventures—non-core

Share of profit (loss) from associates and joint ventures increased by DKK 2 million, from DKK (3) million in Q1 2015 to DKK (1) million in Q1 2016.

16.3.2.13 Financial income and expenses, net

Net financial income and expenses decreased by DKK 862 million from an expense of DKK 850 million in Q1 2015 to an income of DKK 12 million in Q1 2016. The decrease was mainly due to exchange rate adjustments of loans and deposits and lower net interest expenses as a result of lower average interest-bearing net debt.

16.3.2.14 Profit (loss) before tax (IFRS)

Profit (loss) before tax (IFRS) increased by DKK 6,837 million from a profit of DKK 1,061 million in Q1 2015 to a profit of DKK 7,898 million in Q1 2016 mainly due to higher EBIT and lower net financial expenses.

16.3.2.15 Tax on profit (loss) for the period (IFRS)

Tax on profit (loss) (IFRS) for the period increased by DKK 1,188 million, or 138%, from an expense of DKK 858 million in Q1 2015 to an expense of DKK 2,046 million in Q1 2016. The effective tax rate was 26% in Q1 2016 compared to 81% in Q1 2015. The tax rate in Q1 2016 was affected by positive earnings from oil and gas production in Norway, where hydrocarbon income is taxed at 78%, which together with non-deductible amortization of licence rights, resulted in an effective tax rate of 93%. The effective tax rate in Q1 2016 was furthermore affected by the tax-exempt gain from the divestment of 50% of Burbo Bank Extension as well as the decision to terminate the Hejre project in its current form.

		Q1 2016				
Profit Before Tax, Tax Hereof and Tax Percentage	Profit before tax	Taxes	Tax percentage	Profit before tax	Taxes	Tax percentage
		(Dl	KK million, ex	ccept percenta		
Oil and gas activities in Norway						
(hydrocarbon income)	384	(356)	93%	1,229	(1,020)	83%
Oil and gas exploration activities in the		, ,				
UK and Faroe Islands	(118)	40	34%	291	0	n.m.
Impairments	750	(325)	43%	0	0	n.m.
Gain/loss on divestments and other		, ,				
non-taxable income and non-deductible						
costs	554	(27)	5%	0	0	n.m.
Rest of DONG Energy	6,328	(1,378)	22%	(459)	162	35%
Total (IFRS)	7,898	(2,046)	26%	1,061	(858)	81%

16.3.2.16 Profit (loss) for the period (IFRS)

Profit (IFRS) for Q1 2016 increased by DKK 5,649 million from a profit of DKK 203 million in Q1 2015 to a profit of DKK 5,852 million in Q1 2016. The increase was mainly due to the higher EBIT.

16.3.3 Comparison of IFRS results of operations for FY 2015, FY 2014 and FY 2013

As described in Section 16.3.1 "Description of business performance measure," we do not apply the voluntary IFRS hedge accounting rules for hedging contracts regarding commodity and associated currency exposure. The market value adjustment of these contracts are continuously recognized in the income statement, which may affect the comparability of the IFRS results for the individual periods. Consequently, the IFRS results does not reflect the commercial hedging of risks, according to which the reporting segments and the Group are managed and evaluated. The business performance measures are described in Section 16.3.5 "Comparison of business performance measures of operations for FY 2015, FY 2014 and FY 2013."

16.3.3.1 Revenue (IFRS)

Our revenue (IFRS) in FY 2015 was DKK 74,387 million, or a 4% increase compared with FY 2014, principally due to an increase in revenue from construction contracts, increased wind-based power generation and sales of Green Certificates. The Group's power generation from offshore wind increased by 16% as a result of the start-up of generation from new offshore wind farms and a full year of generation from West of Duddon Sands. This was partially offset by lower power, gas and oil prices, lower oil and gas production and lower thermal power generation. The decline in oil and gas production was primarily due to a planned shut-down of the Ormen Lange field in May and June, which was partially offset by our temporary receipt of oil and gas volumes from the Ormen Lange field in addition to our 14% ownership interest as a result of the redetermination that occurred in 2013. Our share of production in the Ormen Lange field thus amounted to 24% in 2015 compared to 21% in 2014.

Our revenue (IFRS) in FY 2014 amounted to DKK 71,829 million, or a 1% decrease compared with DKK 72,199 million in FY 2013, largely attributable to the decline in oil, gas and power prices in the second half of the year, lower heat and power generation (among other things, due to the divestment of onshore and hydropower activities) and lower gas sales due to warm weather and the resulting decrease in demand, as well as a decrease in revenue from construction contracts. The decline was partially offset by a DKK 6,937 million increase in revenue from hedging (mainly gas hedges including fixed gas price contracts), from DKK (662) million in FY 2013 to DKK 6,275 million in FY 2014, increased oil and gas production resulting from our ownership interest increase from 10.34% to 14.02% as of July 2013 in the Ormen Lange field, as well as from increased power generation from new wind farms in operation. Our share of production in the Ormen Lange field amounted to 21% in FY 2014 compared to 16% in FY 2013.

16.3.3.1.1 Revenue (IFRS) by reporting segment

The table below shows the Group's revenue (IFRS) by reporting segment for the periods indicated:

	FY 2015	%	FY 2014	%	FY 2013	%	
	(DKK million, except percentages)						
Wind Power	17,096	19.4	9,724	11.8	11,664	14.1	
Bioenergy & Thermal Power	5,224	5.9	6,642	8.1	9,886	11.9	
Distribution & Customer Solutions	50,675	57.6	47,849	58.0	48,694	58.7	
Oil & Gas	15,051	17.1	18,206	22.1	12,664	15.3	
Segment Total	88,046	100.0	82,421	100.0	82,908	100.0	
Other activities and eliminations	(13,659)		(10,592)		(10,709)		
Total revenue (IFRS)	74,387		71,829		72,199		

16.3.3.1.2 Wind Power (IFRS)

The tables below shows the components of revenue (IFRS) and the power generation in the Wind Power segment for the periods indicated:

	FY 2015	% change	FY 2014	% change	FY 2013
	(DKK million, except percentages)				
Wind farm operations, including O&M agreements and					
PPAs	8,279	42.3	5,816	9.9	5,291
Construction contracts	8,287	186.1	2,897	(48.3)	5,606
Other revenue, including A2SEA	530	(47.6)	1,011	31.8	767
Total Wind Power revenue (IFRS)	<u>17,096</u>	75.8	<u>9,724</u>	(16.6)	<u>11,664</u>
	FY 2015	% change	FY 2014	% change	FY 2013
Power generation (year):					
Power generation from wind farms (TWh)	5.8	16.0	5.0	4.2	4.8
Power generation from hydropower plants (TWh)	0	n.m.	0	(100.0)	0.5

In FY 2015, revenue (IFRS) totaled DKK 17,096 million, an increase of DKK 7,372 million compared to FY 2014. The increase was primarily the result of increased revenue from contracts for the construction of the German offshore wind farms Borkum Riffgrund 1 and Gode Wind 2 for partners and construction of offshore transmission assets in the UK.

In addition, revenue from wind farm operations, O&M agreements and PPAs, increased as a result of 16% higher power generation, a strengthening of the British Pound and a positive impact from hedging contracts relating to other periods due to lower power prices in Denmark and the UK at the end of the year. The increase in power generation was due to a full year of generation from West of Duddon Sands, which has been in operation since Q4 2014, start-up of generation from Westermost Rough and Borkum Riffgrund 1, which were inaugurated in July and October 2015, respectively, as well as an increase in the ownership interest in the UK offshore wind farm Barrow to 100% at the end of 2014. Moreover, a WEC of 102% contributed to the increased power generation.

However, power generation was negatively affected by failures in export cables at Anholt and Horns Rev 2, resulting in generation outages lasting one month and two months, respectively, as well as at Walney 2. The cable failures at the Danish offshore wind farms were repaired in the course of 2015, and the lost revenue was compensated by the owner of the transmission grid, Energinet.dk. The compensation is included in other operating income. The failure in the export cable at Walney occurred in December 2015 and was repaired in March 2016. The loss of revenue, however, is not compensated in the UK.

Revenue (IFRS) decreased by DKK 1,940 million to DKK 9,724 million in FY 2014 from DKK 11,664 million in FY 2013. The decrease was primarily a result of lower revenue from contracts for the construction of offshore wind farms for partners, which in FY 2013 was mainly from the construction of Anholt and offshore transmission assets in the UK, mainly Westermost Rough and West of Duddon Sands.

In addition, revenue from wind farm operations, including O&M agreements and PPAs increased in FY 2014 despite the decrease in power generation as the average price per TWh generated increased. The decreased power generation was due to the divestment of hydropower and onshore wind activities in FY 2013 and the divestment of half of our ownership interests in London Array in Q1 2014. The material adverse effect from divestments was partly offset by increased generation from new wind farms in operation, particularly from the UK wind farm West of Duddon Sands, which was officially inaugurated in October 2014, and the Anholt wind farm in Denmark, which has been in commercial operation since July 2013.

16.3.3.1.3 Bioenergy & Thermal Power (IFRS)

The tables below show the components of revenue (IFRS) and the power and heat generation in the Bioenergy & Thermal Power segment for the periods indicated:

	FY 2015	% change	FY 2014	% change	FY 2013	
		(DKK million, except percentages)				
Heat sales	2,061	(10.5)	2,302	(15.6)	2,729	
Power sales, including ancillary services	3,163	(27.1)	4,340	(39.4)	7,157	
Total Bioenergy & Thermal Power revenue (IFRS)	<u>5,224</u>	(21.3)	<u>6,642</u>	(32.8)	<u>9,886</u>	
	FY 2015	% change	FY 2014	% change	FY 2013	
Power and heat generation (year):						
Heat generation (TWh)	9.3	6.9	8.7	(22.3)	11.2	
Power generation from power plants (TWh)	7.1	(18.4)	8.7	(37.0)	13.8	

In FY 2015, revenue (IFRS) totaled DKK 5,224 million, a decrease of DKK 1,418 million compared to FY 2014, primarily due to lower power generation and lower power prices.

Revenue from heat sales decreased by DKK 241 million, or 10%, despite an increase in heat generation of 7% due to colder weather in FY 2015 compared with FY 2014. The decrease in heat revenue was primarily due to lower fuel prices, as the lower price of fuel consumption is passed on to the customers.

Revenue from power sales and ancillary services decreased by 27% to DKK 3,163 million, primarily due to an 18% decrease in power generation and to decreased power prices. In 2015, the power price in the two Danish price areas averaged EUR 24/MWh, which was 25% lower than in 2014. Markedly lower coal prices in 2015, higher water levels in the Nordic water reservoirs and greater power generation from renewable sources resulted in low power prices throughout Western Europe.

Revenue (IFRS) decreased by DKK 3,244 million to DKK 6,642 million in FY 2014 from DKK 9,886 million in FY 2013 as a result of lower power and heat generation and decreased power prices.

Revenue from heat sales decreased by DKK 427 million mainly due to the warm weather throughout FY 2014, which reduced demand for heat. Heat revenue in FY 2014 decreased more than heat generation due to the composition of the heat revenue, which includes fixed price elements and other items not impacted by the volumes generated, including fixed costs in connection with heat generation (i.e. operating and maintenance costs) and depreciation. See Section 15.6.3.2 "District heating."

Revenue from power sales and ancillary services decreased by DKK 2,817 million as a result of lower prices and a decline in power generation of 37% due to warmer weather and divested generation capacity. Power prices in the two Danish price areas averaged EUR 31/MWh in FY 2014, which was 21% lower than FY 2013, mainly due to significantly warmer weather, together with lower coal prices and increased power from renewable energy sources.

16.3.3.1.4 Distribution & Customer Solutions (IFRS)

The tables below shows the components of revenue (IFRS) and the volume of power and gas distribution and sales in the Distribution & Customer Solutions segment for the periods indicated:

	FY 2015	% change	FY 2014	% change	FY 2013	
		(DKK million, except percentages)				
Revenue from distribution and transportation ⁽¹⁾	5,328	(2.9)	5,485	5.1	5,219	
Sales of gas ⁽²⁾	26,578	(7.8)	28,836	(15.0)	33,925	
Sales of power ⁽²⁾	18,725	22.5	15,284	70.7	8,954	
Other revenue, including hedges	44	n.m.	(1,756)	n.m.	596	
Total Distribution & Customer Solutions revenue						
(IFRS)	50,675	5.9	47,849	(1.7)	<u>48,694</u>	

Distribution and transportation includes the Oil Pipeline Business, the Gas Distribution Network, the Power Distribution Network and the gas storage (until the gas storage was divested at the end of 2014).

⁽²⁾ Sales of gas and power include commercial fixed price contracts

	FY 2015	% change	FY 2014	% change	FY 2013
Volume of power distribution (TWh)	8.4	0.0	8.4	(2.3)	8.6
Volume of gas distribution (TWh)	8.1	(1.2)	8.2	(8.9)	9.0
Volume of gas sales (TWh)	159.1	5.2	151.3	14.9	131.7
Volume of power sales (TWh)	35.5	2.9	34.5	35.3	25.5

In FY 2015, revenue (IFRS) totaled DKK 50,675 million, an increase of DKK 2,826 million, or 6%, compared to FY 2014. The increase was primarily the result of increased sales of Green Certificates due to increased power generation from UK offshore wind farms. The strengthening of the British Pound also contributed to the increase. Despite the higher volumes sold, revenue from the sale of gas was lower than in FY 2014 as a result of an average 5% decrease in the price of gas. The decrease in the revenue from distribution and transportation was due to the divestment of the Danish gas storage facility in Stenlille in 2014.

Revenue (IFRS) decreased by DKK 845 million, or 2%, to DKK 47,849 million in FY 2014 from DKK 48,694 million in FY 2013. The revenue from gas sales was, in spite of the increased gas sales volumes, lower than in FY 2013 as a result of an average decrease by over 20% in gas prices. Furthermore, the lower oil prices resulted in a loss on the oil hedges related to the long-term oil-indexed gas purchase contracts, countered by a positive effect from the gas hedges and fixed price gas purchase contracts due to the falling gas prices. This was partly offset by higher power sales including sales of Green Certificates.

16.3.3.1.5 Oil & Gas (IFRS)

The tables below shows the components of revenue (IFRS) and the net oil and gas production in the Oil & Gas segment for the periods indicated:

	FY 2015	% change	FY 2014	% change	FY 2013	
		(DKK million, except percentages)				
Sales of oil (including condensate)	3,260	(38.8)	5,331	13.5	4,695	
Sales of gas	7,499	(8.4)	8,190	3.3	7,927	
Hedges	3,938	(5.6)	4,171	n.m.	(558)	
Other revenue	354	(31.1)	514	(14.3)	600	
Total Oil & Gas revenue (IFRS)	15,051	(17.3)	18,206	43.8	12,664	
	FY 2015	% change	FY 2014	% change	FY 2013	
Net oil and gas production (year):						
Denmark (mmboe)	5.4	25.6	4.3	22.9	3.5	
Norway (mmboe)	35.5	(5.3)	37.5	33.0	28.2	
Total (mmboe)	40.9	(2.2)	41.8	31.9	31.7	

In FY 2015, revenue (IFRS) totaled DKK 15,051 million, a decrease of DKK 3,155 million compared to FY 2014 due to lower oil and gas prices. In addition, total oil and gas production fell marginally. The impact from hedges was relatively stable between the two years, however the oil hedges was less positive and the gas hedges more positive compared to 2014.

Revenue from oil and gas production fell by DKK 2,762 million in 2015, primarily due to an average 47% decrease in the price of oil and an average 5% decrease in the price of gas, in each case compared to 2014.

The lower production was mainly due to a planned 42-day shutdown of the Ormen Lange field in May and June 2015 due to the connection of new infrastructure to the gas treatment plant in Nyhamna. The negative impact of the shutdown was partially offset by additional volumes from the Ormen Lange field in 2015. The share of the production in the Ormen Lange field was 24% in 2015, which is 10 percentage points higher than our 14% ownership share, compared to a 21% share of production in 2014. The lower production from the Ormen Lange field was also partially offset by increased production from a new well in the phase 3 development of Syd Arne and from the fields in the Siri area, where production was partly stopped in 2014 due to the repair work of the Siri platform.

In FY 2014, revenue (IFRS) totaled DKK 18,206 million, an increase of DKK 5,542 million compared to FY 2013. The oil price in FY 2014 was on average 9% lower and the gas price was on average 22% lower than such prices in 2013. The lower oil and gas prices resulted in a DKK 4,729 million increase in revenue

from hedges, from a loss of DKK 558 million in FY 2013 to a gain of DKK 4,171 million in FY 2014, which more than outweighed the negative price impact on the oil and gas produced in FY 2014. In addition, revenue benefitted from a 32% increase in oil and gas production.

The increase in production resulted primarily from the increase in our ownership interest in the Ormen Lange field from 10.34% to 14.02% as of July 1, 2013 and related catch-up volumes from production in the previous years which led us to having a total share of production from the Ormen Lange field of 21% in 2014 compared to 16% in 2013. In addition, production from the Norwegian fields Alve, Marulk and Trym also increased. Production from Alve and Marulk was curtailed in FY 2013 due to problems on the associated production vessel Norne. There was also increased production from Syd Arne in 2014 as a result of new production wells from the expansion of phase 3.

16.3.3.2 Cost of sales (IFRS)

	FY 2015	% change	FY 2014	% change	FY 2013	
		(DKK million, except percentages)				
Gas	15,850	(13.3)	18,284	(29.9)	26,084	
Power	12,864	(0.1)	12,873	85.2	6,949	
Coal	801	(32.6)	1,188	(30.4)	1,707	
Biomass	1,251	1.6	1,231	(3.1)	1,270	
Oil	69	(21.6)	88	(57.9)	209	
Distribution and transmission costs	5,834	9.3	5,339	14.1	4,678	
Costs associated with construction contracts	7,383	178.6	2,650	(36.7)	4,189	
Other cost of sales	1,020	(27.7)	1,410	(30.8)	2,037	
Total cost of sales (IFRS)	45,072	4.7	43,063	(8.6)	47,123	

Cost of sales (IFRS) increased by DKK 2,009 million, or 5%, from DKK 43,063 million in FY 2014 to DKK 45,072 million in FY 2015. The increase was mainly due to an increase of DKK 4,733 million, or 179%, in costs associated with construction contracts, from DKK 2,650 million in FY 2014 to DKK 7,383 million in FY 2015. This was partially offset by a decrease in costs associated with gas purchases, which decreased by DKK 2,434 million, or 13%, including a positive impact from received lump sum payments, from DKK 18,284 million in FY 2014 to DKK 15,850 million in FY 2015.

Cost of sales (IFRS) decreased by DKK 4,060 million, or 9%, from DKK 47,123 million in FY 2013 to DKK 43,063 million in FY 2014. The decrease was mainly due to the decrease in costs associated with gas purchases, which decreased by DKK 7,800 million, or 30%, from DKK 26,084 million in FY 2013 to DKK 18,284 million in FY 2014. The decrease was also attributable to a decrease of DKK 1,539 million, or 37%, in costs associated with construction contracts, from DKK 4,189 million to DKK 2,650 million. These decreases more than offset the increase in power purchases, which increased by DKK 5,924 million, or 85%, from DKK 6,949 million in FY 2013 to DKK 12,873 million in FY 2014.

16.3.3.3 Other external expenses

Other external expenses decreased by DKK 910 million, or 13%, from DKK 7,147 million in FY 2014 to DKK 6,237 million in FY 2015. The decrease was mainly due to lower repair costs concerning the Siri platform and lower expensed exploration costs in Oil & Gas as well as cost savings throughout the Group. This decrease was partly offset by costs related to new offshore wind farms in operation.

Other external expenses increased by DKK 192 million, or 3%, from DKK 6,955 million in FY 2013 to DKK 7,147 million in FY 2014. The increase was mainly due to new offshore wind farms in operation and higher costs related to the repair of the Siri platform, partly offset by fewer exploration expenses charged to the income statement.

16.3.3.4 Employee costs

Employee costs increased by DKK 468 million, or 14%, from DKK 3,336 million in FY 2014 to DKK 3,804 million in FY 2015. The increase was due to higher wages as the average number of employees in FY 2015 increased by 195 employees due to increased activity and new wind farms in operation within Wind Power, whereas the number of employees decreased in Bioenergy & Thermal Power and Distribution & Customer Solutions. The increase was also due to increased costs related to the share-based payment program.

Employee costs decreased by DKK 155 million, or 4%, from DKK 3,491 million in FY 2013 to DKK 3,336 million in FY 2014. The decrease was mainly due to a higher proportion of our costs being allocated to investment projects, which are capitalized on the balance sheet. Costs transferred to assets thus increased by DKK 195 million, or 19%. The decrease was partly offset by costs to the share-based payment program introduced in FY 2014.

16.3.3.5 Share of profit (loss) from associates and joint ventures—core

Share of profit (loss) from associates and joint ventures increased by DKK 205 million, from a loss of DKK 93 million in FY 2014 to a gain of DKK 112 million in FY 2015. The increase was mainly due to a one-off tax adjustment regarding prior years related to the Celtic Array project and from increased earnings in the Lincs wind farm, where we hold a 25% ownership interest.

Share of loss from associates and joint ventures improved by DKK 618 million, from a loss of DKK 711 million in FY 2013 to a loss of DKK 93 million in FY 2014. The loss in FY 2013 was mainly due to a write down of capitalized project development costs in the Hornsea 1 project (due to uncertainty regarding the viability of the project at that time; it has subsequently been decided to continue with the project, but with a different approach, for which reason the write down is being considered as a sunk cost) and the Celtic Array project (subsequently abandoned).

16.3.3.6 Other operating income

The table below shows the components of other operating income for the periods indicated:

	FY 2015	FY 2014	FY 2013	
	(DKK million)			
Gain on divestment of assets	515	2,177	451	
Insurance compensation	875	93	0	
Other compensation	689	17	0	
Miscellaneous operating income	854	179	254	
Total other operating income	2,933	2,466	705	

Other operating income increased by DKK 467 million, or 19%, from DKK 2,466 million in FY 2014 to DKK 2,933 million in FY 2015. The increase was due to a contingent consideration in 2015 from the divestment of 60% of our ownership interest in the Glenlivet gas field in the UK in 2014 and insurance compensations received relating to the settlement of insurance claims in Oil & Gas and Bioenergy & Thermal Power. In addition, DKK 384 million was recognized in other operating income as a result of a settled dispute relating to CO₂ Certificates in 2005 and the first half of 2006. In Wind Power, compensation was received due to delayed deliveries from suppliers in respect of construction of offshore wind farms and compensation from Energinet.dk was received regarding cable faults at Anholt and Horns Rev 2. FY 2014 was positively affected by gains of DKK 1.9 billion on the divestment of offshore wind farms.

Other operating income increased by DKK 1,761 million, or 250%, from DKK 705 million in FY 2013 to DKK 2,466 million in FY 2014. The increase was mainly due to the gain on divestments of assets in FY 2014, which increased by DKK 1,726 million and related to the sale of 50% of our ownership interest in each of the London Array and Westermost Rough UK offshore wind farms. The increase was partly offset by a gain from the sale-and-lease back agreement regarding the Gentofte office building in FY 2013.

16.3.3.7 Other operating expenses

The table below shows the components of other operating expenses for the periods indicated:

	FY 2015	FY 2014	FY 2013
	(l	DKK millio	n)
Loss on divestment of assets	142	308	102
Miscellaneous operating expenses	<u>255</u>	_15	323
Total other operating expenses	397	323	425

Other operating expenses increased by DKK 74 million, or 23%, from DKK 323 million in FY 2014 to DKK 397 million in FY 2015. The increase was mainly due to costs in connection with the abolishment of

the LEC regime in the UK and reversal of a VAT provision in the UK in 2014 as it turned out not to be needed, partly offset by lower losses on divestment of assets.

Other operating expenses decreased by DKK 102 million, or 24%, from DKK 425 million in FY 2013 to DKK 323 million in FY 2014. The operating expenses in FY 2013 mainly consisted of a provision for a potentially incorrect VAT set-up in the UK. The other operating expenses in FY 2014 mainly consisted of a loss on the disposal of assets in connection with the sale of a portion of our ownership in each of the Gode Wind 2 wind farm and the Edradour gas field, partly offset by a reversal of the above-mentioned VAT provision due to a final ruling from UK authorities, which rendered the provision unnecessary. The loss on the divestment of the Gode Wind 2 wind farm was due to the specific structure of the transaction. Including our subsequent earnings from the construction agreement, the Gode Wind 2 divestment has contributed positively to EBITDA.

16.3.3.8 Operating profit (loss) before depreciation, amortization and impairment losses (EBITDA) (IFRS)

EBITDA (IFRS) for FY 2015 increased by DKK 1,589 million, or 8%, from DKK 20,333 million in FY 2014, to DKK 21,922 million in FY 2015, principally reflecting the following:

The underlying positive development in the Group's operations in FY 2015 compared to FY 2014 was mainly attributable to higher power generation from offshore wind due to the commissioning of new offshore wind farms in the UK and Germany, increased revenue from the construction of offshore wind farms for partners, the completed renegotiation of an oil-indexed gas purchase contract and lower costs in the Oil & Gas business. This development was partially offset by lower gas and oil prices, lower production in Oil & Gas and unfavorable market conditions for thermal power generation.

In 2015, EBITDA was positively affected by a total of DKK 1.7 billion from a gain on the sale of Oil & Gas license interests, insurance compensations as well as a settled dispute from 2005 and 2006 concerning CO_2 Certificates, while 2014 was positively affected by gains of DKK 1.9 billion from the divestment of offshore wind farms.

EBITDA (IFRS) for FY 2014 increased by DKK 6,134 million, or 43% compared to FY 2013, from DKK 14,199 million in FY 2013 to DKK 20,333 million in FY 2014. The increase was mainly due to a DKK 6,080 million increase in EBITDA from hedging (mainly gas hedges including fixed gas price contracts), from a loss of DKK 871 million in FY 2013 to a gain of DKK 5,209 million in FY 2014 due to the lower gas prices. The increase was furthermore due to gains of DKK 1.9 billion from the divestment of ownership interests in, primarily, London Array and Westermost Rough, full year power generation from the Anholt wind farm and record-high production in Oil & Gas, partly offset by lower oil and gas prices and negative effects from oil-indexed gas purchase contracts in Distribution & Customer Solutions which had not yet been renegotiated.

16.3.3.8.1 EBITDA (IFRS) by reporting segment

The table below shows the Group's EBITDA (IFRS) by reporting segment for the periods indicated:

	FY 2015	%	FY 2014	%	FY 2013	%
		(DKK	million, exc	ept percei	ntages)	
Wind Power	6,742	30.5	6,053	30.2	3,956	28.2
Bioenergy & Thermal Power	349	1.6	752	3.7	925	6.6
Distribution & Customer Solutions	3,001	13.5	463	2.3	1,504	10.7
Oil & Gas	12,034	54.4	12,786	63.8	7,644	54.5
Segment Total	22,126	100.0	20,054	100.0	14,029	100.0
Other activities and eliminations	(204)		279		170	
Total EBITDA (IFRS)	21,922		20,333		14,199	

In FY 2015, EBITDA from Oil & Gas accounted for 54% of total EBITDA (IFRS). The share was particularly high in 2015 due to the temporary higher share of the Ormen Lange field as well as insurance compensations.

16.3.3.8.2 Wind Power (IFRS)

	FY 2015	% change	FY 2014	% change	FY 2013
		(DKK milli	on, except p	ercentages)	
Wind farm operations, including O&M agreements and					
PPAs	6,556	62.9	4,024	9.6	3,672
Construction contracts and divestment gains	751	(66.5)	2,239	44.3	1,552
Other, including A2SEA and project development	(565)	169.0	(210)	(83.4)	(1,268)
Total EBITDA (IFRS)	<u>6,742</u>	11.4	6,053	53.0	3,956

In FY 2015, EBITDA (IFRS) increased by DKK 689 million, or 11%, from DKK 6,053 million in FY 2014 to DKK 6,742 million in FY 2015. The increase was mainly due to higher earnings from our wind farms, primarily as a result of increased power generation, higher earnings from the contracts for the construction of offshore wind farms for partners as well as a positive impact from hedges due to lower power prices in Denmark and the UK at the end of the year. The increase was partially offset by gains of DKK 1.9 billion from the sale of, primarily, 50% of the ownership interests in London Array and Westermost Rough in 2014, the related lower power generation from London Array in 2015 and higher project development costs. The latter can be attributed to the build-up of our portfolio of projects for construction post-2020.

In FY 2014, EBITDA (IFRS) increased by DKK 2,097 million, or 53%, to DKK 6,053 million in FY 2014 from DKK 3,956 million in FY 2013. The increase was primarily due to the gain on the divestment of the sale of 50% of our ownership interests in the London Array and Westermost Rough wind farms, less expensed project development costs and the reversal of a VAT provision in the UK, partly offset by decreased earnings from construction contracts due to lower activity than in FY 2013, including the completion of the Anholt wind farm project in that year. EBITDA from wind farm operations increased slightly due to a full year of power generation from the Anholt wind farm, which began commercial operations in July 2013 and from the West of Duddon Sands wind farm, which was officially inaugurated in October 2014, partly offset by a lower share of earnings from the London Array wind farm as a result of the reduced ownership interest.

16.3.3.8.3 Bioenergy & Thermal Power (IFRS)

	FY 2015	% change	FY 2014	% change	FY 2013
		(DKK milli	on, except p	percentages)	
Heat	346	(25.4)	464	(8.1)	505
Ancillary services	383	(4.7)	402	(0.5)	404
Power	<u>(380)</u>	233.3	<u>(114</u>)	n.m	_16
Total EBITDA (IFRS)	349	(53.6)	752	(18.7)	925

In FY 2015, EBITDA (IFRS) decreased by DKK 403 million, or 54%, from DKK 752 million in FY 2014 to DKK 349 million in FY 2015. The decrease was mainly due to unfavorable market conditions for power generation and the recognition of services relating to previous years in the heating business in 2014. However, earnings were positively affected by compensation from a settled dispute concerning CO₂ Certificates from 2005 and 2006 as well as an insurance compensation. The two one-off items in FY 2015 totaled DKK 488 million and are included in EBITDA from Power.

In FY 2014, EBITDA (IFRS) decreased by DKK 173 million, or 19%, from DKK 925 million in FY 2013 to DKK 752 million in FY 2014. The decrease was due to lower heat and power generation primarily due to the lower green dark spreads and from warm weather, partly offset by the recognition of services relating to previous years in the heating business.

16.3.3.8.4 Distribution & Customer Solutions (IFRS)

	FY 2015	% change	FY 2014	% change	FY 2013
		(DKK milli	on, except p	ercentages)	
Distribution	1,661	(3.1)	1,714	(1.9)	1,747
—of which Power Distribution	1,258	14.8	1,097	(6.0)	1,166
Sales	97	(45.5)	178	(62.0)	469
Markets, including LNG	1,243	n.m.	(1,429)	100.7	(712)
Total EBITDA (IFRS) ⁽¹⁾	3,001	548.2	463	(69.2)	1,504

Including EBITDA from the Danish oil and gas infrastructure assets and the Stenlille gas storage facility of DKK 654 million, DKK 797 million and DKK 860 million in FY 2015, FY 2014 and FY 2013, respectively.

In FY 2015, EBITDA (IFRS) increased by DKK 2,538 million, or 548%, from DKK 463 million in FY 2014 to DKK 3,001 million in FY 2015. The increase was mainly due to the Markets and LNG activities.

EBITDA from the Distribution business fell marginally compared to FY 2014, amounting to DKK 1,661 million in FY 2015. The divestment of the Stenlille gas storage facility at the end of 2014 resulted in a loss of earnings of DKK 163 million. This was partially offset by a higher regulatory return and the collection in excess of the return cap within the level of the income cap, relating to previous years in the power distribution business.

EBITDA from the Sales business decreased by 46% compared to FY 2014, amounting to DKK 97 million in FY 2015 mainly due to lower income from the City Light business as a result of fewer lights points.

EBITDA from Markets including LNG amounted to DKK 1,243 million in FY 2015. The increase of DKK 2,672 million compared to FY 2014 was primarily due to market value adjustments of hedging contracts relating to other periods, a lump sum payment, and thereby a margin improvement, received in connection with the completed renegotiation of a long-term oil-indexed gas purchase contract as well as higher earnings from the trading and portfolio management business.

In FY 2014, EBITDA (IFRS) decreased by DKK 1,041 million, or 69%, to DKK 463 million in FY 2014 from DKK 1,504 million in FY 2013.

EBITDA from Distribution decreased marginally by DKK 33 million in FY 2014 whereas EBITDA from Sales decreased by DKK 291 million as a result of the divestment of the Sales business in the Netherlands as well as lower volumes sold.

EBITDA from Markets including LNG decreased by DKK 717 million in FY 2014. The combination of 22% lower gas prices and only 9% lower oil prices on average for the year led to a higher loss on long-term oil-indexed gas purchase contracts which had not yet been renegotiated. Furthermore, the lower oil prices resulted in a loss on the oil hedges related to the long-term oil-indexed gas purchase contracts, countered by a positive effect from the gas hedges due to the falling gas prices.

16.3.3.8.5 Oil & Gas (IFRS)

	FY 2015	% change	FY 2014	% change	FY 2013		
		(DKK million, except percentages)					
Denmark	1,370	169.2	509	(33.7)	768		
Norway	7,358	(22.4)	9,479	3.2	9,188		
United Kingdom	237	n.m.	(81)	189.3	(28)		
Exploration and appraisal		(32.8)	(1,292)	(25.1)	(1,726)		
Hedges	3,937	(5.6)	4,171	n.m.	(558)		
Total EBITDA (IFRS)	12,034	(5.9)	12,786	67.3	7,644		

In FY 2015, EBITDA (IFRS) decreased by DKK 752 million, or 6%, from DKK 12,786 million in FY 2014 to DKK 12,034 million in FY 2015, primarily due to the lower oil and gas prices.

The increase in FY 2015 EBITDA in Denmark was DKK 861 million and can be attributed to cost savings, including no further repair costs being incurred in respect of the Siri platform, as well as insurance compensations received, which was partially offset by lower prices. The decrease of DKK 2,121 million in EBITDA in Norway was primarily due to lower production and lower prices. In the UK, EBITDA

increased by DKK 318 million as a result of a contingent consideration regarding the sale of 60% of the Glenlivet field in the West of Shetland area to TOTAL in 2014. In addition, fewer exploration expenses in FY 2015 contributed to the increase in EBITDA. In both FY 2015 and FY 2014, EBITDA was impacted by market value adjustments of hedging contracts relating to other periods.

In FY 2014, EBITDA (IFRS) increased by DKK 5,142 million, or 67%, to DKK 12,786 million in FY 2014 from DKK 7,644 million in FY 2013, but was negatively impacted by the lower oil and gas prices despite hedged production.

The FY 2014 EBITDA in Denmark decreased by DKK 259 million, due to lower oil and gas prices and higher costs related to the repair work of the Siri platform, partly offset by the increased production from Syd Arne as a result of new production wells from the expansion of phase 3. The increase in Norway of DKK 291 million was primarily due to the increase in our ownership interest in the Ormen Lange gas field as described above, as well as the increased production from Alve, Marulk and Trym, partly offset by lower oil and gas prices. In addition, a positive effect from market value adjustments of hedging contracts relating to other periods and fewer exploration expenses in FY 2014 contributed to the increase in EBITDA.

16.3.3.9 Depreciation, amortization and impairment losses on intangible assets and property, plant and equipment

	FY 2015	FY 2014	FY 2013
	(l	OKK million	
Depreciation	(8,701)	(9,242)	(7,955)
Impairment losses, net ⁽¹⁾	(17,033)	(8,324)	(5,008)
Total depreciation and impairment losses	(25,734)	<u>(17,566)</u>	<u>(12,963)</u>

⁽¹⁾ Includes DKK 2,516 million in FY 2015 regarding onerous contracts relating to the construction of property, plant and equipment.

In FY 2015, depreciation, amortization and impairment losses on intangible assets and property, plant and equipment increased by DKK 8,168 million, or 46%, from DKK 17,566 million in FY 2014 to DKK 25,734 million in FY 2015. Depreciation decreased by DKK 541 million as a related effect of the impairment losses in Oil & Gas at the end of 2014, which were partially offset by higher depreciation in Wind Power as a result of more offshore wind farms being commissioned. Impairment losses increased by DKK 8,709 million, to DKK 17,033 million in FY 2015. In Oil & Gas, impairment losses (including provisions for onerous capital expenditure contracts) of DKK 15,849 million were recognized as a result of the lower oil and gas prices, reduced reserve estimates as well as project specific factors, in particular with regards to the Hejre project, which continued to face significant challenges. Due to an active hedging policy, the declining oil and gas prices led to an increase in the value of oil and gas hedges. In addition, the Dutch power plant Enecogen was impaired by DKK 680 million, and older installation vessels and goodwill were impaired by DKK 504 million.

In FY 2014, depreciation, amortization and impairment losses on intangible assets and property, plant and equipment increased by DKK 4,603 million, or 36%, from DKK 12,963 million in FY 2013 to DKK 17,566 million in FY 2014. Depreciation increased by DKK 1,287 million, or 16%, from DKK 7,955 million in FY 2013 to DKK 9,242 million in FY 2014. The increase was attributable to Wind Power as a result of the commissioning of new assets, and to Oil & Gas due to the higher production and lower reserve estimates for the Oselvar field. Impairment losses increased by DKK 3,316 million, from DKK 5,008 million in FY 2013 to DKK 8,324 million in FY 2014 due to the impairment losses of DKK 8,108 million recognized in Oil & Gas primarily as a result of the lower oil and gas prices.

16.3.3.10 Operating profit (loss) (EBIT) (IFRS)

Operating profit (loss) (IFRS) in FY 2015 decreased by DKK 6,579 million, from DKK 2,767 million in FY 2014, to a loss of DKK 3,812 million in FY 2015. The operating loss was significantly affected by the impairment losses discussed above, which was only partially offset by the increased EBITDA and the lower depreciation.

In FY 2014, operating profit (IFRS) increased by DKK 1,531 million, from DKK 1,236 million in FY 2013 to DKK 2,767 million in FY 2014. The increase was due to the increased EBITDA, which was only partially offset by the increased depreciation and impairment losses discussed above.

16.3.3.10.1 Operating profit (loss) (EBIT) (IFRS) by reporting segment

The table below shows the Group's operating profit (loss) by reporting segment for the periods indicated:

	FY 2015	FY 2014	FY 2013	
	(DKK million)			
Wind Power	3,073	3,478	1,597	
Bioenergy & Thermal Power	(1,697)	(654)	(1,622)	
Distribution & Customer Solutions	1,892	(1,075)	70	
Oil & Gas	(6,843)	756	1,056	
Segment Total	(3,575)	2,505	1,101	
Other activities and eliminations	_(237)	262	135	
Total Operating Profit (Loss) (EBIT) (IFRS)	(3,812)	2,767	1,236	

16.3.3.10.2 Wind Power (IFRS)

EBIT (IFRS) decreased by DKK 405 million from DKK 3,478 million in FY 2014 to DKK 3,073 million in FY 2015. The decrease was mainly due to the higher depreciation as well as impairment of older installation vessels and goodwill. The decrease was partially offset by higher EBITDA.

EBIT (IFRS) increased by DKK 1,881 million from DKK 1,597 million in FY 2013 to DKK 3,478 million in FY 2014. The lower increase in EBIT than in EBITDA was due to the depreciation of new offshore wind farms, partly offset by the impairment of capitalized development costs of DKK 339 million in FY 2013.

16.3.3.10.3 Bioenergy & Thermal Power (IFRS)

EBIT (IFRS) decreased by DKK 1,043 million from a loss of DKK 654 million in FY 2014 to a loss of DKK 1,697 million in FY 2015. The decrease was mainly due to DKK 680 million impairment of the gas-fired power plant Enecogen due to the continuing low power prices, driven by lower coal prices, and the expected related low or negative Green Spark Spreads in Europe in the foreseeable future.

EBIT (IFRS) increased by DKK 968 million from a loss of DKK 1,622 million in FY 2013 to a loss of DKK 654 million in FY 2014. The increase was primarily due to the DKK 1,000 million impairment loss recognized on the Enecogen power plant in FY 2013.

16.3.3.10.4 Distribution & Customer Solutions (IFRS)

EBIT (IFRS) increased by DKK 2,967 million from a loss of DKK 1,075 million in FY 2014 to DKK 1,892 million in FY 2015. The increase was mainly due to the higher EBITDA and lower impairment losses, which amounted to DKK 216 million in FY 2014.

EBIT (IFRS) decreased by DKK 1,145 million from DKK 70 million in FY 2013 to a loss of DKK 1,075 million in FY 2014 due to the decreased EBITDA and impairment of goodwill in respect of sales activities in the UK and Germany of DKK 216 million due to the prospect of difficult market conditions.

16.3.3.10.5 Oil & Gas (IFRS)

EBIT (IFRS) decreased by DKK 7,599 million from DKK 756 million in FY 2014 to a loss of DKK 6,843 million in FY 2015. The decrease was due to impairment losses (including provisions for onerous capital expenditure contracts) primarily as a result of the low oil and gas prices, reduced reserve estimates as well as project-specific factors, in particular with regard to the Hejre project which continued to face significant challenges.

EBIT (IFRS) decreased by DKK 300 million in FY 2014 from DKK 1,056 million in FY 2013 to DKK 756 million in FY 2014. The decrease was mainly due to the impairment losses resulting from the lower oil and gas prices. In addition, as discussed above, depreciation increased due to higher production and lower reserve estimates for the Oselvar field. This was partly offset by a positive effect from market value adjustments of hedging contracts relating to other periods.

16.3.3.11 Gain (loss) on divestment of enterprises (IFRS)

Gain (loss) on divestment of enterprises (IFRS) decreased by DKK 1,237 million from DKK 1,253 million in FY 2014 to DKK 16 million in FY 2015. There were no significant effects on earnings from divestments of enterprises in FY 2015. The divestments in FY 2014 mainly included the Stenlille gas storage facility in Distribution & Customer Solutions.

Gain (loss) on divestment of enterprises (IFRS) decreased by DKK 792 million, or 39%, from DKK 2,045 million in FY 2013 to DKK 1,253 million in FY 2014. The divestments in FY 2013 principally included the minority ownership interest in the Kraftgården hydropower company in Sweden, the onshore wind activities in Poland and Denmark and Stadtwerke Lübeck in Germany, partly offset by a loss from the divestment of Severn power plant in the UK.

16.3.3.12 Share of profit (loss) from associates and joint ventures—non-core

Share of profit (loss) from associates and joint ventures increased by DKK 476 million, from a loss of DKK 484 million in FY 2014 to a loss of DKK 8 million in FY 2015. The increase was mainly due to an impairment loss in FY 2014 of the value of the ownership interest in the Etzel German gas storage business.

Share of profit (loss) from associates and joint ventures declined by DKK 427 million from a loss of DKK 57 million in FY 2013 to a loss of DKK 484 million in FY 2014. The decrease was mainly due to an impairment loss of the value of the ownership interest in the Etzel German gas storage business.

16.3.3.13 Financial income and expenses, net

Net financial income and expenses increased by DKK 415 million, or 24%, from an expense of DKK 1,710 million in FY 2014 to an expense of DKK 2,125 million in FY 2015. The increase was mainly due to a negative impact from exchange rate adjustments on loans, which were partially offset by lower net interest expenses as a result of interest received concerning the CO₂ Certificates dispute, among other things.

Net financial income and expenses decreased by DKK 2,090 million, or 55%, from an expense of DKK 3,800 million in FY 2013 to an expense of DKK 1,710 million in FY 2014. The decrease was mainly due to lower net interest payments as a result of lower average interest-bearing net debt and foreign exchange gains. In FY 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 Mongstad power plant in Norway, recognized in financial expenses as the asset was held under a finance lease.

16.3.3.14 Profit (loss) before tax (IFRS)

Profit (loss) before tax (IFRS) decreased by DKK 7,755 million from a profit of DKK 1,826 million in FY 2014 to a loss of DKK 5,929 million in FY 2015 mainly due to impairment losses.

Profit before tax increased (IFRS) by DKK 2,402 million, from a loss of DKK 576 million in FY 2013 to a profit of DKK 1,826 million in FY 2014, for the reasons discussed above, mainly the higher EBITDA. This was partly offset by higher impairment losses in FY 2014 than in FY 2013.

16.3.3.15 Tax on profit (loss) for the year (IFRS)

Tax on profit (loss) (IFRS) for the year decreased by DKK 612 million, or 15%, from an expense of DKK 4,136 million in FY 2014 to an expense of DKK 3,524 million in FY 2015. The effective tax rate was (59)% in FY 2015 compared to 227% in FY 2014. The tax rate in FY 2015 was affected by a number of factors, including earnings from oil and gas production in Norway, where a tax rate of 78% on hydrocarbon income together with non-deductible amortization of license rights led to an effective tax rate of 83%. The tax rate in the UK was affected by recognition of deferred tax assets regarding tax loss carry forwards from previous years, now expected to be utilized in the Group. Furthermore, the effective tax rate was significantly impacted by impairments mainly in Oil & Gas, where tax losses are not fully recognized as it is considered unlikely that these losses can be fully utilized in the foreseeable future.

Tax on profit (loss) (IFRS) for the year increased by DKK 3,121 million, from an expense of DKK 1,015 million in FY 2013 to an expense of DKK 4,136 million in FY 2014. The increase was mainly due to the revenue from oil and gas production in Norway, where hydrocarbon income is taxed at 78%, as well as non-deductible amortization of license rights which led to an effective tax rate of 84% in Norway.

This in turn caused the effective tax rate in FY 2014 to be 227% compared to (176)% in FY 2013, as set out in further detail in the table below. 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 were not recognized as there was uncertainty regarding 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, including on divestments.

	FY 2015			FY 2014				FY 2013	3
Profit Before Tax, Tax Hereof and Tax Percentage	Profit before tax	Taxes	Tax percentage	Profit before tax	Taxes	Tax percentage	Profit before tax	Taxes	Tax percentage
				DKK millio	n, except	percentages			
Oil and gas activities in Norway (hydrocarbon income)	4,664	(3,887)	83%	5,818	(4,893)	84%	5,363	(4,007)	75%
Faroe Islands	(67)	547	n.m.	(1,176)	0	n.m.	(757)	0	n.m.
Impairments	(17,033)	1,236	7%	(8,324)	1,632	20%	(5,008)	2,726	54%
Gain/loss on divestments and other non-taxable									
income and non-deductible costs	23	(16)	70%	2,766	(160)	6%	2,287	(233)	10%
Effects of changes in tax rate	0	63	n.m.	0	(3)	n.m.	0	(21)	n.m.
Rest of DONG Energy	6,485	(1,467)	23%	2,742	(712)	26%	(2,461)	520	21%
Total (IFRS)	(5,929)	(3,524)	(59)%	1,826	(4,136)	227%	(576)	(1,015)	(176)%

16.3.3.16 Profit (loss) for the year (IFRS)

Loss for the year (IFRS) in FY 2015 increased by DKK 7,143 million, or 309%, from a loss of DKK 2,310 million in FY 2014 to a loss of DKK 9,453 million in FY 2015. The increase was mainly due to higher impairment losses in FY 2015 compared to FY 2014.

Loss for the year (IFRS) in FY 2014 increased by DKK 719 million, from a loss of DKK 1,591 million in FY 2013 to a loss of DKK 2,310 million in FY 2014 despite an improved EBITDA in FY 2014 compared to FY 2013. The increased loss was attributable to higher 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 expenses.

16.3.4 Comparison of business performance measures of operations for Q1 2016 and Q1 2015

Line items that are identical for IFRS and business performance have been left out of the comparisons below, and are described in Section 16.3.2 "Comparison of IFRS results of operations for Q1 2016 and Q1 2015."

16.3.4.1 Revenue (business performance)

Our revenue (BP) in Q1 2016 was DKK 18,833 million, or a 2% decrease compared with Q1 2015, principally due to lower gas sales and significantly lower power, oil and gas prices. The decrease was partly offset by higher activity from construction contracts and an increase of 6% in power generation from offshore wind due to new wind farms in operation. Oil and gas production increased marginally to 10.0 million boe primarily due to first gas from Laggan-Tormore, partly offset by lower volumes from Ormen Lange. Our share of production in the Ormen Lange field amounted to 20% in Q1 2016 compared to 21% in Q1 2015.

16.3.4.1.1 Revenue by reporting segment (business performance)

The table below shows the Group's revenue (BP) by reporting segment for the periods indicated:

	Q1 2016	%	Q1 2015	%	
	(DKK million, except percentage				
Wind Power	5,761	27.6	3,934	17.8	
Bioenergy & Thermal Power	1,842	8.8	2,054	9.3	
Distribution & Customer Solutions	10,582	50.8	12,850	58.1	
Oil & Gas	2,661	12.8	3,278	14.8	
Segment Total	20,846	100.0	22,116	100.0	
Other activities and eliminations	(2,013)		(2,849)		
Total revenue (BP)	18,833		19,267		

16.3.4.1.2 Wind Power (business performance)

The tables below show the components of revenue (BP) and the power generation in the Wind Power segment for the periods indicated:

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Wind farm operations, including O&M agreements and PPAs	2,258	14.6	1,971
Construction contracts	3,430	97.9	1,733
Other revenue, including A2SEA	73	(68.3)	230
Total Wind Power revenue (BP)	<u>5,761</u>	46.4	3,934
	Q1 2016	% change	Q1 2015
Power generation (period):			
Power generation from wind farms (TWh)	1.7	6.3	1.6
Power generation from hydropower plants (TWh)	0	n.m.	0

In Q1 2016, revenue (BP) totaled DKK 5,761 million, an increase of DKK 1,827 million compared to Q1 2015. The increase was primarily the result of higher revenue from the contracts for the construction of the German offshore wind farms Gode Wind 1 and the UK Burbo Bank Extension for partners as well as construction of transmission assets in the UK. In addition, revenue from operations, O&M agreements and PPAs increased due to higher power generation, driven primarily by the start-up of production from Westermost Rough in the UK and Borkum Riffgrund 1 in Germany, which were inaugurated in July and October 2015, respectively. However, power generation was negatively affected by less favorable wind conditions than in Q1 2015, and a fault in a transmission cable at Walney 2 in the UK in December 2015. The cable fault at Walney 2 was repaired at the end of March 2016. Revenue from A2SEA was negatively impacted by fewer orders for older installation vessels and a higher share of internal projects.

16.3.4.1.3 Bioenergy & Thermal Power (business performance)

The tables below show the components of revenue (BP) and the power and heat generation in the Bioenergy & Thermal Power segment for the periods indicated:

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Heat sales	885	7.8	821
Power sales, including ancillary services	957	(22.4)	1,233
Total Bioenergy & Thermal Power revenue (BP)	<u>1,842</u>	(10.3)	<u>2,054</u>
	Q1 2016	% change	Q1 2016
Power and heat generation (period):			
Heat generation (TWh)	4.3	(2.3)	4.4
Power generation from power plants (TWh)	3.0	0.0	3.0

In Q1 2016, revenue (BP) totaled DKK 1,842 million, a decrease of DKK 212 million compared to Q1 2015.

Revenue from heat sales increased by 8% despite lower heat generation. Heat generation in Q1 2016 was negatively affected by the sale of the Måbjerg CHP plant in May 2015. Adjusted for the divestment, heat generation was higher than in Q1 2015 due to the colder weather.

Revenue from power sales and ancillary services decreased by 22% primarily due to lower power prices. The power price in the two Danish price areas averaged EUR 23/MWh, which was 18% lower than in Q1 2015. Lower coal and CO₂ prices in Q1 2016 than in Q1 2015, higher water levels in the Nordic hydropower reservoirs and a high level of power generation from renewable energy sources contributed to the lower power prices.

16.3.4.1.4 Distribution & Customer Solutions (business performance)

The tables below show the components of revenue (BP) and the volume of power and gas distribution and sales in Distribution & Customer Solutions for the periods indicated:

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Revenue from distribution and transportation ⁽¹⁾	1,723	(0.4)	1,730
Sales of gas ⁽²⁾	5,165	(35.4)	7,998
Sales of power ⁽²⁾	3,582	(0.1)	3,578
Other revenue, including hedges		n.m.	_(456)
Total Distribution & Customer Solutions revenue (BP) \dots	10,582	(17.6)	12,850

Distribution and transportation includes the Oil Pipeline Business, the Gas Distribution Network and the Power Distribution Network.

⁽²⁾ Sales of gas and power include commercial fixed price contracts.

	Q1 2016	% change	Q1 2015
Volume of power distribution (TWh)	2.4	4.3	2.3
Volume of gas distribution (TWh)	3.2	3.2	3.1
Volume of gas sales (TWh)	41.6	(5.2)	43.9
Volume of power sales (TWh)	10.7	25.9	8.5

In Q1 2016, revenue (BP) totaled DKK 10,582 million, a decrease of DKK 2,268 million, or 18%, compared to Q1 2015. The decrease was primarily due to lower revenue from the sales of gas as a result of lower volume of gas sales and an average drop in gas prices of 40% compared to Q1 2015. Revenue from sales of power was unchanged as a result of lower power prices in spite of an increase in power sales of 26%. The increase in power sales was primarily due to the resale of power from the German offshore wind farm Borkum Riffgrund 1, which has been in operation since October 2015.

16.3.4.1.5 Oil & Gas (business performance)

The tables below show the components of revenue (BP) and the net oil and gas production in the Oil & Gas business for the periods indicated:

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Sales of oil (including condensate)	532	(39.0)	872
Sales of gas	1,203	(37.5)	1,924
Hedges	869	138.7	364
Other revenue	57	(51.7)	118
Total Oil & Gas revenue (BP)	2,661	(18.8)	3,278
	Q1 2016	% change	Q1 2015
Net oil and gas production (period):			
Denmark (mmboe)	1.4	7.7	1.3
Norway (mmboe)	8.2	(4.7)	8.6
United Kingdom (mmboe)	0.4	n.m.	0.0
Total (mmboe)	10.0	1.0	9.9

In Q1 2016, revenue (BP) totaled DKK 2,661 million, a decrease of DKK 617 million compared to Q1 2015 principally due to lower oil and gas prices, which were partly offset by hedging. Oil and gas production increased marginally to 10.0 million boe. The marginally higher production was due to Laggan-Tormore in the UK, where the first gas was produced in February 2016. In addition, production in Denmark increased by 7% as a result of the takeover of Noreco's ownership interests in the fields in the Siri area. This was partly offset by lower production in Norway as a result of the end of additional volumes from the Ormen Lange field as of mid-February 2016 as a consequence of the redetermination, and that the Ormen Lange

field produced less, relative to in Q1 2015. The share of the production of the Ormen Lange field was 20% in Q1 2016—6 percentage points higher than the ownership interest of 14%—compared with 21% in Q1 2015.

16.3.4.2 Cost of sales (business performance)

The table below shows the components of cost of sales (BP) for the periods indicated:

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Gas	297	(94.7)	5,566
Power	2,800	0.8	2,778
Coal	325	6.6	305
Biomass	513	(8.6)	561
Oil	16	6.7	15
Distribution and transmission costs	1,716	14.2	1,503
Costs associated with construction contracts	2,281	64.6	1,386
Other cost of sales	219	(58.5)	528
Total cost of sales (BP)	8,167	(35.4)	12,642

Cost of sales (BP) decreased by DKK 4,475 million, or 35%, from DKK 12,642 million in Q1 2015 to DKK 8,167 million in Q1 2016. The decrease was mainly due to a decrease in costs associated with gas purchases from DKK 5,566 million in Q1 2015 to DKK 297 million in Q1 2016 mainly due to receipt of lump sum payments following the conclusion of renegotiation of gas purchase contracts and lower gas prices in Q1 2016. The decrease was partly offset by an increase in costs associated with construction contracts, from DKK 1,386 million in Q1 2015 to DKK 2,281 million in Q1 2016.

16.3.4.3 Operating profit (loss) before depreciation, amortization and impairment losses (EBITDA) (business performance)

EBITDA (BP) for Q1 2016 increased by DKK 2,088 million, or 35%, from DKK 6,001 million in Q1 2015, to DKK 8,089 million in Q1 2016, principally reflecting the successful renegotiation of gas purchase contracts. The total lump sum payments from renegotiation of gas purchase contracts is expected to be around DKK 3.5 billion in 2016, of which the majority was realized in Q1 2016. EBITDA adjusted for non-recurring items also increased by approximately 35%:

- The underlying positive development in operations relative to Q1 2015 was driven by a 53% increase in Wind Power, primarily due to higher activity from contracts for the construction of offshore wind farms in Germany and the UK, including a gain from the divestment of 50% of Burbo Bank Extension in February 2016, and higher wind-based power generation as a result of new offshore wind farms in Germany and the UK. The positive development was partly offset by lower power, oil and gas prices as well as lower activity from older installation vessels and higher costs in A2SEA relating to, among other things, restructuring.
- In addition to the underlying growth, EBITDA in Q1 2016 was positively affected by the successful renegotiations of gas purchase contracts, and negatively affected by a provision of DKK 750 million relating to the Hejre field resulting from the termination of the EPC Contract as well as a lower value of the catch-up volumes from the Ormen Lange field. Q1 2015 was positively affected by insurance compensations and divestment gains totaling DKK 1.2 billion. The total provision relating to the Hejre field was not affected by the decision to terminate the project in its current form, however part of the provision for onerous capital expenditure contracts was reversed and replaced by provision for cancellation of contracts. These contracts will be included in cash flow from operating activities rather than gross investments. The change had no impact on EBIT or cash flows in Q1 2016.

16.3.4.3.1 EBITDA by reporting segment (business performance)

The table below shows the Group's EBITDA (BP) by reporting segment for the periods indicated:

	Q1 2016	%	Q1 2015	%
	(DKK 1	million, ex	cept percen	tages)
Wind Power	2,900	36.4	1,897	31.7
Bioenergy & Thermal Power	154	1.9	274	4.6
Distribution & Customer Solutions	3,906	49.1	289	4.8
Oil & Gas	1,004	12.6	3,517	58.9
Segment Total	7,964	100.0	5,977	100.0
Other activities and eliminations	125		24	
Total EBITDA (BP)	8,089		6,001	

In Q1 2016, EBITDA (BP) from Distribution & Customer Solutions accounted for 49% of total EBITDA. The share was particularly large in Q1 2016 as a result of the receipt of lump sum payments from the completion of the renegotiation of long-term gas purchase contracts.

16.3.4.3.2 Wind Power (business performance)

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Wind farm operations, including O&M agreements and PPAs	1,771	12.2	1,578
Construction contracts and divestment gains	1,598	394.7	323
Other, including A2SEA and project development	(469)	n.m.	(4)
Total EBITDA (BP)	2,900	52.9	1,897

In Q1 2016, EBITDA (BP) increased by DKK 1,003 million, or 53%, from DKK 1,897 million in Q1 2015 to DKK 2,900 million in Q1 2016. The increase was mainly due to higher activity concerning contracts for the construction of offshore wind farms for partners, particularly Gode Wind 1 and Burbo Bank Extension, including a gain from the divestment of 50% of Burbo Bank Extension to PKA and KIRKBI in February 2016. In addition, EBITDA from wind farm operations, including O&M agreements and PPAs increased as a result of higher power generation, in particular from Westermost Rough and Borkum Riffgrund 1 as well as due to compensation from the German transmission owner TenneT for delays in the establishment of infrastructure for the Gode Wind 2 offshore wind farm. This was partly offset by lower generation due to lower wind energy content than in Q1 2015 and a failure in a transmission cable at Walney 2, which was repaired at the end of March 2016.

16.3.4.3.3 Bioenergy & Thermal Power (business performance)

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Heat	132	(2.9)	136
Ancillary services	68	(35.8)	106
Power	<u>(46</u>)	n.m.	_32
Total EBITDA (BP)	154	(43.8)	274

In Q1 2016, EBITDA (BP) decreased by DKK 120 million, or 44%, from DKK 274 million in Q1 2015 to DKK 154 million in Q1 2016. The decrease was mainly due to the recognition of insurance compensation in Q1 2015 (included in EBITDA from Power). In addition, EBITDA from the heat business fell marginally and EBITDA from ancillary services decreased due to invoicing in Q1 2015 regarding prior years.

16.3.4.3.4 Distribution & Customer Solutions (business performance)

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Distribution	680	9.5	621
—of which Power Distribution	414	6.2	390
Sales	34	(29.2)	48
Markets	3,260	n.m.	(275)
LNG	(68)	(35.2)	<u>(105)</u>
Total EBITDA (BP) ⁽¹⁾	3,906	1,251.6	289

Including EBITDA from the Danish oil and gas infrastructure assets of DKK 267 million and DKK 230 million in Q1 2016 and Q1 2015, respectively.

In Q1 2016, EBITDA (BP) increased by DKK 3,617 million, or 1,252%, from DKK 289 million in Q1 2015 to DKK 3,906 million in Q1 2016. The increase was mainly due to received lump sum payments and ongoing margin improvement from the completed renegotiation of long-term oil-indexed gas purchase contracts.

EBITDA (BP) from the Distribution business increased compared to Q1 2015, amounting to DKK 680 million in Q1 2016 mainly due to higher distributed volumes as a result of colder weather in Q1 2016.

EBITDA (BP) from the Sales business decreased by 29% compared to Q1 2015, amounting to DKK 34 million in Q1 2016 mainly due to lower income from the City Light business as a result of fewer lights points.

EBITDA (BP) from Markets amounted to DKK 3,260 million in Q1 2016. The increase of DKK 3,535 million compared to Q1 2015 was primarily due to received lump sum payments and ongoing margin improvement from the completed renegotiation of long-term oil-indexed gas purchase contracts. In addition, Q1 2015 was negatively affected by the fall in oil prices from mid-2014, which was not reflected in the oil-indexed gas purchases until later in 2015 due to time lag in the contracts, while the sales price had already fallen in Q1 2015. The total lump sum payments from the renegotiation of gas purchase contracts is expected to be around DKK 3.5 billion in 2016, of which the majority was realized in Q1 2016.

EBITDA (BP) from the LNG activities amounted to DKK (68) million in Q1 2016. The improvement of DKK 37 million compared to Q1 2015 was mainly due to lower infrastructure costs.

16.3.4.3.5 Oil & Gas (business performance)

	Q1 2016	% change	Q1 2015
	(DKK million, except percentages)		
Denmark	(715)	n.m.	927
Norway	940	(51.5)	1,939
United Kingdom	(13)	n.m.	358
Exploration and appraisal	(77)	8.5	(71)
Hedges	869	138.7	364
Total EBITDA (BP)	1,004	(71.5)	3,517

In Q1 2016, EBITDA (BP) decreased by DKK 2,513 million, or 71%, from DKK 3,517 million in Q1 2015 to DKK 1,004 million in Q1 2016. The decrease was partly attributable to lower oil and gas prices, which were partly offset by hedges, partly to a provision for payments as a result of the termination of the Hejre EPC Contract of DKK 750 million, and finally due to non-recurring items of DKK 1.1 billion, which contributed positively in Q1 2015. The total provision relating to the Hejre field was not affected by the decision to terminate the project in its current form, however part of the provision for onerous capital expenditure contracts was reversed and replaced by provision for cancellation of contracts. These contracts will be included in cash flow from operating activities rather than gross investments. The change had no impact on EBIT or cash flows in Q1 2016.

The Q1 2016 EBITDA in Denmark decreased by DKK 1,642 million and can be attributed to the above-mentioned provision for onerous contracts relating to the Hejre platform as well as receipt of insurance compensation, which contributed positively in Q1 2015. The decrease of DKK 999 million in EBITDA in Norway was primarily due to lower production and lower prices. EBITDA from additional volumes from the Ormen Lange field totaled DKK 0.3 billion against DKK 0.5 billion in Q1 2015. In the UK, EBITDA decreased by DKK 371 million as a result of the gain relating to the divestment of 60% of the Glenlivet field, which contributed positively with DKK 0.4 billion in Q1 2015.

16.3.4.4 Operating profit (loss) (EBIT) (business performance)

Operating profit (loss) (BP) in Q1 2016 increased by DKK 3,164 million, from DKK 3,910 million in Q1 2015, to DKK 7,074 million in Q1 2016. The increase in operating profit was mainly due to higher EBITDA and lower depreciation. The change of the provision relating to Hejre did not affect EBIT.

16.3.4.4.1 Operating profit (loss) (EBIT) by reporting segment (business performance)

The table below shows the Group's operating profit (loss) (BP) by reporting segment for the periods indicated:

	Q1 2016	Q1 2015
	(DKK 1	nillion)
Wind Power	2,094	1,185
Bioenergy & Thermal Power	(25)	(75)
Distribution & Customer Solutions	3,725	(10)
Oil & Gas	1,165	2,790
Segment Total	6,959	3,890
Other activities and eliminations	115	20
Total Operating Profit (Loss) (EBIT) (BP)		3,910

16.3.4.4.2 Wind Power (business performance)

EBIT (BP) increased by DKK 909 million from DKK 1,185 million in Q1 2015 to DKK 2,094 million in Q1 2016. The increase was due to higher EBITDA (BP).

16.3.4.4.3 Bioenergy & Thermal Power (business performance)

EBIT (BP) was improved by DKK 50 million from DKK (75) million in Q1 2015 to DKK (25) million in Q1 2016, due to lower depreciation partly offset by lower EBITDA (BP). The lower depreciation was due to the fact that a number of mature assets were fully depreciated at the end of 2015.

16.3.4.4.4 Distribution & Customer Solutions (business performance)

EBIT (BP) increased by DKK 3,735 million from DKK (10) million in Q1 2015 to DKK 3,725 million in Q1 2016. The increase was mainly due to higher EBITDA (BP).

16.3.4.4.5 Oil & Gas (business performance)

EBIT (BP) decreased by DKK 1,625 million from DKK 2,790 million in Q1 2015 to DKK 1,165 million in Q1 2016. The decrease was due to lower EBITDA (BP). EBIT was not affected by the change of the provision in respect of Hejre.

16.3.4.5 Profit (loss) before tax (business performance)

Profit (loss) (BP) before tax increased by DKK 4,007 million from a profit of DKK 3,075 million in Q1 2015 to a profit of DKK 7,082 million in Q1 2016 mainly due to higher EBIT (BP) and lower net financial expenses.

16.3.4.6 Tax on profit (loss) for the period (business performance)

Tax on profit (loss) (BP) for the period increased by DKK 535 million, or 40%, from an expense of DKK 1,331 million in Q1 2015 to an expense of DKK 1,866 million in Q1 2016. The effective tax rate was 26% in Q1 2016 compared to 43% in Q1 2015. The tax rate in Q1 2016 was affected by taxation of earnings

in Norway, where hydrocarbon income is taxed at 78%, which together with non-deductible amortization of licence rights, led to an effective tax rate of 93%. The effective tax in Q1 2016 was also affected by the tax-exempt gain from the divestment of 50% of Burbo Bank Extension offshore wind farm as well as the decision to terminate the Hejre project in its current form.

		Q1 2016			Q1 2015	
Profit Before Tax, Tax Hereof and Tax Percentage	Profit before tax	Taxes	Tax percentage	Profit before tax	Taxes	Tax percentage
		(DI	KK million, ex	cept percenta	iges)	
Oil and gas activities in Norway						
(hydrocarbon income)	384	(356)	93%	1,229	(1,020)	83%
Oil and gas exploration activities in the		, ,			, , ,	
UK and Faroe Islands	(118)	40	34%	291	0	0%
Impairments	750	(325)	43%	0	0	n.m.
Gain/loss on divestments and other		` /				
non-taxable income and non-deductible						
costs	554	(27)	5%	0	0	n.m.
Rest of DONG Energy	5,512	(1,198)	22%	1,555	(311)	20%
Total (BP)	7,082	(1,866)	26 %	3,075	(1,331)	43%

16.3.4.7 Profit (loss) for the period (business performance)

Profit (BP) for Q1 2016 increased by DKK 3,472, or 199%, from a profit of DKK 1,744 million in Q1 2015 to a profit of DKK 5,216 million in Q1 2016. The increase was mainly due to the higher EBIT (BP) and lower net financial expenses.

16.3.5 Comparison of business performance measures of operations for FY 2015, FY 2014 and FY 2013

Line items that are identical for IFRS and business performance have been left out of the comparisons below, and are described in Section 16.3.3 "Comparison of IFRS results of operations for FY 2015, FY 2014 and FY 2013."

16.3.5.1 Revenue (business performance)

Our revenue (BP) in FY 2015 was DKK 70,843 million, or a 6% increase compared with FY 2014, principally due to an increase in revenue from construction contracts, increased wind-based power generation and sales of Green Certificates. The Group's power generation from offshore wind increased by 16% as a result of the start-up of generation from new offshore wind farms and a full year of generation from West of Duddon Sands. This was partially offset by lower power, gas, and oil prices as well as lower oil and gas production and lower thermal power generation. The decline in oil and gas production was primarily due to a planned shut-down of the Ormen Lange field in May and June, which was partially offset by our temporary receipt of oil and gas volumes from the Ormen Lange field in addition to our 14.02% ownership interest as a result of the redetermination that occurred in 2013. Our share of production in the Ormen Lange field thus amounted to 24% in 2015 compared to 21% in 2014.

Our revenue (BP) in FY 2014 amounted to DKK 67,048 million, or an 8% decrease compared with DKK 73,105 million in FY 2013, largely attributable to the decline in oil, gas and power prices in the second half of the year, lower heat and power generation (among other things, due to the divestment of onshore and hydropower activities) and lower gas sales due to warm weather and the resulting decrease in demand, as well as a decrease in revenue from construction contracts. The decline was partially offset by the increased oil and gas production resulting from our ownership interest increase from 10.34% to 14.02% as of July 2013 in the Ormen Lange field and from increased power generation from new wind farms in operation. Our share of production in the Ormen Lange field amounted to 21% in FY 2014 compared to 16% in FY 2013.

16.3.5.1.1 Revenue by reporting segment (business performance)

The table below shows the Group's revenue (BP) by reporting segment for the periods indicated:

	FY 2015	%	FY 2014	%	FY 2013	%
		(DKK	million, exce	ept percer	ntages)	
Wind Power	16,505	19.7	9,728	12.5	11,960	14.3
Bioenergy & Thermal Power	5,178	6.2	6,338	8.1	9,658	11.5
Distribution & Customer Solutions	49,444	58.9	48,055	61.5	49,663	59.4
Oil & Gas	12,770	15.2	14,011	17.9	12,344	14.8
Segment Total	83,897	100.0	78,132	100.0	83,625	100.0
Other activities and eliminations	(13,054)		(11,084)		(10,520)	
Total revenue (BP)	70,843		67,048		73,105	

16.3.5.1.2 Wind Power (business performance)

The tables below show the components of revenue (BP) and the power generation in the Wind Power segment for the periods indicated:

	FY 2015	% change	FY 2014	% change	FY 2013
		(DKK milli	on, except p	percentages)	
Wind farm operations, including O&M agreements and					
PPAs	7,688	32.1	5,820	4.2	5,587
Construction contracts	8,287	186.1	2,897	(48.3)	5,606
Other revenue, including A2SEA	530	(47.6)	1,011	31.8	767
Total Wind Power revenue (BP)	<u>16,505</u>	69.7	<u>9,728</u>	(18.7)	<u>11,960</u>
	FY 2015	% change	FY 2014	% change	FY 2013
Power generation (year):					
Power generation from wind farms (TWh)	5.8	16.0	5.0	4.2	4.8
Power generation from hydropower plants (TWh)	0	0	0	(100.0)	0.5

In FY 2015, revenue (BP) totaled DKK 16,505 million, an increase of DKK 6,777 million compared to FY 2014. The increase was primarily the result of increased revenue from contracts for the construction of the German offshore wind farms Borkum Riffgrund 1 and Gode Wind 2 for partners and construction of offshore transmission assets in the UK.

In addition, revenue from wind farms, O&M agreements and PPAs increased as a result of 16% higher power generation and a strengthening of the British Pound. The increase in power generation was due to a full year of generation from West of Duddon Sands, which has been in operation since Q4 2014, start-up of generation from Westermost Rough and Borkum Riffgrund 1, which were inaugurated in July and October 2015, respectively, as well as an increase in the ownership interest in the UK offshore wind farm Barrow to 100% at the end of 2014. Moreover, WEC of 102% contributed to the increased power generation.

However, power generation was negatively affected by failures in export cables at Anholt and Horns Rev 2, resulting in generation outages lasting one month and two months, respectively, as well as at Walney 2. The cable failures at the Danish offshore wind farms were repaired in the course of 2015, and the lost revenue was compensated by the owner of the transmission grid, Energinet.dk. The compensation is included in other operating income. The failure in the export cable at Walney occurred in December 2015 and was repaired at the end of March 2016. The loss of revenue, however, is not compensated in the UK.

Revenue (BP) decreased by DKK 2,232 million to DKK 9,728 million in FY 2014 from DKK 11,960 million in FY 2013. The decrease was primarily a result of lower revenue from contracts for the construction of offshore wind farms for partners, which in FY 2013 was mainly from the construction of Anholt and offshore transmission assets in the UK, mainly Westermost Rough and West of Duddon Sands.

Revenue from wind farm operations, including O&M agreements and PPAs increased by 4% in FY 2014 despite the decrease in power generation as the average price per TWh generated increased. The decreased power generation was due to the divestment of hydropower and onshore wind activities in FY 2013 and the divestment of half of our 50% ownership interests in London Array in Q1 2014. The

material adverse effect from divestments was partly offset by increased generation from new wind farms in operation, particularly from the UK wind farm West of Duddon Sands, which was officially inaugurated in October 2014, and the Anholt wind farm in Denmark, which has been in commercial operation since July 2013.

16.3.5.1.3 Bioenergy & Thermal Power (business performance)

The tables below show the components of revenue (BP) and the power and heat generation in the Bioenergy & Thermal Power segment for the periods indicated:

	FY 2015	% change	FY 2014	% change	FY 2013
		(DKK milli			
Heat sales	2,061	(10.5)	2,302	(15.6)	2,729
Power sales, including ancillary services	3,117	(22.8)	4,036	(41.8)	6,929
Total Bioenergy & Thermal Power revenue (BP)	<u>5,178</u>	(18.3)	<u>6,338</u>	(34.4)	9,658
	FY 2015	% change	FY 2014	% change	FY 2013
Power and heat generation (year):					
Heat generation (TWh)	9.3	6.9	8.7	(22.3)	11.2
Power generation from power plants (TWh)	7.1	(18.4)	8.7	(37.0)	13.8

In FY 2015, revenue (BP) totaled DKK 5,178 million, a decrease of DKK 1,160 million compared to FY 2014, primarily due to lower power generation and lower power prices.

Revenue from heat sales decreased by DKK 241 million, or 10%, despite an increase in heat generation of 7% due to colder weather in FY 2015 compared with FY 2014. The decrease in heat revenue was primarily due to lower fuel prices, as the lower price of fuel consumption is passed on to the customers.

Revenue from power sales and ancillary services decreased by 23% to DKK 3,117 million, primarily due to an 18% decrease in power generation and to decreased power prices. In 2015, the power price in the two Danish price areas averaged EUR 24/MWh, which was 25% lower than in 2014. Markedly lower coal prices in 2015, higher water levels in the Nordic water reservoirs and greater power generation from renewable sources resulted in low power prices throughout Western Europe.

Revenue (BP) decreased by DKK 3,320 million to DKK 6,338 million in FY 2014 from DKK 9,658 million in FY 2013 as a result of lower power and heat generation and decreased power prices.

Revenue from heat sales decreased by DKK 427 million mainly due to the warm weather throughout FY 2014, which reduced demand for heat. Heat revenue in FY 2014 decreased more than heat generation due to the composition of the heat revenue, which includes fixed price elements and other items not impacted by the volumes generated, including fixed costs in connection with heat generation (i.e. operating and maintenance costs) and depreciation. See Section 15.6.3.2 "District heating."

Revenue from power sales and ancillary services decreased by DKK 2,893 million as a result of lower prices and a decline in power generation of 37% due to warmer weather and divested generation capacity. Power prices in the two Danish price areas averaged EUR 31/MWh in FY 2014, which was 21% lower than FY 2013, mainly due to significantly warmer weather, together with lower coal prices and increased power from renewable energy sources.

16.3.5.1.4 Distribution & Customer Solutions (business performance)

The tables below show the components of revenue (BP) and the volume of power and gas distribution and sales in Distribution & Customer Solutions for the periods indicated:

	FY 2015	% change	FY 2014	% change	FY 2013
		(DKK milli	on, except p	percentages)	
Revenue from distribution and transportation ⁽¹⁾	5,328	(2.9)	5,485	5.1	5,219
Sales of gas ⁽²⁾	26,102	(4.2)	27,247	(21.1)	34,520
Sales of power ⁽²⁾	18,587	23.5	15,047	69.5	8,877
Other revenue, including hedges	(573)	n.m.	276	(73.6)	_1,047
Total Distribution & Customer Solutions revenue (BP)	49,444	2.9	48,055	(3.2)	49,663

⁽¹⁾ Distribution and transportation includes the Oil Pipeline Business, the Gas Distribution Network, the Power Distribution Network and the gas storage (until the gas storage was divested at the end of 2014).

⁽²⁾ Sales of gas and power include commercial fixed price contracts.

	FY 2015	% change	FY 2014	% change	FY 2013
Volume of power distribution (TWh)	8.4	0.0	8.4	(2.3)	8.6
Volume of gas distribution (TWh)	8.1	(1.2)	8.2	(8.9)	9.0
Volume of gas sales (TWh)	159.1	5.2	151.3	14.9	131.7
Volume of power sales (TWh)	35.5	2.9	34.5	35.3	25.5

In FY 2015, revenue (BP) totaled DKK 49,444 million, an increase of DKK 1,389 million, or 3%, compared to FY 2014. The increase was primarily the result of increased sales of Green Certificates due to increased power generation from UK offshore wind farms. The strengthening of the British Pound also contributed to the increase. Despite the higher volumes sold, revenue from the sale of gas was lower than in FY 2014 as a result of an average 5% decrease in the price of gas. The decrease in the revenue from distribution and transportation was due to the divestment of the Danish gas storage facility in Stenlille in 2014.

Revenue (BP) decreased by DKK 1,608 million, or 3%, to DKK 48,055 million in FY 2014 from DKK 49,663 million in FY 2013. The revenue from gas sales was, in spite of the increased gas sales volumes, lower than in FY 2013 as a result of an average decrease by over 20% in gas prices. This was partly offset by a positive effect from hedging and higher power sales, including sales of Green Certificates.

16.3.5.1.5 Oil & Gas (business performance)

The tables below show the components of revenue (BP) and the net oil and gas production in the Oil & Gas business for the periods indicated:

	FY 2015	% change	FY 2014	% change	FY 2013				
		(DKK million, except percentages)							
Sales of oil (including condensate)	3,260	(38.8)	5,331	13.5	4,695				
Sales of gas	7,499	(8.4)	8,190	3.3	7,927				
Hedges	1,657	n.m.	(24)	(97.3)	(878)				
Other revenue	354	(31.3)	514	(14.3)	600				
Total Oil & Gas revenue (BP)	12,770	(8.9)	14,011	13.5	12,344				
	FY 2015	% change	FY 2014	% change	FY 2013				
Net oil and gas production (year):									
Denmark (mmboe)	5.4	25.6	4.3	22.9	3.5				
Norway (mmboe)	35.5	(5.3)	37.5	33.0	28.2				
Total (mmboe)	40.9	(2.2)	41.8	31.9	31.7				

In FY 2015, revenue (BP) totaled DKK 12,770 million, a decrease of DKK 1,241 million compared to FY 2014 due to lower oil and gas prices, which were, however, partially offset by hedging. In addition, total oil and gas production fell marginally.

Revenue from oil and gas production fell by DKK 2,762 million in FY 2015, primarily due to an average 47% decrease in the price of oil and an average 5% decrease in the price of gas, in each case compared to FY 2014.

The lower production was mainly due to a planned 42-day shutdown of the Ormen Lange field in May and June 2015 due to the connection of new infrastructure to the gas treatment plant in Nyhamna. The negative impact of the shutdown was partially offset by additional volumes from the Ormen Lange field in 2015. The share of the production in the Ormen Lange field was 24% in 2015, which is 10 percentage points higher than our 14% ownership share, compared to a 21% share of production in 2014. The lower production from the Ormen Lange field was also partially offset by increased production from a new well in the phase 3 development of Syd Arne and from the fields in the Siri area, where production was partly stopped in 2014 due to the repair work of the Siri platform.

In FY 2014, revenue (BP) totaled DKK 14,011 million, an increase of DKK 1,667 million compared to FY 2013 due to a 32% increase in oil and gas production, partly offset by lower oil and gas prices. The oil price in FY 2014 was on average 9% lower and the gas price was on average 22% lower than such prices in FY 2013.

The increase in production resulted primarily from the increase in our ownership interest in the Ormen Lange field from 10.34% to 14.02% as of July 1, 2013 and related catch-up volumes from production in the previous years which led us to having a total share of production from the Ormen Lange field of 21% in 2014 compared to 16% in 2013. In addition, production from the Norwegian fields Alve, Marulk and Trym also increased. Production from Alve and Marulk was curtailed in FY 2013 due to problems on the associated production vessel Norne. There was also increased production from Syd Arne in 2014 as a result of new production wells from the expansion of phase 3.

16.3.5.2 Cost of sales (business performance)

The table below shows the components of cost of sales (BP) for the periods indicated:

	FY 2015	% change	FY 2014	% change	FY 2013
		(DKK milli	on, except p	percentages)	
Gas	15,637	(11.0)	17,560	(33.1)	26,260
Power	12,906	0.6	12,835	84.7	6,949
Coal	801	(32.6)	1,188	(30.4)	1,707
Biomass	1,251	1.6	1,231	(3.1)	1,270
Oil	69	(21.6)	88	(57.9)	209
Distribution and transmission costs	5,834	9.3	5,339	14.1	4,678
Costs associated with construction contracts	7,383	178.6	2,650	(36.7)	4,189
Other cost of sales	1,085	(18.7)	1,335	(32.0)	1,962
Total cost of sales (BP)	44,966	6.5	42,226	(10.6)	47,224

Cost of sales (BP) increased by DKK 2,740 million, or 6%, from DKK 42,226 million in FY 2014 to DKK 44,966 million in FY 2015. The increase was mainly due to an increase of DKK 4,733 million, or 179%, in costs associated with construction contracts, from DKK 2,650 million in FY 2014 to DKK 7,383 million in FY 2015. This was partially offset by a decrease in costs associated with gas purchases, which decreased by DKK 1,923 million, or 11%, including a positive impact from received lump sum payments, from DKK 17,560 million in FY 2014 to DKK 15,637 million in FY 2015.

Cost of sales (BP) decreased by DKK 4,998 million, or 11%, from DKK 47,224 million in FY 2013 to DKK 42,226 million in FY 2014. The decrease was mainly due to the decrease in costs associated with gas purchases, which decreased by DKK 8,700 million, or 33%, from DKK 26,260 million in FY 2013 to DKK 17,560 million in FY 2014. The decrease was also attributable to a decrease of DKK 1,539 million, or 37%, in costs associated with construction contracts, from DKK 4,189 million to DKK 2,650 million. These decreases more than offset the increase in power purchases, which increased by DKK 5,886 million, or 85%, from DKK 6,949 million in FY 2013 to DKK 12,835 million in FY 2014.

16.3.5.3 Operating profit (loss) before depreciation, amortization and impairment losses (EBITDA) (business performance)

EBITDA (BP) for FY 2015 increased by DKK 2,095 million, or 13%, from DKK 16,389 million in FY 2014, to DKK 18,484 million in FY 2015, principally reflecting the following:

- The underlying positive development in the Group's operations in FY 2015 compared to FY 2014 was mainly attributable to higher power generation from offshore wind due to the commissioning of new offshore wind farms in the UK and Germany, increased revenue from the construction of offshore wind farms for partners, the completed renegotiation of an oil-indexed gas purchase contract and lower costs in the Oil & Gas business. This development was partially offset by lower gas and oil prices, lower production in Oil & Gas and unfavorable market conditions for thermal power generation.
- In 2015, EBITDA was positively affected by a total of DKK 1.7 billion from a gain on the sale of Oil & Gas license interests, insurance compensations as well as a settled dispute from 2005 and 2006 concerning CO₂ Certificates, while 2014 was positively affected by gains of DKK 1.9 billion from the divestment of offshore wind farms.

EBITDA (BP) for FY 2014 increased by DKK 1,385 million, or 9% compared to FY 2013, from DKK 15,004 million in FY 2013 to DKK 16,389 million in FY 2014. The increase was mainly due to gains of DKK 1.9 billion from the divestment of ownership interests in, primarily, London Array and Westermost Rough, full year power generation from the Anholt wind farm and record-high production in Oil & Gas, partly offset by lower oil and gas prices and negative effects from oil-indexed gas purchase contracts in Distribution & Customer Solutions which had not yet been renegotiated.

16.3.5.3.1 EBITDA by reporting segment (business performance)

The table below shows the Group's EBITDA (BP) by reporting segment for the periods indicated:

	FY 2015	%	FY 2014	%	FY 2013	%
		(DKK	million, exc	ept percei	ntages)	
Wind Power	6,151	33.5	6,057	36.8	4,253	29.0
Bioenergy & Thermal Power	283	1.6	422	2.6	744	5.1
Distribution & Customer Solutions	2,173	11.8	1,404	8.5	2,348	16.0
Oil & Gas	9,754	53.1	8,591	52.1	7,324	49.9
Segment Total	18,361	100.0	16,474	100.0	14,669	100.0
Other activities and eliminations	123		(85)		335	
Total EBITDA (BP)	18,484		16,389		15,004	

In FY 2015, EBITDA (BP) from Oil & Gas accounted for 53% of total EBITDA (BP). The share was particularly high in 2015 due to the temporary higher share of the Ormen Lange field as well as insurance compensations.

16.3.5.3.2 Wind Power (business performance)

	FY 2015	% change	FY 2014	% change	FY 2013
		(DKK milli	on, except p	ercentages)	
Wind farm operations, including O&M agreements and					
PPAs	5,965	48.1	4,028	1.5	3,969
Construction contracts and divestment gains	751	(66.5)	2,239	44.3	1,552
Other, including A2SEA and project development	(565)	169.0	(210)	(83.4)	(1,268)
Total EBITDA (BP)	6,151	1.6	6,057	42.4	4,253

In FY 2015, EBITDA (BP) increased by DKK 94 million, or 2%, from DKK 6,057 million in FY 2014 to DKK 6,151 million in FY 2015. The increase was mainly due to higher earnings from our wind farms, primarily as a result of increased power generation, as well as higher earnings from the contracts for the construction of offshore wind farms for partners. The increase was partially offset by gains of DKK 1.9 billion from the sale of, primarily, 50% of the ownership interests in London Array and Westermost Rough in 2014, the related lower power generation from London Array in 2015 and higher

project development costs. The latter can be attributed to the build-up of our portfolio of projects for construction post-2020.

In FY 2014, EBITDA (BP) increased by DKK 1,804 million, or 42%, to DKK 6,057 million in FY 2014 from DKK 4,253 million in FY 2013. The increase was primarily due to the gain on the divestment of the sale of 50% of our ownership interests in the London Array and Westermost Rough wind farms, less expensed project development costs and the reversal of a VAT provision in the UK, partly offset by decreased earnings from construction contracts due to lower activity than in FY 2013, including the completion of the Anholt wind farm project in that year. EBITDA from wind farm operations increased slightly due to a full year of power generation from the Anholt wind farm, which began commercial operations in July 2013 and from the West of Duddon Sands wind farm, which was officially inaugurated in October 2014, partly offset by a lower share of earnings from the London Array wind farm as a result of the reduced ownership interest.

16.3.5.3.3 Bioenergy & Thermal Power (business performance)

	FY 2015	% change	FY 2014	% change	FY 2013
		(DKK milli			
Heat	346	(25.4)	464	(8.1)	505
Ancillary services	383	(4.7)	402	(0.5)	404
Power	<u>(446</u>)	0.5	<u>(444</u>)	169.1	<u>(165</u>)
Total EBITDA (BP)	283	(32.9)	422	(43.3)	744

In FY 2015, EBITDA (BP) decreased by DKK 139 million, or 33%, from DKK 422 million in FY 2014 to DKK 283 million in FY 2015. The decrease was mainly due to unfavorable market conditions for power generation and the recognition of services relating to previous years in the heating business in 2014. However, earnings were positively affected by compensation from a settled dispute concerning CO₂ Certificates from 2005 and 2006 as well as an insurance compensation. The two one-off items in FY 2015 totaled DKK 488 million and are included in EBITDA from Power.

In FY 2014, EBITDA (BP) decreased by DKK 322 million, or 43%, from DKK 744 million in FY 2013 to DKK 422 million in FY 2014. The decrease was due to lower heat and power generation primarily due to the lower green dark spreads and from warm weather, partly offset by the recognition of services relating to previous years in the heating business.

16.3.5.3.4 Distribution & Customer Solutions (business performance)

	FY 2015	% change	FY 2014	% change	FY 2013
		(DKK milli	on, except p	percentages)	
Distribution	1,661	(3.1)	1,714	(1.9)	1,747
—of which Power Distribution	1,258	14.8	1,097	(6.0)	1,166
Sales	160	(21.2)	203	(46.6)	380
Markets	740	64.4	450	(18.8)	554
LNG	(388)	(59.7)	(963)	189.3	(333)
Total EBITDA (BP) ⁽¹⁾	<u>2,173</u>	54.8	<u>1,404</u>	(40.2)	2,348

⁽¹⁾ Including EBITDA from the Danish oil and gas infrastructure assets and the Stenlille gas storage facility of DKK 654 million, DKK 797 million and DKK 860 million in FY 2015, FY 2014 and FY 2013, respectively.

In FY 2015, EBITDA (BP) increased by DKK 769 million, or 55%, from DKK 1,404 million in FY 2014 to DKK 2,173 million in FY 2015. The increase was mainly due to the Markets and LNG activities.

EBITDA (BP) from the Distribution business fell marginally compared to FY 2014, amounting to DKK 1,661 million in FY 2015. The divestment of the Stenlille gas storage facility at the end of 2014 resulted in a loss of earnings of DKK 163 million. This was partially offset by a higher regulatory return and the collection in excess of the return cap, within the level of the income cap, relating to previous years in the power distribution business.

EBITDA (BP) from the Sales business decreased by 21% compared to FY 2014, amounting to DKK 160 million in FY 2015 mainly due to lower income from the City Light business as the result of fewer lights points.

EBITDA (BP) from Markets amounted to DKK 740 million in FY 2015. The increase of DKK 290 million compared to FY 2014 is primarily due to a lump sum payment, and thereby a margin improvement, received in connection with the completed renegotiation of a long-term oil-indexed gas purchase contract and higher earnings from the trading and portfolio management business. The increase was partially offset by the positive impact in FY 2014 of reduced provisions related to gas storage capacity.

EBITDA (BP) from LNG amounted to a loss of DKK 388 million, an improvement of DKK 575 million compared to FY 2014. The improvement was due to a provision of DKK 687 million in FY 2014 as a result of unfavorable market conditions, partially offset by lower margins in FY 2015 and increased costs related to the Gate terminal in the Netherlands in FY 2015.

In FY 2014, EBITDA (BP) decreased by DKK 944 million, or 40%, to DKK 1,404 million in FY 2014 from DKK 2,348 million in FY 2013.

EBITDA (BP) from Distribution decreased marginally by DKK 33 million in FY 2014 whereas EBITDA from Sales decreased by DKK 177 million as a result of the divestment of the Sales business in the Netherlands as well as lower volumes sold.

EBITDA (BP) from Markets decreased by DKK 104 million in FY 2014. The combination of 22% lower gas prices and only 9% lower oil prices on average for the year led to a higher loss on long-term oil-indexed gas purchase contracts which had not yet been renegotiated. The decrease was partly offset by a reversal of part of the provision for the gas storage contracts.

EBITDA (BP) from LNG decreased by DKK 630 million in FY 2014 as a result of a provision due to the deterioration of the LNG market.

16.3.5.3.5 Oil & Gas (business performance)

	FY 2015	% change	FY 2014	% change	FY 2013
		(DKK milli	on, except p	ercentages)	
Denmark	1,370	169.2	509	(33.7)	768
Norway	7,358	(22.4)	9,479	3.2	9,188
United Kingdom	237	n.m.	(81)	189.3	(28)
Exploration and appraisal	(868)	(32.8)	(1,292)	(25.1)	(1,726)
Hedges	1,657	n.m.	(24)	(97.3)	(878)
Total EBITDA (BP)	9,754	13.5	8,591	17.3	7,324

In FY 2015, EBITDA (BP) increased by DKK 1,163 million, or 14%, from DKK 8,591 million in FY 2014 to DKK 9,754 million in FY 2015, but was negatively impacted by the lower oil and gas prices despite hedged production. Hedging of expected production is based on tax-adjusted exposure so as to achieve a desired cash flow effect after tax and consequently, does not fully correspond to the price effect on EBITDA.

The FY 2015 EBITDA in Denmark increased by DKK 861 million and can be attributed to cost savings, including no further repair costs being incurred in respect of the Siri platform, as well as insurance compensations received, which was partially offset by lower prices. The decrease of DKK 2,121 million in EBITDA in Norway was primarily due to lower production and lower prices. In the UK, EBITDA increased by DKK 318 million as a result of a contingent consideration regarding the sale of 60% of the Glenlivet field in the West of Shetland area to TOTAL in 2014. In addition, fewer exploration expenses in FY 2015 and hedging contributed to the increase in EBITDA.

In FY 2014, EBITDA (BP) increased by DKK 1,267 million, or 17%, to DKK 8,591 million in FY 2014 from DKK 7,324 million in FY 2013, but was negatively impacted by the lower oil and gas prices despite hedged production.

The FY 2014 EBITDA in Denmark decreased by DKK 259 million, due to lower oil and gas prices and higher costs related to the repair work of the Siri platform, partly offset by the increased production from Syd Arne as a result of new production wells from the expansion of phase 3. The increase in Norway of DKK 291 million was primarily due to the increase in our ownership interest in the Ormen Lange gas field as described above, as well as the increased production from Alve, Marulk and Trym, partly offset by lower oil and gas prices. In addition, fewer exploration expenses in FY 2014 and hedging contributed to the increase in EBITDA.

16.3.5.4 Operating profit (loss) (EBIT) (business performance)

Operating profit (loss) (BP) in FY 2015 decreased by DKK 6,073 million, from a loss of DKK 1,177 million in FY 2014, to a loss of DKK 7,250 million in FY 2015. This operating loss was significantly affected by the impairment losses discussed in Section 16.3.3.9 "Depreciation, amortization and impairment losses on intangible assets and property, plant and equipment" which was only partially offset by the increased EBITDA and the lower depreciation.

In FY 2014, operating profit (loss) (BP) decreased by DKK 3,218 million, from a profit of DKK 2,041 million in FY 2013 to a loss of DKK 1,177 million in FY 2014. The decrease was due to the increased depreciation and impairment losses discussed in Section 16.3.3.9, which was only partially offset by the increased EBITDA.

16.3.5.4.1 Operating profit (loss) (EBIT) by reporting segment (business performance)

The table below shows the Group's operating profit (loss) (BP) by reporting segment for the periods indicated:

	FY 2015	FY 2014	FY 2013
	(I	KK million	
Wind Power	2,483	3,483	1,894
Bioenergy & Thermal Power	(1,764)	(983)	(1,802)
Distribution & Customer Solutions	1,064	(133)	913
Oil & Gas	(9,123)	(3,439)	736
Segment Total	(7,340)	(1,072)	1,741
Other activities and eliminations	90	(105)	300
Total Operating Profit (Loss) (EBIT) (BP)	<u>(7,250)</u>	<u>(1,177)</u>	2,041

16.3.5.4.2 Wind Power (business performance)

EBIT (BP) decreased by DKK 1,000 million from DKK 3,483 million in FY 2014 to DKK 2,483 million in FY 2015. The decrease was mainly due to the higher depreciation and impairment of older installation vessels and goodwill.

EBIT (BP) increased by DKK 1,589 million from DKK 1,894 million in FY 2013 to DKK 3,483 million in FY 2014. The lower increase in EBIT than in EBITDA was due to the depreciation of new offshore wind farms, partly offset by the impairment of capitalized development costs of DKK 339 million in FY 2013.

16.3.5.4.3 Bioenergy & Thermal Power (business performance)

EBIT (BP) decreased by DKK 781 million from a loss of DKK 983 million in FY 2014 to a loss of DKK 1,764 million in FY 2015. The decrease was mainly due to DKK 680 million impairment of the gas-fired power plant Enecogen due to the continuing low power prices, driven by lower coal prices, and the expected related low or negative Green Spark Spreads in Europe in the foreseeable future.

EBIT (BP) increased by DKK 819 million to a loss of DKK 983 million in FY 2014, compared to a loss of DKK 1,802 million in FY 2013. The increase was primarily due to the DKK 1,000 million impairment loss recognized on the Enecogen power plant in FY 2013.

16.3.5.4.4 Distribution & Customer Solutions (business performance)

EBIT (BP) increased by DKK 1,197 million from a loss of DKK 133 million in FY 2014 to DKK 1,064 million in FY 2015. The increase was mainly due to the higher EBITDA and lower impairment losses, which amounted to DKK 216 million in FY 2014.

EBIT (BP) decreased by DKK 1,046 million from DKK 913 million in FY 2013 to a loss of DKK 133 million in FY 2014 due to the decreased EBITDA and impairment of goodwill in respect of sales activities in the UK and Germany of DKK 216 million due to the prospect of difficult market conditions.

16.3.5.4.5 Oil & Gas (business performance)

EBIT (BP) decreased by DKK 5,684 million from a loss of DKK 3,439 million in FY 2014 compared to a loss of DKK 9,123 million in FY 2015. The decrease was due to impairment losses (including provisions for

onerous capital expenditure contracts) primarily as a result of the low oil and gas prices, reduced reserve estimates as well as project-specific factors, in particular with regard to the Hejre project which continued to face significant challenges.

EBIT (BP) decreased by DKK 4,175 million in FY 2014 from DKK 736 million in FY 2013 to a loss of DKK 3,439 million in FY 2014. The decrease was mainly due to the impairment losses resulting from the lower oil and gas prices. In addition, depreciation increased due to higher production and lower reserve estimates for the Oselvar field.

16.3.5.5 Gain (loss) on divestment of enterprises (business performance)

Gain (loss) on divestment of enterprises (BP) decreased by DKK 1,242 million from DKK 1,258 million in FY 2014 to DKK 16 million in FY 2015. There were no significant effects on earnings from divestments of enterprises in FY 2015. The divestments in FY 2014 mainly included the Stenlille gas storage facility in Distribution & Customer Solutions.

Gain (loss) on divestment of enterprises (BP) decreased by DKK 787 million, or 38%, from DKK 2,045 million in FY 2013 to DKK 1,258 million in FY 2014. The divestments in FY 2013 principally included the minority ownership interest in the Kraftgården hydropower company in Sweden, the onshore wind activities in Poland and Denmark and Stadtwerke Lübeck in Germany, partly offset by a loss from the divestment of Severn power plant in the UK.

16.3.5.6 Profit (loss) before tax (business performance)

Profit (loss) before tax (BP) decreased by DKK 7,254 million from a loss of DKK 2,113 million in FY 2014 to a loss of DKK 9,367 million in FY 2015 for the reasons discussed above, mainly due to impairment losses.

Profit (loss) before tax (BP) decreased by DKK 2,342 million, from a profit of DKK 229 million in FY 2013 to a loss of DKK 2,113 million in FY 2014, for the reasons discussed above.

16.3.5.7 Tax on profit (loss) for the year (business performance)

Tax on profit (loss) (BP) for the year decreased by DKK 454 million, or 14%, from an expense of DKK 3,171 million in FY 2014 to an expense of DKK 2,717 million in FY 2015. The effective tax rate was (29)% in FY 2015 compared to (150)% in FY 2014. The tax rate in FY 2015 was affected by a number of factors, including our earnings from oil and gas production in Norway, where a tax rate of 78% on hydrocarbon income together with non-deductible amortization of license rights led to an effective tax rate of 83%. The tax rate in the UK was affected by recognition of deferred tax assets regarding tax loss carry forwards from previous years, now expected to be utilized by the Group. Furthermore, the effective tax rate was significantly impacted by impairments mainly in Oil & Gas, where tax losses are not fully recognized as it is considered unlikely that these losses can be fully utilized in the foreseeable future.

Tax on profit (loss) (BP) for the year increased by DKK 1,949 million, from an expense of DKK 1,222 million in FY 2013 to an expense of DKK 3,171 million in FY 2014. The increase was mainly due to the revenue from oil and gas production in Norway, where hydrocarbon income is taxed at 78%, as well as non-deductible amortization of license rights which led to an effective tax rate of 84% in Norway. This in turn caused the effective tax rate in FY 2014 to be (150)% compared to 534% in FY 2013, as set out in further detail in the table below. 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 were not recognized as there was

uncertainty regarding 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, including on divestments.

		FY 2015			FY 2014			FY 2013	
Profit Before Tax, Tax Hereof and Tax Percentage	Profit before tax	Taxes	Tax percentage	Profit before tax	Taxes	Tax percentage	Profit before tax	Taxes	Tax percentage
				(DKK millio	on, except	percentages)			
Oil and gas activities in									
Norway (hydrocarbon									
income)	4,664	(3,887)	83%	5,817	(4,893)	84%	5,364	(4,007)	75%
Oil and gas exploration					,				
activities in the UK									
and Faroe Islands	(67)	547	816%	(1,176)	0	0%	(757)	0	0%
Impairments	(17,033)	1,236	7%	(8,324)	1,632	20%	(5,008)	2,726	54%
Gain/loss on divestments									
and other non-taxable									
income and non-									
deductible costs	23	(16)	70%	2,766	(160)	6%	2,287	(233)	10%
Effects of changes in tax		, ,			, ,			Ì	
rate	0	63	n.a.	0	(3)	n.a.	0	(21)	n.a.
Rest of DONG Energy	3,046	(660)	22%	(1,196)	253	21%	(1,657)	313	19%
Total (BP)	(9,367)	(2,717)	(29)%	(2,113)	(3,171)	(150)%	229	(1,222)	534%

16.3.5.8 Profit (loss) for the year (business performance)

Profit (loss) for the year (BP) in FY 2015 decreased by DKK 6,800 million, or 129%, from a loss of DKK 5,284 million in FY 2014 to a loss of DKK 12,084 million in FY 2015. The decrease was mainly due to higher impairment losses in FY 2015 compared to FY 2014.

Profit (loss)for the year (BP) in FY 2014 decreased by DKK 4,291 million, from a loss of DKK 993 million in FY 2013 to a loss of DKK 5,284 million in FY 2014 despite an improved EBITDA in FY 2014 compared to FY 2013. The increased loss 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 expenses.

16.4 Liquidity and capital resources

Our principal source of cash has been, and is expected to continue to be, cash generated from operations. Our industry is capital intensive and requires us to make significant, long-term capital expenditures and commitments with respect to offshore wind assets, power and heat generation assets, exploration and production assets and infrastructure assets. In light of this, capital expenditures in some years may exceed cash flows from operations, which we would typically expect to cover through cash provided by external borrowings. Cash flow may also be provided through the disposal of certain assets.

We believe that our cash position and the funding available from our operations, external borrowings, divestments and other sources currently available is sufficient to satisfy our working capital requirements for the next 12 months following the date of this Offering Circular.

16.4.1 Cash flow analysis

16.4.1.1 Cash flows and interest-bearing net debt

Our internal assessment of cash flows is centered around the impact it has on the development in interest-bearing net debt rather than the three cash flow components included in the statutory cash flow statement, which focus on the development in our cash position. The two approaches can be used for different purposes and both of them are therefore included in Section 16.4.1. Cash flow from operating activities is identical in the two approaches. The Cash flow from investing activities includes, among others, purchase and redemption/repayment of certain interest-bearing securities, which have no impact on our net interest-bearing debt and therefore are excluded from our "Net investments" definitions. The main difference between "Other cash flows" and "Cash flow from financing activities" is that proceeds from raising and instalments of loans are excluded from the former.

The table below shows the components of the development in net interest-bearing debt for the periods indicated:

	As at March 31, 2016	As at March 31, 2015	As at December 31, 2015	As at December 31, 2014	As at December 31, 2013
			(DKK millio	on)	
Net debt, beginning of period	9,193	3,978	3,978	25,803	31,968
Cash flows from operating activities	(9,782)	(2,296)	(13,571)	(14,958)	(9,729)
Net investments	2,226	4,611	16,120	4,706	5,902
Gross investments	4,176	4,668	18,693	15,359	21,234
Divestments	(1,950)	(57)	(2,573)	(10,653)	(15,332)
Other cash flows	96	144	1,402	(11,740)	(2,444)
Capital injection, net	0	0	0	(13,007)	0
Hybrid capital additions, net	0	0	52	0	(3,399)
Dividends and hybrid capital coupon					
paid	96	144	1,350	1,267	955
Exchange rate adjustments, etc	(793)	497	1,264	167	106
Net debt, end of period	940	6,934	9,193	3,978	25,803

Interest-bearing net debt amounted to DKK 940 million as at March 31, 2016, representing a decrease of DKK 8,253 million from DKK 9,193 million as at December 31, 2015. This decrease was primarily due to cash flows from operating activities and divestments exceeding gross investments.

Interest-bearing net debt amounted to DKK 9,193 million as at December 31, 2015, representing an increase of DKK 5,215 million from DKK 3,978 million as at December 31, 2014. This increase was primarily due to investments exceeding cash flows from operating activities and divestments and to an exchange rate adjustment of loans in British Pounds.

Interest-bearing net debt amounted to DKK 3,978 million as at December 31, 2014, representing a decrease of DKK 21,825 million, or 85% from DKK 25,803 million as at December 31, 2013. This decrease was primarily attributable to the net equity increase of DKK 13,007 million in 2014 and divestments of DKK 10,653 million.

16.4.1.2 Cash flow from operating activities

Cash flows from operating activities are determined using the indirect method as operating profit (loss) before depreciation, amortization and impairment losses and adjusted for changes in provisions, value adjustments of financial instruments, other items, changes in NWC, interest received and interest paid, and income taxes paid. The trade payables relating to purchases of intangible assets and property, plant and equipment is not recognized in the change in NWC, but in gross investments as they relate to capital expenditure. Other items primarily comprise the reversal of gains on divestment of assets, reversals of share of profit (loss) and dividends in associates and joint ventures, reversals of drilling expenses recognized in the income statement and changes in bad debt provisions.

The tables below show the components of cash flow from operating activities, by item and by reporting segment, for the periods indicated:

	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
		(I	OKK million	n)	
Cash flow from operating activities	9,782	2,296	13,571	14,958	9,729
EBITDA (IFRS) ⁽¹⁾	8,905	3,987	21,922	20,333	14,199
Financial instruments, business performance					
adjustments ⁽¹⁾	(816)	2,014	(3,438)	(3,944)	805
Financial instruments, other adjustments	(557)	76	(128)	682	1,324
Other items	424	(508)	(353)	(1,341)	1,216
Interest expense, net	(854)	(134)	(659)	(1,065)	(2,872)
Paid tax	(509)	(931)	(5,091)	(3,835)	(2,856)
Change in work in progress	1,851	(732)	(1,418)	1,395	(1,592)
Change in other working capital	1,338	(1,476)	2,736	2,733	(495)

	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
		(I	DKK million	n)	
Wind Power	5,712	(157)	3,074	5,198	2,485
Bioenergy & Thermal Power	360	508	2,488	1,469	968
Distribution & Customer Solutions	3,058	312	3,691	1,952	3,052
Oil & Gas	1,422	1,390	6,049	5,390	3,976
Other activities and eliminations	(770)	243	(1,731)	949	(752)
Total	9,782	2,296	13,571	14,958	9,729

⁽¹⁾ The sum of 'EBITDA (IFRS)' and 'Financial instruments, business performance adjustments' are equal to 'EBITDA (BP)'.

Cash flow from operating activities in Q1 2016 was a net inflow of DKK 9,782 million, representing an increase of DKK 7,486 million from DKK 2,296 million in Q1 2015. The increase was due to higher EBITDA (BP) and an unusually low level of funds being used in working capital, primarily from contracts for the construction of offshore wind farms for partners and offshore transmission assets, among other things, from the sale of the Westermost Rough transmission assets, as well as a temporary difference in VAT payments in the UK and insurance compensations recognized in Q1 2015, for which payment was received in Q2 2015. This was partly offset by higher interest payments, among other things, as a consequence of DKK 0.4 billion of interest rate swaps relating to long-term loans being redeemed in Q1 2016.

Cash flow from operating activities in FY 2015 was a net inflow of DKK 13,571 million, representing a decrease of DKK 1,387 million from DKK 14,958 million in FY 2014. This decrease primarily reflected greater funds being used in working capital and higher tax payments in Norway, which were partially offset by higher EBITDA (BP) and lower net interest payments. The increase in funds used in working capital was primarily due to an increase in work in progress in connection with the construction of offshore transmission assets. The higher tax payments in Norway were mainly due to extraordinary hydrocarbon tax deductions in 2013 as a result of the above mentioned redetermination of the Ormen Lange field, which reduced tax payments in 2014.

Cash flow from operating activities in FY 2014 was a net inflow of DKK 14,958 million, representing an increase of DKK 5,229 million, or 54% from DKK 9,729 million in FY 2013. This increase was primarily due to a release of funds used in working capital, a decrease in interest paid on debt and a higher EBITDA (BP). This was partly offset by a portion of the higher EBITDA being attributable to gains on divestments of assets, where the cash flow effect is included as part of net investments rather than in cash flows from operating activities. The change in working capital was due to lower receivables from contracts for the construction of offshore wind farms for partners, as well as lower trade receivables due to lower power and heat generation and lower gas sales.

16.4.1.3 Net investments

The table below shows the investments by reporting segment for the periods indicated:

	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
		(DKK millio	n)	
Wind Power	2,772	2,965	10,192	7,827	9,485
Bioenergy & Thermal Power	342	176	1,214	725	680
Distribution & Customer Solutions	114	190	1,110	1,739	1,447
Oil & Gas	945	1,303	5,985	5,032	9,610
Other activities and eliminations	3	34	192	36	12
Gross investments	4,176	4,668	18,693	15,359	21,234
Divestments	(1,950)	(57)	(2,573)	(10,653)	(15,332)
Net investments	2,226	4,611	<u>16,120</u>	4,706	5,902

Net investments comprise payments in connection with the purchase and sale of intangible assets, property, plant and equipment and other non-current assets as well as payments in connection with the acquisition and divestment of enterprises and activities. For further information regarding the difference between net investments and cash flow from investing activities, see Section 16.4.1.7 "Cash flow from investing activities."

Net investments were a net outflow of DKK 2,226 million in Q1 2016, comprising gross investments of DKK 4,176 million and a divestment cash inflow of DKK 1,950 million. Our significant gross investments included the development of wind farm activities (DKK 2,772 million), including construction of the German offshore wind farms Gode Wind 1 & 2 as well as the UK offshore wind farms Walney Extension, Burbo Bank Extension, Hornsea 1 and Race Bank. It also included the development of oil and gas fields (DKK 945 million), including Laggan-Tormore and Glenlivet-Edradour in the UK as well as the Hejre and Syd Arne fields in Denmark.

Net investments were a net outflow of DKK 16,120 million in FY 2015, comprising gross investments of DKK 18,693 million and a divestment cash inflow of DKK 2,573 million. Our significant gross investments included the development of wind farm activities (DKK 10,192 million), including the construction of German offshore wind farms Gode Wind 1 & 2 and Borkum Riffgrund 1 and the UK offshore wind farms Westermost Rough and Burbo Bank Extension, the acquisition of the remaining ownership interest in Hornsea 1 and project rights to Hornsea 2. It also included the development of oil and gas fields (DKK 5,985 million), including Hejre and Syd Arne in Denmark as well as Laggan-Tormore in the UK. Our significant divestments included the divestment of 50% of Gode Wind 1, receipt of deferred proceeds concerning the divestment of 50% of Westermost Rough in 2014, the ownership interest in the Norwegian Gassled gas pipeline network, the Måbjerg CHP plant as well as deferred proceeds concerning the divestment of 60% of the Glenlivet field in the West of Shetland area in 2014.

Net investments were a net outflow of DKK 4,706 million in FY 2014, comprising gross investments of DKK 15,359 million and a divestment cash inflow of DKK 10,653 million. Our significant gross investments included the development of wind activities in the amount of DKK 7,827 million, 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 1 & 2. It also included the development of oil and gas fields in the amount of DKK 5,032 million, including the Danish Hejre and Syd Arne Area as well as the UK Laggan-Tormore field. Our significant divestments included 50% of our ownership interest in the offshore wind farm London Array and the offshore wind farm project Westermost Rough, and the Stenlille gas storage facility. In addition, minor proceeds were generated by a number of other divestments.

16.4.1.4 Other cash flows

Other cash flows in Q1 2016 was a net outflow of DKK 96 million, representing a decrease of DKK 48 million from a net outflow of DKK 144 million in Q1 2015.

Other cash flows in FY 2015 was a net outflow of DKK 1,402 million, representing a decrease of DKK 13,142 million from a net inflow of DKK 11,740 million in FY 2014. This decrease was primarily due to the capital injection received in FY 2014.

Other cash flows in FY 2014 was a net inflow of DKK 11,740 million, representing an increase of DKK 9,296 million from the net inflow of DKK 2,444 million in FY 2013. This increase was primarily due to the capital injection of DKK 13,007 million net in 2014 partly offset by the issuance of hybrid capital in 2013 of DKK 3,399 million.

16.4.1.5 Statutory cash flow statement

The following table presents the primary components included in the statutory cash flow statement for the periods indicated:

	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
		(DKK million	1)	
Cash flows from operating activities	9,782	2,296	13,571	14,958	9,729
Cash flows from investing activities	(5,790)	(5,806)	(12,799)	(14,796)	(6,483)
Cash flows from financing activities	(346)	2,570	(1,895)	2,903	(3,832)
Cash flows for the period	3,646	(940)	(1,123)	3,065	(586)
Cash and cash equivalents at 1 January	3,677	4,770	4,770	1,431	1,952
Cash flows for the period	3,646	(940)	(1,123)	3,065	(586)
Cash flows for the period from assets held for sale	(179)	0	(115)	29	93
Exchange rate adjustments of cash and cash equivalents	(35)	105	145	245	(28)
Cash and cash equivalents, end of period	7,109	3,935	3,677	4,770	1,431

16.4.1.6 Cash flow from operating activities

See Section 16.4.1.2 "Cash flow from operating activities."

16.4.1.7 Cash flow from investing activities

Cash flows from investing activities include payments in connection with the purchase and sale of intangible assets, property, plant and equipment and other non-current assets, and the purchase, redemption or repayment at maturity of securities that are not recognized as cash and cash equivalents, as well as payments in connection with the divestment of enterprises and activities.

The table below shows the components of cash flow from investing activities for the periods indicated:

Cash flow from investing activities	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
		(DKK million	n)	
Purchase of intangible assets and property, plant and					
equipment	(4,188)	(4,685)	(18,739)	(14,631)	(21,039)
Sale of intangible assets and property, plant and					
equipment	1,987	37	2,029	7,495	3,981
Acquisition of enterprises	0	0	0	(429)	0
Divestment of enterprises	(6)	18	576	3,133	9,184
Acquisition of other equity investments	0	0	0	0	(8)
Disposal of other equity investments	5	17	48	0	1,991
Purchase of securities	(6,352)	(3,612)	(8,119)	(22,983)	(13,569)
Sale/maturation of securities	2,672	2,449	11,356	12,653	12,365
Change in other non-current assets	6	0	(2)	(179)	41
Financial transactions with associates and joint					
ventures	86	(30)	32	130	532
Dividends received and capital reduction	0	0	20	15	39
Cash flow from investing activities	(5,790)	(5,806)	(12,799)	(14,796)	(6,483)

The difference between cash flow from investing activities and net investments mainly relates to the purchase, redemption or repayment at maturity of securities with a maturity exceeding 3 months, which should be included in cash flow from investing activities according to IAS 7. As these purchases, redemptions or repayments at maturity of securities with a maturity exceeding 3 months can be significant, and do not relate to our ordinary investment activities, they may affect the comparability between periods. The internal management of our investment activities is therefore based on net investments as described in Section 16.4.1.3 "Net investments."

The table below illustrates the differences between cash flow from investing activities, gross investments and net investments in the periods indicated:

Cash flow from investing activities and Gross/Net investments	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
			DKK million	n)	
Cash flow from investing activities	(5,790)	(5,806)	(12,799)	(14,796)	(6,483)
Dividends received and capital reduction, reversed	0	0	(20)	(15)	(39)
Purchase and sale of securities, reversed	3,681	1,163	(3,237)	10,330	1,204
Loans to associates and joint ventures, reversed	(86)	30	(32)	(250)	(760)
Sale of non-current assets, reversed	(1,981)	(55)	(2,605)	(10,628)	(15,156)
Gross investments	<u>(4,176)</u>	<u>(4,668)</u>	(18,693)	(15,359)	(21,234)
Transactions with non-controlling interests in connection with divestments	(31)	2	(32)	(1)	65
divestment of enterprises	0	0	0	26	111
Sale of non-current assets	1,981	55	2,605	10,628	15,156
Divestments	1,950	57	2,573	10,653	15,332
Net investments	(2,226)	(4,611)	(16,120)	(4,706)	(5,902)

16.4.1.8 Cash flow from financing activities

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

The table below shows the components of cash flow from financing activities for the periods indicated:

Cash flow from financing activities	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
		(]	DKK million	n)	
Proceeds from capital injection	0	0	0	13,007	0
Proceeds from raising of loans	0	2,876	406	520	4,722
Instalments on loans	(207)	(148)	(848)	(9,338)	(11,157)
Coupon payments on hybrid capital	0	0	(822)	(754)	(675)
Repurchase of hybrid capital	0	0	(4,476)	0	(695)
Proceeds from issuance of hybrid capital	0	0	4,424	0	4,094
Transactions with non-controlling interests	(143)	(157)	(621)	(621)	(474)
Change in other non-current liabilities	4	(1)	42	89	353
Cash flow from financing activities	(346)	2,570	(1.895)	2,903	(3,832)

Cash flow from financing activities in Q1 2016 was a net outflow of DKK 346 million, representing a decrease of DKK 2,916 million from a net inflow of DKK 2,570 million in Q1 2015. This decrease was primarily due to proceeds from raising of repo loans in Q1 2015, not repeated in Q1 2016.

Cash flow from financing activities in FY 2015 was a net outflow of DKK 1,895 million, representing a decrease of DKK 4,798 million from a net inflow of DKK 2,903 million in FY 2014. This decrease was primarily due to the proceeds from the DKK 13,007 million capital increase which occurred in 2014, which was partly offset by lower prepayments of bank loans.

Cash flow from financing activities in FY 2014 was a net inflow of DKK 2,903 million, representing an increase of DKK 6,735 million from the cash outflow of DKK 3,832 million in FY 2013. This increase was primarily due to the proceeds from the DKK 13,007 million capital increase which occurred in 2014, which was partly offset by a prepayment of bank loans.

16.5 Capital employed

The following table presents the primary components of our employed capital as at the dates indicated:

		As at As at March 31, December 31,		As at December 31,		As : Decemb		
Capital employed	2016	%	2015	%	2014	%	2013	%
			(DKK mil	lion, exc	ept percen	tages)		
Intangible assets and property, plant and								
equipment	81,211	140.9	81,363	133.5	87,275	133.2	93,689	121.1
Investments in associates and joint ventures								
as well as other equity investments	1,533	2.7	1,642	2.7	1,584	2.4	2,323	3.0
Net Working Capital, capital expenditure	(4,719)	(8.2)	(3,772)	(6.2)	(2,415)	(3.7)	(1,551)	(2.0)
Net Working Capital, operations	(6,216)	(10.8)	(2,887)	(4.7)	(1,632)	(2.5)	2,104	2.7
Derivative financial instruments, net	8,970	15.6	6,111	10.0	2,870	4.4	628	0.8
Other receivables and other payables, net	(499)	(0.9)	(91)	(0.1)	(196)	(0.3)	(333)	(0.4)
Decommissioning obligations	(11,645)	(20.2)	(11,144)	(18.3)	(10,368)	(15.8)	(8,821)	(11.4)
Other provisions	(7,451)	(12.9)	(8,044)	(13.2)	(5,566)	(8.5)	(4,789)	(6.2)
Tax, net	(5,134)	(8.9)	(3,700)	(6.1)	(6,041)	(9.2)	(6,183)	(8.0)
Assets classified as held for sale, net	1,573	2.7	1,452	2.4	0	0.0	278	0.4
Total Capital employed	57,622	100.0	60,930	100.0	65,511	100.0	77,345	100.0

Capital employed decreased by DKK 3,308 million, or 5%, from DKK 60,930 million as at December 31, 2015 to DKK 57,622 million as at March 31, 2016. The decrease was mainly due to fewer funds used for NWC.

Capital employed decreased by DKK 4,581 million, or 7%, from DKK 65,511 million as at December 31, 2014 to DKK 60,930 million as at December 31, 2015. The decrease was mainly due to the impairment losses (and related provisions for onerous capital expenditure contracts) recognized in Oil & Gas, partly offset by an increase in the market value of our oil and gas hedges and investments in the development of wind farm activities.

Capital employed decreased by DKK 11,834 million, from DKK 77,345 million as at December 31, 2013 to DKK 65,511 million as at December 31, 2014. The decrease was mainly due to impairment losses recognized in Oil & Gas in FY 2014, primarily related to falling oil and gas prices, and a reduction of funds used for NWC.

The following table presents our capital employed per segment as at the dates indicated:

	As at March 31,		As at December 31, 2015		As at December 31, 2014		As at December 31, 2013	
Capital employed	2016	%	2015	%	2014	%	2013	%
		(DKK million, except percentages)						
Wind Power	43,350	72.9	48,006	74.6	38,701	54.5	39,935	49.0
Bioenergy & Thermal Power	2,180	3.7	2,222	3.4	4,837	6.8	6,412	7.9
Distribution & Customer Solutions ⁽¹⁾	8,601	14.5	8,657	13.5	9,902	14.0	14,551	17.8
Oil & Gas	5,281	8.9	5,444	8.5	17,538	24.7	20,663	25.3
Segment Total	59,412	100.0	64,329	100.0	70,978	100.0	81,561	100.0
Other activities and eliminations	(1,790)		(3,399)		(5,467)		(4,216)	
Total Capital employed	57,622		60,930		<u>65,511</u>		77,345	

⁽¹⁾ Capital employed can be broken down by (i) Distribution: DKK 10.4 billion, DKK 10.2 billion and DKK 9.9 billion in FY 2015, FY 2014 and FY 2013, respectively, (ii) Sales: DKK 0.1 billion, DKK 0.6 billion and DKK 0.2 billion in FY 2015, FY 2014 and FY 2013, respectively, and (iii) Markets: DKK (1.9) billion, DKK (0.8) billion and DKK 4.5 billion in FY 2015, FY 2014 and FY 2013, respectively.

16.6 ROCE and adjusted ROCE

The following table presents our return on capital employed ("ROCE") and Adjusted ROCE for the periods indicated:

ROCE and Adjusted ROCE	Q1 2016 ⁽¹⁾	Q1 2015 ⁽¹⁾	FY 2015	FY 2014	FY 2013		
	(DKK million, except percentages)						
EBITDA (BP)	20,572	16,056	18,484	16,389	15,004		
Depreciation	(8,375)	(9,127)	(8,701)	(9,242)	(7,955)		
Impairment losses	(16,283)	(8,324)	(17,033)	(8,324)	(5,008)		
EBIT	(4,086)	(1,395)	(7,250)	(1,177)	2,041		
Current hydrocarbon tax	(2,123)	(3,226)	(2,591)	(3,526)	(1,105)		
EBIT less current hydrocarbon tax	(6,209)	(4,621)	(9,841)	(4,703)	936		
Impairment losses (add-back)	16,283	8,324	17,033	8,324	5,008		
Adjusted operating profit	10,074	3,703	7,192	3,621	5,944		
Capital employed	57,622	69,871	60,930	65,511	77,345		
Return on capital employed $(ROCE)^{(2)}$	(9.7)%	(6.4)%	(15.6)%	(6.6)%	1.2%		
Adjusted ROCE ⁽³⁾	14.1%	4.9%	10.1%	4.8%	7.4%		

For Q1 2016 (Q1 2015), all items in EBIT less current hydrocarbon tax and Adjusted operating profit are for the last 12 months, i.e., Q1 2016 plus Q2 to Q4 2015 (Q1 2015 plus Q2 to Q4 2014).

⁽²⁾ ROCE is calculated as (i) our EBIT less current hydrocarbon taxes, divided by (ii) our average capital employed, which is calculated as our capital employed at the beginning of the year plus our capital employed at the end of the year, divided by two.

⁽³⁾ Adjusted ROCE is calculated as (i) our EBIT less current hydrocarbon taxes plus impairment losses for the year (added-back), divided by (ii) our average capital employed (calculated as indicated in footnote (2) above, plus after-tax impairment loss added back to our capital at the end of the year).

Return on capital employed decreased by 3.3% points, from negative 6.4% in Q1 2015 to negative 9.7% in Q1 2016. The decrease was mainly due to the impairment losses recognized in Q4 2015, which exceeded the impairment losses recognized in Q4 2014. Adjusted ROCE increased by 9.2% points, from 4.9% in Q1 2015 to 14.1% in Q1 2016. The increase was mainly due to the higher EBITDA (BP), lower hydrocarbon tax as a result of lower earnings in Norway, as well as lower capital employed.

Return on capital employed decreased by 9% points, from negative 6.6% in FY 2014 to negative 15.6% in FY 2015. The decrease was mainly due to the negative impact of impairment losses of DKK 17,033 million, partly offset by the higher EBITDA (BP) and the reduced average capital employed. Adjusted ROCE increased by 5.3% points, from 4.8% in FY 2014 to 10.1% in FY 2015. The increase was mainly due to the higher adjusted operating profit.

Return on capital employed decreased by 7.8% points, from 1.2% in FY 2013 to negative 6.6% in FY 2014. The decrease was mainly due to the negative impact of impairment losses of DKK 8,324 million. Adjusted ROCE decreased by 2.6% points, from 7.4% in FY 2013 to 4.8% in FY 2014. The decrease reflected that the return in 2013 was positively impacted by extraordinary hydrocarbon deductions and thus lower hydrocarbon tax, as a result of the increased ownership interest in the Ormen Lange gas field. This was because we were required to pay for 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.

The following table presents our ROCE and our Adjusted ROCE per segment as at the dates indicated:

	Q1 2	Q1 2016 Q1 2		2015	FY2015		FY2014		FY2013	
	ROCE	Adjusted ROCE	ROCE	Adjusted ROCE	ROCE	Adjusted ROCE	ROCE	Adjusted ROCE	ROCE	Adjusted ROCE
	(in %)									
Wind Power	7.8	8.9	5.5	5.5	5.7	6.9	8.9	8.9	4.8	5.7
Bioenergy & Thermal										
Power	(52.1)	(29.1)	(20.6)	(20.6)	(50.0)	(28.6)	(17.5)	(17.5)	(17.7)	(7.6)
Distribution & Customer										
Solutions	51.6	51.6	(3.5)	(1.6)	11.5	11.5	(1.1)	0.7	5.8	5.9
Oil & Gas	(110.7)	11.9	(29.0)	12.0	(101.9)	21.9	(36.5)	5.1	(1.9)	16.7
Total	(9.7)	14.1	(6.4)	5.1	(15.6)	10.1	(6.6)	4.8	1.2	7.4

16.7 Anticipated future investments

Our strategy is supported by a range of investment opportunities capitalizing on our core competencies and existing market positions within our reporting segments. Our investment portfolio consists both of projects which have been approved by the Board of Directors and projects that are still being developed for approval, such as the Borkum Riffgrund 2 offshore wind project. In addition to these projects, we have a pipeline of projects in an early stage of development, which we may or may not pursue. The projects that have been approved by the Board of Directors include the offshore wind farms Gode Wind 1 & 2, Burbo Bank Extension, Race Bank, Walney Extension and Hornsea 1 in Wind Power, bio-conversions of the Studstrup (unit 3), Skærbæk (unit 3) and Avedøre (unit 1) CHP plants to be biomass-fired and a REnescience project in Northwich in Bioenergy & Thermal Power, the installation of RPM in relation to the power grid in Distribution & Customer Solutions, as well as the oil and gas fields Glenlivet and Edradour in Oil & Gas.

As a result we expect capital expenditure to be DKK 18 to 21 billion in FY 2016, of which DKK 4.2 billion was used through March 31, 2016, and an aggregate of DKK 60 to 70 billion for the period 2017 through 2020, covering both approved and non-approved projects. Based on the current composition of our investment portfolio, and provided that our projects are completed within our assumed timeline and budget, we expect capital expenditures to remain at a high level in FY 2017 and then decline to a lower level in FY 2018 through to FY 2020. See Section 3 "Special notice regarding forward-looking statements."

For the period from 2016 to 2020, we expect to allocate approximately 80% of our gross investments to Wind Power, approximately 10% to 15% (in total) to Bioenergy & Thermal Power and Distribution &

Customer Solutions, and approximately 5% to 10% to Oil & Gas. The following should be noted for each reporting segment:

Wind Power (80%)

The capital expenditure multiple of DKK 22–24 million per MW (weighted average 2015 prices) for the execution assets (Gode Wind 1 & 2, Burbo Bank Extension, Race Bank, Walney Extension, Borkum Riffgrund 2 and Hornsea 1) is inclusive of contingency and management reserves and allocated Group overhead costs, and cover our 50% ownership interest. Costs related to the construction of offshore transmission assets in the UK are not included as they are accounted for as NWC. The capital expenditure multiple furthermore does not take into account (i) our project development costs, of which a portion is capitalized (inclusive of acquired project rights), and (ii) that we incur 100% of capital expenditure up until the time of divestment.

Our prospective investments within Wind Power from 2016 through 2020 thus include 100% of capital expenditure until the time of divestment and include significant capital expenditures related to projects that are not part of the execution assets mentioned above.

Bioenergy & Thermal Power and Distribution & Customer Solutions (10–15%)

The bio-conversions of the Studstrup (unit 3), Skærbæk (unit 3) and Avedøre (unit 1) CHP plants to be biomass-fired constitute a total gross investment of approximately DKK 4 billion, of which a portion had already been incurred at the end of FY 2015. The full amount is included in our gross investments notwithstanding the fact that heat customers prepay approximately two thirds of the capital expenditures. These prepayments are accounted for as NWC.

The REnescience project in Northwich, with expected commissioning in 2017, constitutes an investment of approximately DKK 0.6 billion.

Investments in power distribution are expected to amount to approximately DKK 4.1 billion from 2016 to 2020, consisting of (i) large investment projects (DKK 2.3 billion), of which the installation of RPM in relation to the power grid amounts to DKK 1.7 billion in the period from 2017 through 2019, and of which the remaining part relates to relocation of cables and substations to make room for a new railway as well as cable laying of overhead lines, and (ii) other investments (DKK 1.8 billion) including reinvestments, Smart Energy and customer connections, roughly evenly split throughout the period.

Investments within the two reporting segments also include maintenance investments at our heat and power plants of approximately DKK 150–200 million per year.

Oil & Gas (5–10%)

The prospective investments within Oil & Gas primarily relate to the completion of the Edradour and Glenlivet developments, which are expected to reach first production in 2017 and 2018, respectively, as well as to Hejre (including drilling of a fifth well), both in the period before and after the decision to terminate the EPC Contract with the supplier consortium at the end of March 2016. Investments in exploration and appraisal will be limited to honoring license commitments and supporting existing core producing assets.

We may have capital expenditures in addition to, or instead of, those described in this section or we may pursue other projects currently not envisaged. In addition, our opportunities and projects for which estimates of capital expenditure have been included could be delayed or postponed in implementation, reduced in scope or ownership share, sold or rejected. Accordingly, the figures for the periods indicated are only estimates and our actual capital expenditure will change based on changes in the market environment or decisions by the Board of Directors and management, who we expect to seek to exploit changes in our business environment as and when they occur. As a result, we may not fully pursue all of the opportunities and projects currently available to us or which we are currently considering. If we abandon projects that we have been developing, we may incur losses on onerous contracts and recognize write-downs of previously capitalized costs relating to the relevant projects.

16.7.1 Anticipated divestments

We intend to make further divestments of ownership interests in wind farms in addition to those recently completed, as these are an integral part of our Wind Power partnership strategy. For further information on divestments in Q1 2016, FY 2015, FY 2014 and FY 2013, see Section 16.2.1.2 "Divestments."

As announced on May 10, 2016 we will divest our gas distribution business to the Danish TSO, Energinet.dk and we furthermore expect to divest our Oil Pipeline Business and offshore gas pipelines to Energinet.dk in 2017. We anticipate these expected divestments to have a positive impact on our net investments when completed.

16.8 Liquidity and cash position

Our investment policy for excess liquidity is focused on limiting our sensitivity to volatility in financial markets. Our total available liquidity was DKK 44,029 million as at March 31, 2016, which consisted of available cash and cash equivalents in the form of short-term bank deposits of DKK 7,118 million, undrawn committed long-term credit facilities from Nordic and international banks of DKK 13,040 million and liquid assets in the form of securities, primarily liquid AAA-rated Danish mortgage bonds and, to a lesser extent, investment-grade corporate bonds, including hybrid bonds, of DKK 23,871 million. Most of these securities qualify for repo transactions in the Danish Central Bank.

In April and May 2016, we reduced our excess cash position by prepaying long-term bank debt in a principal amount of DKK 1,955 million and by terminating certain interest rate swaps. Additional reductions of our excess cash position have been initiated from notices given in April 2016 to lenders for prepayment during June 2016 of additional long-term bank debt in a total nominal amount of DKK 298 million. Furthermore, on May 11, 2016, we priced and announced the results of a public bond tender offer launched by us on April 28, 2016. Through the bond tender offer, we repurchased bonds across our four senior EUR bond series in the total nominal amount of EUR 524 million from investors at a total cash price of EUR 615 million, which was settled on May 13, 2016. All bonds repurchased by us are cancelled. We actively monitor the developments in the markets on an ongoing basis and may in the future further reduce our excess cash position by prepaying additional long-term bank debt and/or by repurchasing outstanding senior bonds through a public tender process.

The Company has defined a minimum liquidity reserve requirement in line with rating agency requirements, which should be available at all times. Our available liquidity as at March 31, 2016, was significantly above such minimum liquidity reserve requirements due to the capital increase in 2014 and divestments carried out from 2013 to 2015. This excess cash position is available to fund future capital expenditures and/or prepay debt.

16.8.1 Capital resources

Our capital expenditures have traditionally been financed through cash flow from operations, through raising debt and hybrid capital, through bank loans and through divestments. In 2014, we conducted a share capital increase of DKK 13 billion through the purchase of shares in the Company by NEI, the Danish pension funds ATP and PFA and several existing minority shareholders. A shareholder program for both managers and employees was also established in connection with the equity capital injection resulting in additional capital of DKK 222 million. For additional information, see Section 20 "Ownership structure."

Following the IPO, we expect to continue financing our long-term assets primarily through cash flows from operations through the divestment of a portion of our ownership interest in our wind farms and through the issuance of debt, such as bonds, or hybrid capital in the Euro and GBP markets and, to a lesser extent, other international markets, in addition to other competitive financing arrangements with banks, multilateral institutions and other lenders and investors.

The capital needs of the Group's subsidiaries are provided by the Company in the form of equity and/or intra-Group debt on arms-length terms. The capital structure of our subsidiaries is primarily determined by the nature of the subsidiary's activity and any local requirements with regards to capital structure, including tax and business requirements for specific levels of solvency.

16.8.2 Debt and debt funding

Our cash position and debt profile is managed through a range of policies which focus on managing liquidity and refinancing risk through the diversification of funding sources over time and securing the

availability of cash, liquid securities and undrawn committed credit lines. In general, we expect our financing activities which may be needed to fund capital expenditure or investments to consist principally of debt issuances in the form of bonds and hybrid capital, in addition to other bilateral or private markets that can provide competitive long-term financing arrangements. See Section 16.8.1 "Capital resources."

We seek to exploit competitive international capital markets when issuing debt and aim to diversify our funding activities among markets, lenders and maturities. As part of our funding strategy and in order to provide flexible and efficient access to funding we have a EUR 7 billion medium term note ("EMTN") program under which we have issued senior bonds. Due to the Group's excess cash position, the EMTN program has not been updated in 2015 and 2016. We have issued several series of hybrid capital indent individual prospectuses. We have also established two committed syndicated revolving credit facilities to provide access to back-up liquidity from Nordic and international banks. In addition, we have obtained long-term financing at attractive terms from multilateral financing institutions.

With a few exceptions, we fund all Group activities out of the Company to secure the best overall financing terms for the Group and to maintain a simple and transparent capital structure and financing documentation. No assets controlled by the Group are pledged in favor of lenders in relation to any of the bonds issued or loans undertaken by the Company. We have an ownership interest of 25% in Lincs Wind Farm Limited, a 270 MW UK based wind farm, in which secured asset level financing secured by our shareholding is in place with the participation of 13 banks. As at December 31, 2015, the balance of the Lincs financing was GBP 533.6 million. We also participate in this project financing as a sponsor lender, providing 16.7% of the total facilities ourselves. As a joint venture, Lincs Wind Farm Limited is not consolidated into our Group accounts. However, our sponsor lender participation is included in our consolidated debt and as an interest-bearing receivable.

Our interest-bearing debt consisted of the following as at the dates indicated below:

	As at March 31, 2016	As at March 31, 2015	As at December 31, 2015 (DKK millio	As at December 31, 2014	As at December 31, 2013
Interest-bearing debt:					
Bank loans	7,184	10,531	7,186	7,643	14,826
Issued bonds	28,300	29,404	29,215	28,414	31,330
Other interest-bearing debt	751	674	778	656	304
Total gross interest-bearing debt	36,235	40,609	37,179	36,713	46,460
Interest-bearing assets:					
Securities	25,004	26,112	21,221	24,948	16,118
Cash	8,605	5,317	4,965	6,028	2,894
Receivables from associates and joint					
ventures	797	1,147	883	1,116	1,341
Other receivables	889	1,099	917	643	304
Total interest-bearing assets	35,295	33,675	27,986	32,735	20,657
Total interest-bearing net debt	940	6,934	9,193	3,978	25,803
Adjustments to interest-bearing net debt:					
50% of hybrid capital ⁽¹⁾	6,624	6,618	6,624	6,618	6,618
distribution, excluding repo loans	2,624	4,496	3,818	2,519	1,678
Present value of operating lease	£ 020	4 201	4.240	4.405	2.022
payments	5,038	4,281	4,248	4,495	3,933
Decommissioning obligations	11,645	10,810	11,144	10,368	8,821
Deferred tax on decommissioning	(4.100)	(4.255)	(2.057)	(4.165)	(2.471)
obligations	<u>(4,122)</u>	<u>(4,357)</u>	(3,957)	(4,165)	(3,471)
Adjusted interest-bearing net $debt^{(2)}$	22,749	28,782	31,070	23,813	43,382

⁽¹⁾ We account for our hybrid securities as equity pursuant to IAS 32, while they are treated as debt for tax purposes.

⁽²⁾ Adjusted interest-bearing net debt is calculated as 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

As at March 31, 2016, our total gross interest-bearing debt was DKK 36,235 million, compared to total gross interest-bearing debt of DKK 37,179 million as at December 31, 2015, a decrease of DKK 944 million, or 3%. All of our total gross interest-bearing debt as at March 31, 2016 constituted senior unsecured debt. See Section 16.8.3 "Material financing transactions."

As at December 31, 2015, our total gross interest-bearing debt was DKK 37,179 million, compared to total gross interest-bearing debt of DKK 36,713 million as at December 31, 2014, an increase of DKK 466 million, or 1.3%. All of our total gross interest-bearing debt as at December 31, 2015 constituted senior unsecured debt.

As at March 31, 2016, our adjusted interest-bearing net debt was DKK 22,749 million, compared to adjusted interest-bearing net debt of DKK 31,070 million as at December 31, 2015, a decrease of DKK 8,321 million.

As at December 31, 2015, our adjusted interest-bearing net debt was DKK 31,070 million, compared to adjusted interest-bearing net debt of DKK 23,813 million as at December 31, 2014, an increase of DKK 7,257 million.

We use the key ratio FFO/adjusted interest-bearing net debt as one of the main elements in managing our capital structure. See Section 16.8.4 "Credit ratings and funds from operations."

As at March 31, 2016, the following is the expected maturity of our gross debt obligations (excluding hybrid capital):

	2016	2017	2018-2019	After 2019	Total
			(DKK millio	on)	
Bank loans and issued bonds					
Principal amount	4,633	2,042	4,989	24,029	35,693
Interest payments	987	1,223	2,444	11,076	15,730
Trade payables	12,224	0	0	0	12,224
Other payables	9,298	677	597	4,972	15,544
Derivative financial instruments	5,105	2,114	1,196	231	8,646
Liabilities relating to assets classified as held for sale	1,073	0	0	0	1,073
Total payment obligations	33,320	6,056	9,226	40,308	88,910

16.8.3 Material financing transactions

The following is a discussion of our material financing transactions. Our financing transactions are generally provided on terms and conditions in line with standard market practice. Except as described below, we do not have in our finance contracts, including our committed credit agreements, any triggers that would accelerate the maturity of our debt.

16.8.3.1 Revolving credit facility

In December 2015, we established a EUR 1.4 billion 5.1-year syndicated revolving credit facility and a EUR 350 million 3.1-year syndicated revolving credit facility. Both facilities include two 1-year extension options extending, upon acceptance by the lenders, the maturity to January 2023 and January 2021, respectively. The facilities have replaced the EUR 1.3 billion credit facility signed in August of 2011 and bilateral facilities. The credit facilities were entered into with 14 Nordic and international banks, comprising Barclays Bank PLC, BNP Paribas Fortis Bank, Branch of BNP Paribas Fortis SA/NV, Citigroup Global Markets Limited, Danske Bank A/S, Deutsche Bank Luxembourg S.A., Goldman Sachs Lending Partners LLC, Handelsbanken AB (PUBL), J.P. Morgan Limited, Morgan Stanley Bank International Limited, Nordea Bank Danmark A/S, Cooperative Centrale Raiffeisen-Boerenleebank B.A. (RABOBANK), Skandinaviska Enskilda Banken AB (PUBL) (SEB), The Bank of Tokyo-Mitsubishi UFJ, Ltd. and The Royal Bank of Scotland PLC. The facilities are for our general corporate purposes.

In relation to our syndicated revolving credit facilities which totaled DKK 13.1 billion (EUR 1.75 billion) as at December 31, 2015 (compared to total committed revolving credit facilities of DKK 17.3 billion as at December 31, 2014), the lending banks could require outstanding amounts, if any, to be repaid, and could cancel the syndicated revolving credit facilities if the Kingdom of Denmark alone, or together with Danish power distribution enterprises controlled by consumers or Danish municipalities, ceases to own at least

50% of our share capital or voting rights, or if the Kingdom of Denmark ceases to hold at least 20% of our share capital.

16.8.3.2 Bank loans

As at March 31, 2016, we had loan obligations totaling DKK 7.2 billion, compared to DKK 7.2 billion and DKK 7.6 billion at December 31, 2015 and 2014, respectively. These borrowings were with the European Investment Bank, the Nordic Investment Bank and KfW IPEX Bank. The loans offered by these multilateral financial institutions include loans to co-fund infrastructure and energy projects on favorable terms and with maturities exceeding those normally available in the commercial banking market. In relation to our debt with the European Investment Bank and the Nordic Investment Bank, we could be required to provide security in the event that the Kingdom of Denmark holds less than 50% of our share capital or voting rights or to provide security or repay the debt in the event Moody's or S&P downgrades our rating to Baa3 or BBB— or below, respectively.

16.8.3.3 Senior bonds

As at March 31, 2016, we had six senior bonds outstanding with an aggregate outstanding principal amount of EUR 2,250 million and GBP 1,250 million. These bonds were issued under our EMTN program on the London Stock Exchange through which we may issue up to an aggregate principal amount of EUR 7 billion of medium-term notes. Due to the Group's excess cash position, the EMTN program was not updated in 2015 and 2016.

On May 13, 2016, we repurchased and cancelled bonds across our four senior EUR bond series in the total nominal amount of EUR 524 million thereby reducing the aggregate outstanding principal amount of senior EUR bonds to EUR 1,726 million.

16.8.3.4 Hybrid capital

At March 31, 2016 and December 31, 2015, we had an outstanding principal amount of hybrid capital totaling DKK 13,248 million (EUR 1,800 million), compared to DKK 13,236 million (EUR 1,800 million) at December 31, 2014.

In June 2013, July 2013 and May 2015, we issued EUR 700 million, EUR 500 million and EUR 600 million of hybrid capital, respectively. Each series of hybrid capital is listed on the Luxembourg Stock Exchange. The hybrid capital constitutes our direct, unsecured and subordinated obligation and permits us the ability to voluntarily defer coupon payments. Any deferred coupon payments have to be settled if a decision is taken to pay cash dividends to our shareholders or if certain cash distributions to holders of securities that rank *pari passu* with the hybrid capital, or certain redemption or repurchase of any ordinary shares or *pari passu* securities are made. If the hybrid capital security continues until its final maturity, any deferred coupons will be cancelled at such date. See Section 12 "Dividends and Dividend Policy."

Each series of hybrid capital have a maturity of 1,000 (one thousand) years from their respective issue dates.

The hybrid capital issued on June 26, 2013 has a fixed coupon for the first ten years of 6.25% per annum. After ten years, the securities have an interest rate that is adjusted every five years with the 5-year euroswap plus a margin of 475 basis points (including a 25 basis points coupon step-up) from 2023 to 2043, and a margin of 550 basis points (including a further 75 basis points coupon step-up) after 2043. We may redeem the securities beginning in 2023 and at each coupon payment thereafter at par. We also have the option to redeem the securities during the period from 2018 to 2022 if we provide a make-whole compensation payment to investors.

The hybrid capital issued on July 8, 2013 has a fixed coupon for the first five years of 4.875% per annum. After five years, the securities have an interest rate that is adjusted every five years with the 5-year euroswap plus a margin of 380 basis points beginning in 2018, a margin of 405 basis points beginning in 2023 (including a 25 basis points coupon step-up) and a margin of 480 basis points beginning in 2038 (including a further 75 basis points coupon step-up). We may redeem the securities beginning in 2018 and at each coupon payment thereafter at par.

The hybrid capital issued on May 6, 2015 has a fixed coupon for the first five and a half years of 3.0% per annum. After five and a half years, the securities have an interest rate that is adjusted every five years with the 5-year euroswap plus a margin of 281.9 basis points beginning in 2020, a margin of 306.9 basis points

beginning in 2025 (including a 25 basis points coupon step-up) and a margin of 381.9 basis points beginning in 2040 (including a further 75 basis points coupon step-up). We may redeem the securities beginning in 2020 and at each coupon payment thereafter at par.

Because of the special characteristics of these securities, we account for these securities as equity pursuant to IAS 32 (while it is treated as debt for tax purposes).

Our three outstanding hybrid capital issues are structured in order to receive 50% equity and 50% debt treatment from Fitch, Moody's and S&P.

S&P's methodology for corporate hybrid capital includes a limit of 15% for the proportion of hybrid capital to capitalization, as S&P considers that hybrid capital above this threshold could raise doubts about a company's financial policy. If this limit is breached on more than a temporary basis, S&P may in their credit assessment of the Company remove its assigned equity content from all of our outstanding hybrid capital, which could potentially lead to a down-grading of our corporate rating by S&P. However, if S&P assesses the breach to be temporary and caused by factors outside the Company's control, S&P will only disregard equity content for the amount of hybrid capital that exceeds the 15% threshold.

With the outstanding amount of hybrid capital totaling DKK 13,248 million as of March 13, 2016 and December 31, 2015, and due to the significant impairment losses in 2012 to 2015, we are currently slightly above our capacity under S&P's 15% threshold for hybrid capital, and hence only receive equity treatment of an amount of hybrid capital corresponding to 15% of our capitalization. If we continue to breach the threshold in the future, we may reduce the outstanding amount of hybrid capital in order to ensure compliance with S&P's methodology.

It is our intention that we would only redeem hybrid capital by using proceeds from equivalent or more equity-like instruments. On this basis, the hybrid capital instrument receives 50% equity treatment from Fitch, Moody's and S&P rating agencies. However, if (i) the Company's stand-alone credit profile assigned by S&P is at least "BBB" as a result of redemptions or repurchases of hybrid capital, (ii) the hybrid capital is not assigned any equity credit as hybrid securities at the time of redemption or repurchase, or (iii) redemption is based on the Company using a call right relating to the hybrid capital (redemption for taxation, accounting or rating reasons—or a minimum outstanding principal amount), then redemption may take place by using funds other than proceeds from equivalent or more equity-like instruments.

16.8.4 Credit ratings and funds from operations (FFO)

We are rated by Moody's, S&P and Fitch. Our corporate ratings at the date of this Offering Circular were BBB+ with a stable outlook from each of S&P and Fitch, and Baa1 with a negative outlook by Moody's. Our hybrid capital is rated BB+ with a stable outlook from S&P, Baa3 with a negative outlook from Moody's and BBB- with a stable outlook from Fitch.

To secure financing on attractive terms at all times, we have set targets for our credit rating and capital structure, which are to maintain ratings of at least BBB+, BBB+ and Baa1, respectively, from S&P, Fitch and Moody's. Accordingly, we intend to maintain our FFO to be approximately 30% of adjusted interest-bearing net debt. As at March 31, 2016, our FFO to adjusted interest-bearing net debt ratio was 58.8%; as

at December 31, 2015, our FFO to adjusted interest-bearing net debt ratio was 40.4%, each as set forth in the table below.

Funds from Operation (FFO) and Credit Metric	Q1 2016	FY 2015	FY 2014	FY 2013
		(DKK million)		
EBITDA (BP)	20,572	18,484	16,389	15,004
Interest expense, net	(715)	(767)	(1,145)	(1,661)
Reversal of interest expense transferred to assets	(433)	(389)	(339)	(282)
Interest element of decommissioning obligations	(508)	(494)	(416)	(363)
50% of hybrid capital coupon payments	(411)	(411)	(377)	(337)
Calculated interest expenses on operating lease obligations	(335)	(219)	(217)	(153)
Adjusted interest expense, net	(2,402)	(2,280)	(2,494)	(2,796)
Reversal of recognized operating lease payment in profit (loss) for				
the period	787	753	545	354
Total current tax	(5,585)	(4,390)	(5,835)	(2,536)
Funds from Operations (FFO) ⁽¹⁾⁽²⁾	13,372 58.8%	12,567 40.4%	8,605 36.1%	10,026 23.1%

⁽¹⁾ FFO is calculated on the basis of business performance EBITDA and is adjusted for interest expenses, the interest element of decommissioning obligations, 50% of the hybrid capital coupon payments, calculated interest expenses on the Group's operating lease obligations, operating lease payments recognized in the income statement as well as current tax.

16.9 Contractual obligations

The following table summarizes our contractual obligations, excluding contractual obligations where timing of payment is uncertain and purchase obligations under our gas purchase contracts, as at March 31, 2016 and the related amounts falling due in each of the periods presented:

	Payment due by period					
	Less than 1 year 1–5 years		More than 5 years	Total		
		(DKK r	nillion)			
Long-Term Debt Obligations ⁽¹⁾	5,620	10,698	35,105	51,423		
Operating Lease Obligations	576	1,654	3,612	5,842		
Pension Payments—defined benefit plans	0	5	5	10		
Purchase Obligations on Property, Plant & Equipment and						
Intangibles	13,500	29,067	1	42,568		
Total	19,696	41,424	38,723	99,843		

⁽¹⁾ See Section 16.8.2 "Debt and debt funding."

	Purchase Obligations on PPE and intangibles by Segment							
	Wind Power	Bioenergy & Thermal Power	Distribution & Customer Solutions	Oil & Gas	Total			
		(D						
0–1 year	11,349	1,240	295	616	13,500			
1–5 years	26,630	163	1,291	983	29,067			
After 5 years	1		<u> </u>		1			
Total	37,980	1,403	1,586	1,599	42,568			

Our operating lease obligations mainly comprise land and seabed leases relating to wind farms in the UK until 2045, gas storage facilities in Germany until 2023, a port area in Belfast in Northern Ireland until 2017, a power plant site in the Netherlands until 2039, drilling rigs until 2016 and office premises in London and Gentofte until 2029 and certain other office premises. In addition, we have entered into a 5 year lease for a service vessel commencing in 2017. Lease payments relating to leasing of seabed in connection with wind farms in the UK vary with the MWh generated, but have agreed minimum lease payments.

⁽²⁾ For Q1 2016, all items in Funds from Operations are for the last 12 months, i.e., Q1 2016 plus Q2 to Q4 2015.

Our pension plans are mainly defined contribution plans. In our income statement for Q1 2016, we recognized an expense in the amount of DKK 94 million relating to our defined contribution plans (compared to DKK 89 million in Q1 2015). In our income statement for FY 2015, we recognized an expense in the amount of DKK 370 million relating to our defined contribution plans (compared to DKK 351 million in FY 2014). The defined benefit plans relate to certain former power plant employees and to civil servants in connection with acquisitions of municipally owned regional companies. In FY 2015, these obligations amounted to DKK 10 million compared to DKK 12 million in FY 2014.

Purchase obligations related to property, plant and equipment and intangibles reflects our contracts where the timing of payments is known and binding agreements entered into with suppliers. Our most significant purchase obligations relate to turbines, foundations and cables in Wind Power, bio-conversion of power plants in Bioenergy & Thermal Power, roll-out of RPMs in Distribution & Customer Solutions and production facilities in Oil & Gas.

The contractual obligations set forth in the table above exclude contractual obligations under framework agreements with suppliers, where there is uncertainty regarding volume and market prices at the time of supply as well as our purchase obligations under our gas purchase contracts. As is standard in the industry, the price we pay for gas under these contracts is calculated on the basis of complex formulas incorporating variables based upon current market prices for fuel oil, gas oil and, to a limited extent, coal, with prices automatically recalculated on a periodic basis. The contracts also generally provide for formal revisions and adjustments of the price and other business terms to reflect changes in the market environment. The contracts are also "take or pay" contracts requiring us to pay for specified minimum quantities of gas even if we do not take delivery of such quantities. Due to the nature of these contracts, where the future deliveries are dependent upon the available and recoverable gas reserves, the amount of our obligations may vary widely based on commodity prices and our future allocations under these contracts. For further information, see Section 16.2.5.1 "Terms of our long-term gas purchase." We have not attempted to quantify our contractual obligations for these contracts as we do not believe such quantification can be done in a meaningful manner.

16.10 Off-balance sheet arrangements

We have certain off-balance sheet liabilities, including liabilities to pay compensation to third parties, guarantees, litigations and other arrangements under which we have or may have continuing obligations. For additional information on contingent liabilities, see Note 3.3 of the audited consolidated financial statements as at December 31, 2015, found under Section 33 "Financial Information" elsewhere in this Offering Circular.

16.11 Critical accounting estimates and judgments

Critical accounting estimates and judgments are those estimates and judgments which are particularly significant in presenting our results of operations and include those that involve complex and subjective judgments and the use of assumptions, some of which may be inherently uncertain or susceptible to change. The effect of these judgments and the assumptions we make could potentially result in materially different results from that which would otherwise occur using different judgments and assumptions. The estimates and judgments presented in this section are therefore particularly critical to an understanding of our financial information, and the application of our critical accounting estimates and the sensitivity of our reported results to changes in conditions and assumptions are factors to be considered in reviewing our consolidated financial information and the discussions of our results of operations and financial condition in this section and elsewhere in this Offering Circular.

16.11.1 Revenue relating to sales of power and gas

In connection with the determination of revenue, the accrual of revenue relating to sales of power and gas to residential and business customers is subject to considerable uncertainty due to the fact that customers' realized consumption can only be verified through meter readings, which are not available at the date of presentation of the annual report. Revenue is recognized on the basis of statements that take account of relevant factors, such as for example realized temperatures of the month as well as the individual customer's historical consumption at the particular time of the year. For further information, see Note 2.3 of the audited consolidated financial statements as at December 31, 2015.

16.11.2 Impairment tests

Production assets and property, plant and equipment under construction are tested for impairment annually and if there is any indication of impairment. For production assets with a limited lifetime such as offshore wind farms, power plants and oil and gas fields, cash flows are calculated based on forecasts for the entire lifetime of the asset. For power distribution, cash flows are calculated based on forecasts for the first 25 years with the addition of a 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, power, biofuel, coal, CO₂ Certificates estimated oil and gas reserves, weighted average cost of capital and exchange rates, among others. The market prices applied are based on available forward prices for a period of up to five years and management's best estimate of long-term prices for the remainder of the period. When calculating the recoverable amount of property, plant and equipment under construction, the expected completion costs and the commissioning date are also material assumptions. The assessment of oil and gas reserves is based on estimates of both proved and probable reserves. 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. We conduct an annual internal evaluation and review of the Group's reserves. An independent valuer has reviewed our 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 as 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 drillings, 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.

16.11.3 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 uses may subsequently prove not to be realizable, which may require the 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.

16.11.4 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 the 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. For further information, see the section on impairment testing in Note 3.1 of the audited consolidated financial statements as at December 31, 2015. With respect to Danish power plants, these must be removed no later than 12 years after they have been decommissioned. In measuring provisions, the costs required to meet the obligations are discounted. In determining decommissioning obligations at December 31, 2015, a discount rate of 4.5% was applied, the same discount rate that the Group applied at December 31, 2014 and December 31, 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 demolition and decommissioning 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.

16.11.5 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, and the obligations incurred by the Group as a result of these contracts may also be subject to uncertainty.

16.11.6 Warranties in relation to wind farm divestments

In connection with the divestment of ownership interests and the construction of wind farms, we have provided our partners with certain warranties and guarantees, including wake loss guarantees (compensation if a new wind farm identified at the time of divestment is constructed near to the existing wind farm that negatively affects the wind flow, and therefore the power production, of the existing wind farm), technical guarantees (including compensation if the actual power generated by the turbine at certain wind speeds is less than the estimated power generation levels) and construction guarantees (including compensation for defects). Warranties are included in other liabilities in Note 3.3 the audited consolidated financial statements as at December 31, 2015 as specified in the section related to Wind Power or specific warranties.

16.11.7 Litigation

When exercising a judgment about a potential liability in connection with litigation or other proceedings, the nature of the litigation, claim or statement is assessed. Other factors taken into account are the development of the case, the judgments 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.

16.11.8 Investments in associates and joint ventures

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 and in connection with any restructuring 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 we are entitled only to the net profit or to 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 licenses to extract oil and gas.

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 our criteria for joint control are instead accounted for as investments in joint ventures. Associates and joint ventures are one line item consolidated in the Group's accounts.

16.11.9 Other operating income

As a part of the partnership model in Wind Power, we have sold ownership interests in wind farms by selling 50% of our ownership interests. The resulting gain is recognized in other operating income in the income statement, as the management does not believe that the divested assets 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 rather only an undivided interest in the wind farm.

16.11.10 Construction contracts

The determination of the expected selling price of construction contracts includes estimates of the degree of completion, the value of incentive agreements, liabilities assumed, early generation 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.

16.11.11 Deferred tax

Deferred tax assets, including the tax base of tax loss carryforwards, are re-assessed on a regular basis and recognized to the extent that it is probable that they will be utilized in the foreseeable future. In our Oil & Gas companies, the tax losses related to new fields are recognized when the production is stable. As the taxable income (loss) in the Oil & Gas business is not part of the joint taxable income, the recognition of tax assets is assessed on a standalone basis. However, in Denmark and in the UK, it is possible to transfer tax losses from the ring-fenced Oil & Gas business to utilize against profits in other business areas. When a business is conducted 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. We believe 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.

16.12 Risk management

As part of our normal operations, we encounter, in addition to general operational and business risks, a number of different areas of risk, including, and relating to, market fluctuations in commodity prices, currency exchange rates and interest rates as well as credit and insurance, among others. Management of these risks is an important area of focus for us. The purpose of our risk management activity is to identify the various areas of risk to which we are exposed and subsequently decide how to address such risks, including assessing to what extent the individual risks are acceptable or even desirable, in conjunction with an evaluation of the extent to which these risks can be mitigated, to ensure an optimal balance between risk and return.

We manage our different financial risk areas based on risk management policies approved by the Board of Directors. Developments in our financial risk profile are reported quarterly to the Audit & Risk Committee and the Board of Directors. We have established a specific group risk committee headed by our Chief Financial Officer with responsibility for overseeing our risk management and risk control activities relating to our market and credit risks. We have a centralized risk management unit segregated from business units. Our risk management unit is responsible for the calculation and reporting of risk exposures and daily reporting on trading positions, profit/loss, credit exposures and compliance with assigned mandates.

We have an independent internal audit function, providing independent and objective auditing and consulting services, which improve and streamline our processes and control environment. In addition, we have implemented separate policies and internal controls relating to insurance, QHSE, and IT risk management.

16.12.1 Market risk management

Our main market risks relate to fluctuations in commodity prices, currency exchange rates and interest rates. The management of our markets risk is based on the Group's desire for stable and robust financial ratios to ensure a solid foundation for our growth strategy as well as protecting the value of our assets to some extent. Our risk management strategies seek to reduce volatility in our after tax cash flows that results from fluctuations in market prices for oil, oil products, gas, power, coal, CO₂ Certificates and other relevant commodities as well as to reduce cash flow volatility caused by fluctuations in currency exchange rates and interest rates. See *Risk Factors* 1–4 for a discussion of how fluctuations in these commodity prices and rates may adversely affect our results of operations, cash flows or financial condition.

Our policy is to identify and assess all material market risks, which we expect to have a reasonably high likelihood of materializing, with a view to including a consideration of such risks in our overall risk management policy. Market risks are assessed using exposure values on a five-year risk management horizon. Commodity price risk is defined as the unhedged production or unhedged volumes from sourcing and sales contracts multiplied by the forward energy price at the time of risk assessment, whereas currency risk is defined as future net cash flows in foreign currencies multiplied by the forward currency price. Exposure values can be interpreted as a sensitivity of cash flow to market prices. If market prices fall by 10%, cash flow will decrease by 10% of the exposure value. We adjust our hedging strategies for any special taxation that might apply. For example, our oil and gas production from Norway is subject to the special Norwegian hydrocarbon tax of 53% (in 2016) in addition to the corporate tax of 25% (in 2016). We

have implemented a risk governance structure designed to manage the identified market risks by adjusting our risk profile to a level of exposure deemed appropriate by the Board of Directors.

To reduce fluctuations in our cash flows in the short and medium term, market price risks are hedged with a risk management horizon of up to five years. We manage our risk profile by entering into financial and physical contracts (spot transactions, fixed price transactions and contracts for future delivery, as well as swaps, forwards, options and other derivative products) on commodities, interest rates and foreign currencies. Beyond the five-year horizon, our market risks are determined by strategic choices regarding the composition of production assets and long-term physical contracts and to some extent matching of the currency of debt with the currency of the cash flow from the assets. Our commodity price risks are hedged in accordance with the minimum hedging levels decided for each of our four reporting segments. Our general hedging strategy is to hedge more of the price risk in the near future and to hedge less price risk in the more distant future. This approach is adopted partly because there is less certainty about long-term production volumes, and partly because the financial and physical markets for hedging instruments are less liquid in the longer term end of the price curve. Our Market Trading function is responsible for executing the Group's hedges in the external market, and in connection with and, in part, to support these activities, we also engage in a limited amount of proprietary trading in gas, power, coal, oil, oil products and CO2 Certificates to take advantage of market opportunities, to discover prices, and to maintain high levels of market understanding required to support our portfolio optimization and risk management activities. See Risk Factor 51 "Our trading and hedging activities may result in losses" for a discussion on the magnitude of the trading activity and the proprietary trading in particular.

The main principle behind the risk management of currencies is that currency exposures are hedged when the underlying cash flows in foreign currency are relatively certain. Currency exposures consist of cash flows from production with known sales or purchase prices, the value of hedged energy contracts, revenue from Green Certificates and fixed tariff elements, divestments, capital expenditure, operating expenses, tax assets, and loans in foreign currency. As discussed above, when we enter into financial or physical contracts or otherwise seek to manage our market risks, we primarily focus on the impact that such contracts or other actions would have on our cash flows over the next five years and, secondarily, on the accounting effect of such transactions. Under the business performance measures, value adjustments of contracts hedging energy prices and related currency risks are postponed and recognized in the period in which the hedged exposure materializes. For further information, see Section 16.3.1 "Description of business performance measure."

16.12.1.1 Commodity price risk

The tables below set forth our consolidated price risk exposures to oil, gas and power prices and to power price related spreads (including the Green Dark Spread) as at March 31, 2016 for the period from Q2 2016 to and including Q1 2021.

	Gross Exposure						
	5 years rolling	Q2-Q4 2016	2017	2018	2019	2020+(1)	
	(DKK million)						
Oil	8,952	964	1,727	2,083	1,961	2,217	
Gas	8,593	246	961	2,156	2,665	2,565	
Power	8,014	395	1,066	1,738	1,875	2,940	
Power related spreads	1,491	181	230	242	287	552	

⁽¹⁾ Contains 2020 as well as Q1 2021.

	Exposure After Group Hedges						
	5 years rolling	Q2-Q4 2016	2017	2018	2019	2020+(1)	
	(DKK million)						
Oil	5,134	16	(19)	1,170	1,708	2,260	
Gas	4,887	59	96	686	1,607	2,439	
Power	3,174	24	54	349	770	1,977	
Power related spreads	1,367	107	187	234	287	552	

⁽¹⁾ Contains 2020 as well as Q1 2021.

Our main commodity price risks are the prices of oil, gas and power. For the period from Q2 2016 to and including Q1 2021, oil, gas, power and spread exposures after hedges total DKK 5.1 billion, DKK 4.9 billion, DKK 3.2 billion and DKK 1.4 billion, respectively.

For the year 2018, the oil, gas, power and spread exposures after hedges total DKK 1,170 million, DKK 686 million, DKK 349 million and DKK 234 million, respectively. This means that a 10% increase (decrease) in the commodity prices would result in a gain (loss) of DKK 117 million, DKK 69 million, DKK 35 million and DKK 23 million, respectively.

Wind Power's direct power price risk is mainly related to the sale of wind-based power generation on market terms. A significant part of the total wind-based power generation is sold at fixed and/or guaranteed minimum prices and does not contribute to the overall direct power price exposure. At the end of Q1 2016, the share of fixed tariffs and guaranteed minimum prices cover 88% of the expected income from the Wind Power portfolio over the next five years applying forward prices as of the end of Q1 2016. The share of fixed tariffs and guaranteed minimum prices is subject to changes in the forward prices, as the share will increase if the market prices decline. In new UK wind farms, including Burbo Bank Extension, Walney Extension and Hornsea 1, a CfD regime replaces the ROC regime and ensures a stable cash flow as there is no variable price element for these wind farms for the first 15 years of operation. In addition to the direct power price risk, we are exposed to the variable, recycle value of the ROCs, which typically accounts for 0% to 10% of total ROC income. See Risk Factor 13 "We are subject to certain risks related to changes in the regulated value, the recycle value and fluctuations in the market sales price of ROCs" and Section 15.5.9.2 "England and Wales."

Bioenergy & Thermal Power's generation of thermal power entails earnings from the sale of power less the cost of inputs such as gas, coal or biomass and CO₂ Certificates. Bioenergy & Thermal Power's price exposure is therefore a spread exposure as it depends on the relative development in the sales and input prices. 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 CHP plants generate power and heat simultaneously.

Distribution & Customer Solutions' price exposure primarily stems from the purchase and sale of gas and power. The price risk associated with the purchase and sale of gas results from differences in indexing between sales and purchase prices. Risk management is based on the indexing expected to prevail after completion of current renegotiations of oil-indexed gas purchase contracts. If the results of the renegotiations deviate from expectations, the level of hedging may need adjusting. For further information, see Section 16.2.5.2 "Timing differences on purchase contracts, gas at storage and related hedges."

Oil & Gas's price exposure originates from our production of oil and gas.

In managing our commodity price risks, the Board of Directors has set minimum hedge percentage requirements for each of our segments. These minimum hedge percentage requirements are supplemented by more restrictive risk limits set by the Group Executive Management, which are reviewed on a semi-annual basis or on an as-needed basis.

For the direct price exposure from the Wind Power and Oil & Gas businesses, the minimum hedge percentage requirement is 75%, 50% and 25% for the years one through three. Because the Distribution & Customer Solutions business is a margin business, the minimum hedge percentage requirement in this business is slightly higher at 80%, 60% and 40% for the years one through three. Each year is a rolling year on a 4-quarter basis, and the minimum hedge percentage requirement does not apply if the exposure after hedges in any year is below DKK 0.5 billion.

The table below sets forth the minimum hedge percentage requirements determined by the Board of Directors in the Oil & Gas, Wind Power and Distribution & Customer Solutions businesses.

	Year 1	Year 2	Year 3
Power generation from wind farms (Wind Power)	75%	50%	25%
Distribution & Customer Solutions	80%	60%	40%
Gas and oil production (Oil & Gas)	75%	50%	25%

Our management of commodity price risk from fossil fuel-based power generation differs from the management of commodity price risk from our other business activities. The volume of fossil fuel-based power production depends on the Green Dark Spread, which measures the contribution margin of the power plant. This means that price risk management is an integral part of the optimization of the power generation business. For this reason, a price-independent hedge percentage requirement is not appropriate. Therefore, the mandate set by the Board of Directors is a price dependent determination of the minimum hedge percentage with a mandate for Group Executive Management to define more detailed, flexible risk limits.

The table below sets forth the minimum hedge percentage expectation determined by the Board of Directors in the Bioenergy & Thermal Power business based on power plant contribution margins, where current contribution margins are compared to a historical average in order to determine its current attractiveness and associated required hedge level. Each year in the table below is a rolling year on a 4-quarter basis.

	Year 1	Year 2
High contribution margin	>50%	>25%
Low contribution margin	0%	0%

Our hedge percentages for each of the Group's segments as of March 31, 2016 on a rolling year 4-quarter basis (comparable to our minimum hedge percentage requirements) are shown in table below:

	Year I	Year 2	Year 3	Year 4	Year 5
Wind Power	93%	92%	70%	39%	17%
Bioenergy & Thermal Power	33%	12%	0%	0%	0%
Distribution & Customer Solutions	98%	91%	100%	86%	53%
Oil & Gas	96%	85%	49%	10%	0%

Our hedge percentages for each of the Group's segments as of March 31, 2016 on a calendar year basis are shown in table below:

	Q2-Q4 2016	2017	2018	2019	2020
Wind Power	94%	92%	76%	51%	23%
Bioenergy & Thermal Power	41%	18%	3%	0%	0%
Distribution & Customer Solutions	99%	96%	99%	97%	81%
Oil & Gas	97%	98%	57%	14%	0%

As at March 31, 2016, our oil and gas production for FY 2016 and FY 2017 were almost fully hedged at average prices corresponding to USD 80/bbl and EUR 20/MWh, respectively, whereas 57% of our oil and gas production for FY 2018 was hedged at average prices corresponding to USD 60/bbl and EUR 16/MWh, respectively.

Our energy exposures are consolidated within the Distribution & Customer Solutions business, before they are hedged in the external market, to utilize the Group's inherent, internal offsetting netting possibilities. For example, oil price-indexed gas purchase contracts can contribute to reducing the long-term oil price exposure from our production of oil.

Market Trading

Our Market Trading function within the Distribution & Customer Solutions business is responsible for executing the physical and financial transactions in the market. It is not always possible to hedge the transferred price risks in full. We therefore have some remaining exposure resulting from these activities as illustrated in the second example in Section 16.3.1 "Description of business performance measure." Market Trading also balances physical volumes in the market and takes positions to earn a profit and ensure an ongoing market presence and thus gain more detailed market insight. Furthermore, we have assumed the role of market maker in the Danish and German power market, which involves further market risks as we must accept certain trades in illiquid markets.

Limits for Market Trading are based on VaR and Stress, which measure the risk of losses on the portfolio from day to day, calculated on a fair value basis. VaR is determined as the maximum 1-day loss with a 95% probability and thus measures the risk under normal market conditions. Stress is determined as the worst loss within one trading day based on all actual price movements since January 1, 2006 and thus shows the risk under more extreme market conditions. In January 2016, the limits for VaR and Stress, set by the Board of Directors, were reduced from DKK 120 million to DKK 70 million and from DKK 500 million to DKK 400 million, respectively. For internal steering, Group Executive Management has further reduced the VaR limit to DKK 50 million. Compliance with the limits are monitored and reported by the risk

management department on a daily basis. In 2015, the average utilization was significantly lower than the VaR and Stress lines. For further information regarding trading portfolio, see Note 7.3 to the audited consolidated financial statements as at December 31, 2015.

16.12.1.2 Currency exchange risk

Our activities entail a financial risk in relation to exchange rate fluctuations. The purpose of our currency risk management is to reduce volatility of cash flow after tax and ensure stable Group finances. The main risk management principle is that currency exposures are hedged once it is deemed relatively certain that the underlying cash flows in foreign currencies will materialize.

Our main currency risks are the British Pound, US Dollar and Norwegian Kroner. Our British Pound exposure mainly derives from UK wind farm revenues and operating costs, investments and divestments and debt denominated in British Pounds. The main components of our US Dollar exposure are the production of oil, the purchase of coal in relation to thermal power production and oil indexed gas purchase contracts. Our Norwegian Kroner exposure is composed of the net exposure of the value of future tax deductions related to the capital expenditure program in previous years in Norway and tax payable related to the oil and gas production in Norway.

The tables below set forth our exposure to these three currencies before and after hedges as of March 31, 2016 for the period (Q2 2016 to and including Q1 2021).

DKK billion	Aggregate Exposures— Before hedges	Aggregate Exposures— After hedges
British Pound	56.7	19.9
US Dollar	5.8	(0.1)
Norwegian Krone	(0.2)	0.0

	Exposure After Group Hedges							
	5 years rolling	Q2-Q4 2016	2017	2018	2019	2020+(1)		
	(DKK million)							
British Pound—Before hedges	56,696	11,552	16,504	13,394	9,225	6,020		
British Pound—After hedges	19,911	(671)	5,292	3,489	6,730	5,070		

⁽¹⁾ Contains 2020 as well as Q1 2021.

As of March 31, 2016, for the period from Q2 2016 to and including Q1 2021, the British Pound, US Dollar and Norwegian Kroner exposure after hedges totaled DKK 19.9 billion, DKK (0.1) billion and DKK 0.0 billion, respectively. Currency risk exposure related to unhedged ROCs and CfDs and unhedged expected proceeds from divestments amounted to DKK 19.9 billion of the British Pound exposure and DKK (0.0) billion regarding other exposures.

For the year 2018, the British Pound exposures after hedges total DKK 3,489 million, meaning that a 10% increase (decrease) in the currency rate would result in a change in our exposure (including currency risk associated with the energy hedging, divestments and investments) of DKK 349 million.

Our hedging of currency risk, associated with the energy hedging, takes place concurrently with the hedging of our energy price risk. Similarly, currency risks associated with divestments and investments are hedged once the amount is relatively certain. Due to an uncertain correlation between foreign exchange rates and energy prices, the currency risk associated with the unhedged energy price risk is not included in the currency exposure and is not hedged. This applies, for example, to the US Dollar risk associated with an unhedged oil price risk. Our Euro risk is subject to continuous assessment, but is normally not hedged as Denmark is deemed very unlikely to abandon its fixed exchange rate policy.

Our Board of Directors has decided to let cash flows originating from Green Certificates and fixed tariff elements from offshore wind farms in the UK to be hedged according to a declining staircase over the five-year risk management horizon, meaning that a greater percentage of exposure is hedged in the first year, with a declining percentage of exposure hedged in each remaining year, as demonstrated in the table below. The decision was prompted by a substantial increase in our investment-driven exposure towards the British Pound, and the resulting collateral requirements and tax effects. In May 2016, we executed further hedging of our GBP exposure, resulting in a reduction of our 2017 GBP exposure after hedges by approximately DKK 4 billion. Fluctuations in the British Pound therefore constitute a strategic risk for us. See Risk Factors 37 "We face risks relating to a referendum on the UK's continued membership in the EU."

The table below sets forth the declining hedge ratio for ROC and CfD exposures in British Pounds:

	Year 1	Year 2	Year 3	Year 4	Year 5
ROC and CfD exposures hedged	100%	80%	60%	40%	20%

Our currency exposure risk limits, set by the Board of Directors, are listed below. They apply to the hedgeable net currency exposure (i.e. excluding the exposure from ROCs and CfDs above the staircase), and are measured on a rolling 20-quarter basis.

The table below sets forth our risk limits as approved by the Board of Directors:

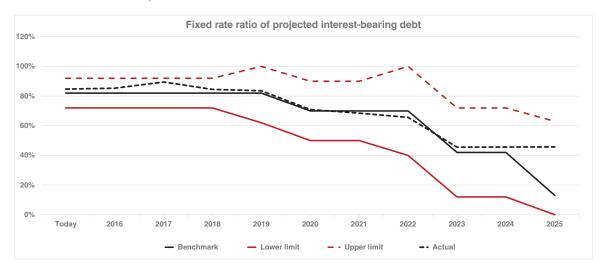
DKK billion	(years 1–5)	years 1-5)
British Pound	+/-~0.5	+/- 1
US Dollar	+/-~0.25	+/-~0.5
Norwegian Krone	+/-~0.1	+/-~0.5
Other	+/-~0.05	+/-0.25

We manage our currency exposures by transferring them from the individual reporting segments to our Group's central treasury department. The purpose of this is to consolidate all currency risks to ensure optimization and netting across all currency exposures arising from hedged energy exposures, income from certificates, capital expenditure/operating expenses and debt, among other things. Based on the consolidated and optimized currency positions, a decision on the desired hedging strategy is made and then executed. All currency hedging decisions are made and documented in the Treasury Committee (a Group internal body) and finally approved by the Chief Risk Officer prior to execution. Our department responsible for currency hedge execution is not allowed to conduct proprietary trading activities.

16.12.1.3 Interest rate risk

Our interest rate risks relate primarily to our interest-bearing debt, including hybrid capital, interest-bearing assets and financial hedging contracts. The mandate, set by the Board of Directors, is based on a debt portfolio, including hybrid capital, with a benchmark for the fixed/floating interest rate ratio for each tenor, with a band of yearly minimum and maximum limits for deviation from the benchmark. The risk management horizon equals the longest maturity in our interest-bearing debt portfolio. The benchmark fixed/floating rate profile is applied to projected gross debt, including hybrid debt. The fixed/floating rate benchmark profile is determined by the mix of the Group's assets and the interest rate sensitivity of the cash flows generated by these assets. Fixed-interest financing over a longer term is sought for assets with fixed, interest-insensitive cash flows over a longer term. Conversely, more variable-interest financing is sought for assets with varying, interest-sensitive cash flows.

The figure below sets forth the interest rate risk mandate determined by the Board of Directors and measured as of March 31, 2016:



We adjust our interest rate risk through the interest rate terms of our loans and by entering into interest rate derivatives such as interest rate swaps, swaptions (options on interest rate swaps), caps and floors. We also use the interest rate basis on currency hedges to manage interest rate risk.

As of March 31, 2016, a one-percentage point parallel decrease in interest rates would result in a market value change on our interest-bearing assets and debt portfolio (including hybrid capital and derivatives) of DKK 0.4 billion and DKK (3.1) billion, respectively. As of March 31, 2016, the market value of our debt portfolio, excluding hybrid capital, exceeded the book value by DKK 4.9 billion. The gross debt portfolio (including hybrid capital and derivatives) had an average time to maturity of approximately 8 years.

16.12.1.4 Credit risk

Our credit risk arises partly from our power and gas sales and partly from our entry into financial and physical transactions based on fixed or indexed prices. In connection with the liberalization of the European energy markets, the scope of energy trading in Europe has grown significantly. At the same time, liberalization has changed these markets through increased competition, unbundling of utility companies and the entrance of new entities. Against this background, credit risk management is today very much a focus area for us.

In the normal course of our business, we enter into contracts for physical delivery of energy products with customers and suppliers as well as hedging contracts for commodities, currencies and interest rates with different market participants, such as other energy companies, specialized trading houses and international banks. Physical contracts with a maturity of more than one year are common and certain other contracts, such as our long-term gas purchase contracts, can have maturities of more than five years. All these contracts expose us to a cost if the counterparty to a contract cannot fulfill its obligations under the contract. The risk of this cost is measured and managed as credit risk.

We also invest a portion of our liquidity reserve in short-term deposits and liquid assets, primarily AAA-rated Danish mortgage bonds and Danish government bonds, as well as minor holdings of investment-grade (i.e. rated BBB –/Baa3 or higher) corporate bonds, including hybrid bonds. This exposes us to a cost if the issuers of these securities cannot fulfill their obligations.

We manage our credit risk through our policy regarding internal counterparty credit lines along with structured monitoring of our actual exposure. We manage credit lines on the basis of our assessment of the counterparty's credit rating. Where the counterparties have been rated externally, such as by Fitch, Moody's or S&P, these ratings play a significant role when we are determining our internal ratings for such counterparties.

We manage our credit exposures in such a way as to facilitate our business activities without subjecting ourselves to unreasonable credit exposure in respect of any individual counterparties. Our methodology for calculating credit risk takes into account the risk of non-payment of outstanding receivables from already delivered contracts and a financial element covering current and future replacement costs arising from changes in the market value for contracts not based on floating prices. Future replacements costs are estimated based on an "add-on factor" derived from the historical price volatility of the underlying contract asset type.

As a minimum threshold, we carry out a credit analysis with respect to all counterparties with a credit line of above DKK 10 million, and our centralized risk management department determines the exact amount of the line. We allocate internal credit lines to our individual reporting segments based on their needs. Counterparties requiring a credit line of above DKK 400 million or above DKK 800 million, depending upon our internal credit rating of the counterparty, are approved by the Board of Directors.

As part of our management of credit risk, we monitor the credit risk of our trading counterparties on a daily basis, and of our other counterparties on a monthly or quarterly basis. Our credit risk policy establishes roles and responsibilities within our organization, and is designed to ensure that all major credit exposures are monitored at the group-wide level.

For a few selected financial counterparties, we have entered into a bilateral margin agreement with regular margin settlement of any credit risk exposure from financial trades. This credit risk exposure is therefore limited and managed according to our liquidity risk policies.

The number of potential counterparties in some of our markets is relatively low. Being active on these markets can result in aggregating credit risk in a few counterparties resulting in credit lines in excess of DKK 1,000 million.

Our losses due to defaults by counterparties have historically been relatively low.

16.12.2 Insurable risks

Our insurance program and type of insurance coverage is based on a risk analysis related to our activities, including factors such as diversification of risks between the businesses, the geographical distribution of assets, the likelihood and frequency of events and the likely impact of such events.

A substantial portion of our property insurance is obtained through membership in the mutual insurance company Oil Insurance Ltd. Through this membership, we are insured up to a limit of 400 million US Dollars, with a deductible of 10 million US Dollars for each occurrence resulting in damage to assets. In addition to the coverage afforded by Oil Insurance Ltd. and with a view to achieving adequate coverage for the number of large projects in which we are involved, we have separate excess policies designed to ensure adequate insurance coverage for all operational assets. This additional coverage is established through specific insurance policies established through Lloyd's of London and other markets.

We are not insured for business interruption. Our risk relating to business interruption is diversified between the various businesses, the geographical distribution of assets as well as the introduction of partnerships. Furthermore, the frequency and likelihood for worst case scenario business interruption losses are considered to be low.

With a view to optimizing the insurance portfolio and managing the property insurance with Oil Insurance Ltd., among others, a subsidiary, DONG Insurance A/S, has been established. DONG Insurance A/S is protected by stop loss insurance to limit the total potential deductible losses for us by frequent claims. DONG Insurance A/S is reinsured by a large number of reinsurers, with Oil Insurance Ltd. as the main reinsurer. Oil Insurance Ltd. is a mutual insurance company rated A — (stable) by S&P and A2 by Moody's. DONG Insurance A/S is subject to the regulatory supervision of the Danish FSA.

17. PROSPECTIVE FINANCIAL INFORMATION FOR 2016 AND PROSPECTIVE DIRECTIONAL INDICATIONS FOR 2017

17.1 Statement by the Board of Directors and Executive Board

The consolidated prospective financial information for 2016 and the prospective directional indications for 2017 has been prepared solely for the purpose of this Offering Circular. In preparing the consolidated prospective financial information for 2016 and the prospective directional indications for 2017, the Company has applied its accounting policies, which are in accordance with IFRS and set out in Note 1 to the Audited Consolidated Financial Statements included in the F-pages to this Offering Circular. The consolidated prospective EBITDA for 2016 and the prospective directional indications for 2017 are based on the business performance measure as described in Section 16.3.1 "Description of business performance measure."

The consolidated prospective financial information for 2016 and the prospective directional indications for 2017 are based on a number of factors, including certain estimates and assumptions, many of which are outside of the Company's control or influence. The principal assumptions upon which we have based the consolidated prospective financial information and the methodology for preparing such data are described under "Methodology and assumptions" below.

The consolidated prospective financial information for 2016 and the prospective directional indications for 2017 represent the best estimates of the Board of Directors and Executive Board as at the date of this Offering Circular. The Company's actual results of operations for 2016 and 2017 may differ from the consolidated prospective financial information for 2016 and the prospective directional indications for 2017, since anticipated events may not occur as expected and the variation may be material in each case. Prospective investors should read the consolidated prospective financial information for 2016 and the prospective directional indications for 2017 in this section in conjunction with Section 1 "Risk factors" and Section 3 "Special notice regarding forward-looking statements."

Gentofte, May 26, 2016 DONG Energy A/S

Board of Directors

Thomas Thune Andersen <i>Chairman</i>	Lene Skole Deputy Chairman	Lynda Armstrong Board Member
Pia Gjellerup Board Member	Martin Hintze Board Member	Benny D. Loft Board Member
Poul Arne Nielsen Board Member	Claus Wiinblad Board Member	Hanne Sten Andersen Employee Representative
Poul Dreyer Employee Representative	Benny Gøbel <i>Employee Representative</i>	Jens Nybo Sørensen Employee Representative

Executive Board

Henrik Poulsen
Chief Executive Officer

Marianne Wiinholt Chief Financial Officer

17.2 Independent auditors' report on prospective consolidated financial information for 2016 and prospective directional indications for 2017

To the Readers of this Offering Circular,

We have been engaged to issue a report as to whether the consolidated prospective financial information for 2016 and prospective directional indications for 2017 of DONG Energy A/S has been properly compiled on the basis stated and whether the basis of accounting used for the consolidated prospective financial information is consistent with the accounting policies of DONG Energy A/S.

The consolidated prospective financial information for 2016 and prospective directional indications for 2017 is stated on pages 337-342 of this Offering Circular. The basis is stated in Section 17.3.2 "*Methodology and assumptions*" below.

We will express reasonable assurance in our conclusion.

The expression "the basis of accounting used for the consolidated prospective financial information is consistent with the accounting policies of DONG Energy A/S" means that the consolidated prospective financial information has been prepared according to the accounting policies stated in the Audited Consolidated Financial Statements of DONG Energy A/S as included in the pages F-33–F-141.

The Company's actual results of operations for 2016 and 2017 may differ from the consolidated prospective financial information for 2016 and the prospective directional indications for 2017, since anticipated events may not occur as expected, and the variations may be material in each case.

The consolidated prospective financial information has been prepared for the purpose of this Offering Circular, which has been prepared in accordance with the Prospectus Regulation and may therefore not be appropriate for another purpose.

Our report is issued in accordance with the Prospectus Regulation and has been prepared in accordance with generally accepted Danish practice for reports under the Prospectus Regulation and only in connection with the contemplated admission for trading and official listing on Nasdaq Copenhagen of Shares in DONG Energy A/S and the public offering of certain of these Shares.

This independent auditor's report is not included or incorporated by reference in the US Offering Circular.

Management's responsibility

The Company's management is responsible for the proper compilation of the consolidated prospective financial information on the basis stated and for the basis of accounting used for the consolidated prospective financial information being consistent with the accounting policies of DONG Energy A/S.

Furthermore, the Company's management is responsible for selecting and applying the assumptions underlying the consolidated prospective financial information.

Auditors' responsibility

Our responsibility is, in accordance with the Prospectus Regulation, to express a conclusion as to whether the consolidated prospective financial information has been properly compiled on the basis stated and whether the basis of accounting used for the consolidated prospective financial information is consistent with the accounting policies of DONG Energy A/S.

We have performed our work in accordance with ISAE 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish auditor regulations.

PricewaterhouseCoopers is subject to the International Standard on Quality Control, ISQC 1, and thus applies a comprehensive quality control system, including documented policies and procedures concerning compliance with ethical requirements, professional standards and current statutory requirements and other regulation.

We have complied with the independence requirements and other ethical requirements included in FSR—Danish Auditors' guidelines for auditors' ethical behavior (Code of Ethics for Auditors) based on the basic principles of integrity, objectivity, professional competence as well as due diligence, confidentiality and professional behavior.

As part of our work, we have checked whether the consolidated prospective financial information has been properly compiled on the basis of the assumptions stated and according to the accounting policies stated in the Audited Consolidated Financial Statements of DONG Energy A/S as included in the pages F-33–F-141, including checking of the numerical consistency of the consolidated prospective financial information.

Our work did not comprise an assessment of whether the assumptions applied are documented, well-founded and complete or whether the consolidated prospective financial information for 2016 and prospective directional indications for 2017 can be realized, and therefore we express no conclusion thereon.

Conclusion

Our conclusion is based on the understanding of the expression "the basis of accounting used for the consolidated prospective financial information is consistent with the accounting policies of DONG Energy A/S" as defined in the introduction to this report.

In our opinion, the consolidated prospective financial information for 2016 and the prospective directional indications for 2017 has been properly compiled on the basis stated and the basis of accounting used for the consolidated prospective financial information is consistent with the accounting policies of DONG Energy A/S.

Copenhagen, May 26, 2016 **PricewaterhouseCoopers** Statsautoriseret Revisionspartnerselskab

Lars Baungaard State Authorized Public Accountant Fin T. Nielsen State Authorized Public Accountant

17.3 Prospective financial information for 2016 and prospective directional indications for 2017

17.3.1 Introduction

The Company has prepared the consolidated prospective financial information for 2016 and the prospective directional indications for 2017 included in this Offering Circular in accordance with applicable laws and regulations. Such information is the responsibility of the Company. The consolidated prospective financial information for 2016 and the prospective directional indications for 2017 were not prepared with a view toward compliance with published guidelines of the US Securities and Exchange Commission and the American Institute of Certified Public Accountants ("AICPA") for the preparation and presentation of prospective financial information. Accordingly, this information does not include disclosure of all information required by AICPA's guidelines on prospective financial information other than those applicable under the Prospectus Directive. The consolidated prospective financial information for 2016 and the prospective directional indications for 2017 are necessarily based upon a number of assumptions and estimates that, while prepared with numerical specificity and considered reasonable by the Company, are inherently subject to significant business, operational, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control, and upon assumptions with respect to future business decisions that are subject to change.

The Company's actual results of operations for 2016 and directional indications for 2017 may differ from the consolidated prospective financial information for 2016 and the prospective directional indications for 2017, respectively, and such deviations may be material. Accordingly, prospective investors should treat this information with caution and should not place undue reliance on the prospective data set forth below.

17.3.2 Methodology and assumptions

The Company's consolidated prospective financial information for 2016 reflects the Company's actual performance through March 31, 2016. The Company's consolidated prospective financial information for 2016 reflects estimates and assumptions concerning the Company's performance through December 31, 2016. The Company's prospective directional indications for 2017 reflects estimates and assumptions concerning the Company's performance through December 31, 2017.

The consolidated prospective financial information for 2016 has been prepared on the basis of the Company's accounting policies, and consistent in all material respects with those applied in the audited consolidated financial statements as at and for the year ended December 31, 2015. See Section 5 "Presentation of financial and certain other information and summary consolidated financial and operating data."

The consolidated prospective financial information for 2016 and the prospective directional indications for 2017 are based on the business performance measure (see Section 16.3.1 "Description of business performance measure") and has been prepared in accordance with the Company's ordinary budgeting and forecasting procedures and on a basis comparable to the historical financial information included elsewhere in this Offering Circular. The consolidated prospective financial information for 2016 and the prospective directional indications for 2017 has been prepared on the basis of a large number of assumptions and estimates, both of which are subject to numerous and significant uncertainties, which could cause our actual results to differ materially from the prospective financial information presented herein. Certain of the assumptions, estimates, uncertainties and contingencies relating to the consolidated prospective financial information for 2016 and the prospective directional indications for 2017 are outside of the Company's control, including those related to changes in market, legal, fiscal, regulatory, political or economic conditions, commodity price and currency fluctuations and actions by competitors, customers and consumers. When we state below that an assumption is "Partially within the Company's control," this remains subject to various uncertainties that are not within the Company's control.

The key principal assumptions and estimates made by the Company in preparing the consolidated prospective financial information for 2016 and the prospective directional indications for 2017 are presented below; however, the list is not exhaustive and it is possible that one or more of the assumptions or estimates will fail to materialize or prove to be incorrect. The Company's actual results of operations could also deviate materially from the consolidated prospective financial information and the prospective directional indications as a result of other factors, including, but not limited to, those described under Section 1 "Risk factors" and Section 3 "Special notice regarding forward-looking statements." For additional information regarding factors that the Company believes could have a substantial effect on its results of operations, see Section 16.2 "Factors affecting our results of operations and financial condition."

17.3.3 Non-IFRS measure

The business performance measure included in this Offering Circular is a non-IFRS measure that supplements the IFRS presentation of the financial performance of the Group's activities in the reporting period. Under the business performance measure, the market value adjustment of contracts (including hedging transactions) is generally deferred and recognized for the period in which the hedged exposure materializes, subject to certain exceptions. For additional information, see Section 5 "Presentation of financial and certain other information and summary consolidated financial and operating data."

17.3.4 Year ending December 31, 2016

For the purpose of preparing the consolidated prospective financial information for business performance EBITDA for FY 2016, the Company has applied the following principal assumptions:

Wind Power

- We assume power generation will ramp-up from Borkum Riffgrund 1 (commissioned in FY 2015) and Gode Wind 1 & 2 (which we assume will be commissioned in Q3 2016 and Q2 2016, respectively) (Partially within the Company's control).
- We assume substantially higher activity and earnings than in FY 2015 on contracts for the construction of offshore wind farms for partners and also assume higher divestment gains. We completed the divestment of 50% of our ownership interest in Burbo Bank Extension in Q1 2016 with a gain of DKK 0.6 billion and assume that we will complete another divestment of ownership interests in an offshore wind farm before the end of 2016. Such divestments are usually completed 12–24 months after FID. The assumed construction work is in respect of Gode Wind 1 & 2, Burbo Bank Extension and work related to the assumed additionally divested ownership interests in an offshore wind farm (Partially within the Company's control).
- We assume that our expensed project development costs will increase compared to FY 2015 due to the build-up of our portfolio of projects to be constructed post-2020 (Partially within the Company's control).

Bioenergy & Thermal Power

- We assume our heat generation volumes will be at approximately the same level as in FY 2015, however with an improvement in the average EBITDA per generated TWh. The earnings improvement is under the assumption that the bio-conversions of Studstrup (unit 3) and Avedøre (unit 1) are commissioned before the end of 2016 and that we commence deliveries under the new heat agreements (Partially within the Company's control).
- We assume the activity level and earnings from ancillary services to be approximately similar to those in FY 2015 (Partially within the Company's control).
- We assume the power market will remain challenging in FY 2016, although with a moderate recovery compared to FY 2015, and lead to another year with negative EBITDA from these activities (Outside of the Company's control).
- EBITDA in FY 2015 was positively affected by compensation received in connection with the settlement of a dispute relating to CO₂ Certificates and insurance compensation (in total DKK 488 million), which are assumed not be repeated in FY 2016 (Outside the Company's control).

Distribution & Customer Solutions

- In addition to the impact from renegotiations of long-term oil-indexed gas purchase contracts recognized in Q1 2016, we assume that we will settle further gas purchase contract renegotiations during FY 2016. The settlements lead to receipt of lump-sum payments from our counterparties for purchases in previous years as well as improvements in the purchase price going forward. In total, we have assumed the receipt of lump-sum payments of around DKK 3.5 billion in FY 2016, of which the majority was recognized in Q1 (Partially within the Company's control).
- We assume that the volatility in earnings from our long-term oil-indexed gas purchase contracts will
 decrease due to reduced time-lag and oil and gas price exposure towards the end of FY 2016 following
 the settlement of contractual renegotiations, as the contracts will be linked towards gas hub prices to a

greater extent than in prior periods. However, in addition to the lump-sum payments described above, we assume to benefit in FY 2016 from a positive time-lag effect on our gas purchase contracts and oil and gas hedges in our gas portfolio management activities (Partially outside of the Company's control).

- We assume that the earnings (loss) from our Power Distribution and Sales activities will not deviate significantly from the levels achieved in FY 2015, and that the earnings (loss) from our LNG activities will be slightly better than in FY 2015 (Partially within the Company's control).
- We assume that the Gas Distribution business will be divested in September 2016 (Partially within the Company's control).

Oil & Gas

- The volumes received from the Ormen Lange field were extraordinarily high in FY 2015 due to the redetermination agreement in FY 2013. We thus received 24% of total production from the field in FY 2015. The catch-up volumes ceased in February 2016, after which we will receive volumes corresponding to our 14.02% ownership interest, resulting in an assumed share of 16% of the production from the field in FY 2016. We therefore assume that our oil and gas production will decline compared to FY 2015, despite the ramp-up of production from Laggan-Tormore, which commenced in February 2016 (Partially within the Company's control).
- We assume that the net effect of lower oil and gas prices (and related currencies) in Q1 2016 and forward prices for the remainder of 2016 will have a negative impact on EBITDA in FY 2016 despite a high hedge ratio as our hedging is taking all taxes into consideration, for which reason only approximately 28% of the Norwegian volumes are hedged (Partially outside of the Company's control).
- We assume that the restructuring and refocusing of the Oil & Gas business will have a positive impact on our earnings due to reduced spend on, for example, exploration activities and overhead costs (Within the Company's control).
- EBITDA for FY 2015 was positively affected by insurance compensations and divestment gains (in total DKK 1.2 billion), which we assume will not be repeated in FY 2016 (Partially within the Company's control).
- The termination of the Hejre EPC Contract in its current form led to a provision of DKK 750 million in Q1 2016 to primarily cover cancellation of contracts with third party suppliers outside of the EPC Consortium. We assume no further significant adverse impact on EBITDA in FY 2016 related to the termination of the EPC Contract or ancillary third party contracts (Partially outside of the Company's control).

Cross Group commodity price, exchange rate and hedging

- Our financial forecast is based on forward prices and our results are affected by developments in a number of commodity prices, including oil, gas, power, coal and CO₂ Certificates, as well as exchange rate movements, in particular the British Pound, the US Dollar and the Norwegian Kroner (Outside of the Company's control).
- Our exposure towards changes in commodity prices and related currencies for the remaining part of FY 2016 is, to a large extent, reduced through hedging. See Section 16.12.1.1 "Commodity price risk" for our commodity price hedge ratios for the remainder of FY 2016 and Section 16.12.1.2 "Currency exchange risk" for our gross and net currency exposure (Partially within the Company's control).
- Despite the hedging of a large portion of the price exposure for FY 2016, we are to some extent exposed to changes in market prices and exchange rates. This is due to the fact that hedging is conducted to limit fluctuations in the Group's cash flows (and business performance profit) after all taxes. The difference between the impact on cash flow after tax and business performance EBITDA is particularly pronounced for the oil and gas activities in Norway, which are taxed at a rate of 78% in total (Partially outside of the Company's control).
- The hedged portion of our oil and gas production for FY 2016 are hedged at average prices corresponding to USD 80/bbl and EUR 20/MWh, respectively (Partially within the Company's control).

• The market value of financial hedging instruments related to energy and derived currency risks, deferred for recognition in business performance EBITDA for April through to December 2016, amounted to DKK 3.5 billion at the end of March 2016. Our outlook for 2016 includes the expected positive EBITDA effect from hedges (See Section 16.2.2.7 "Commodity and currency hedges") (Partially within the Company's control).

17.3.5 Year ending December 31, 2017

For the purpose of preparing the prospective directional indications for business performance EBITDA for 2017, the Company has applied the following principal assumptions:

Wind Power

- We assume that our power generation in FY 2017 will increase compared to FY 2016 due to ramp-up from Gode Wind 1 & 2 (which we assume will be commissioned in Q3 2016 and Q2 2016, respectively) and Burbo Bank Extension (which we assume will be commissioned in Q2 2017) (Partially within the Company's control).
- We assume higher total earnings than in FY 2016 from divestment gains and contracts for the construction of offshore wind farms for partners. We have assumed that two divestments of ownership interests in offshore wind farms will be completed during FY 2017 (such divestments are usually completed 12–24 months after FID; Hornsea 1 is not among the assumed divestments). We assume that the construction contracts in FY 2017 cover the remaining work on Burbo Bank Extension and work related to the additional divestments of ownership interests in offshore wind farms during FY 2016 and FY 2017 (Partially within the Company's control).

Bioenergy & Thermal Power

- We assume our heat generation volumes will be at approximately the same level as in FY 2015 and FY 2016, however with a further expected improvement of the average EBITDA per generated TWh compared to FY 2016. The earnings improvement assumes that we complete the bio-conversions of Studstrup (unit 3) and Avedøre (unit 1) in FY 2016 and Skærbæk (unit 3) in FY 2017 and that we commence deliveries under the new heat agreements (Partially within the Company's control).
- We assume the activity level and earnings from ancillary services to be approximately similar to those in FY 2015 and FY 2016 (Partially within the Company's control).
- We assume the power market environment will remain challenging in FY 2017, and lead to negative EBITDA from these activities. However, we assume our combined heat and power EBITDA will improve compared to FY 2016 driven by (i) the tax advantage; (ii) up-front capital expenditure contributions by heat customers; (iii) increased cost sharing with heat customers; (iv) sharing of CHP advantage; (v) avoidance of forced power production in connection with heat generation when spreads are unattractive through a bypass possibility on the Skærbæk CHP plant following the bio-conversion, and (vi) contractual coverage against loss resulting from forced power production (Partially within the Company's control).

Distribution & Customer Solutions

- We assume that the remaining renegotiations of long-term oil-indexed gas purchase contracts will be completed in FY 2017, but that we will not receive any significant lump-sum payments. We assume, however, that we will benefit from improvements in the purchase price of the renegotiated gas contracts (Partially within the Company's control).
- In total, we assume that our Markets activities will contribute positively to EBITDA in FY 2017, but at a significantly lower level than in FY 2016 due to the assumed lump-sum payments of around DKK 3.5 billion in FY 2016, as the positive time-lag impact in FY 2016 is not assumed to be repeated and as we have a locked-in loss on our exposure management activities to be recognized in FY 2017. The assumption is based on the above mentioned improvements of our gas purchase contracts, a slight improvement in earnings from the power portfolio management activities due to more wind farm volumes under management, and reasonable earnings from our Market Trading activities (Partially within the Company's control).

- We assume that the earnings (loss) from our Power Distribution and Sales activities will not deviate significantly from the levels achieved in FY 2015 and FY 2016, and that the earnings (loss) from our LNG activities will be slightly better than in FY 2016 (Partially within the Company's control).
- In addition to our assumption that the Gas Distribution business will be divested in FY 2016, we assume that the Oil Pipeline Business and the offshore gas pipelines will be divested during FY 2017 (Partially within the Company's control).

Oil & Gas

- We assume our oil and gas production will be lower than in FY 2016 despite the ramp-up of production from Laggan-Tormore, which commenced in February 2016. This is because the production from Ormen Lange and a number of our mature fields are beginning to decline and as we received catch-up volumes from Ormen Lange in Q1 2016 (Partially within the Company's control).
- We assume that the net effect of higher oil and gas forward prices (and related currencies) for FY 2017 compared to FY 2016 will have a positive, albeit small, impact on EBITDA for FY 2017 despite a high hedge ratio (Partially outside of the Company's control).
- We assume that the restructuring and refocusing of the Oil & Gas business will have a positive impact on our earnings due to reduced spend on, for example, exploration activities and overhead costs, including fewer employees and consultants (Within the Company's control).
- The negative impact from the provision related to the termination of the Hejre project in FY 2016 is assumed not to be repeated in FY 2017 (Partially outside of the Company's control).

Cross Group commodity price, exchange rate and hedging

- As described for the year ending December, 31 2016 above, our financial results are affected by developments in a number of commodity prices as well as exchange rate movements (Outside of the Company's control).
- Our exposure towards changes in commodity prices and related currencies for FY 2017 is also to a large extent reduced through hedging (Partially within the Company's control).
- The hedged portion of our oil and gas production for FY 2017 are hedged at average prices corresponding to USD 80/bbl and EUR 20/MWh, respectively (Partially within the Company's control).
- The market value of financial hedging instruments related to energy and derived currency risks, deferred for recognition in business performance EBITDA for FY 2017, amounted to DKK 2.4 billion at the end of March 2016. Our prospective directional indications for FY 2017 includes the expected positive EBITDA effect from hedges (Partially within the Company's control).

17.3.6 Additional assumptions for the years ending December 31, 2016 and 2017

In addition to the assumptions described under "Year ending December 31, 2016" and "Year ending December 31, 2017" we have assumed the following for both prospective financial information for business performance EBITDA for FY 2016 and the prospective directional indications for business performance EBITDA for FY 2017:

- Ongoing litigations and administrative proceedings in which we are currently involved will not result in outcomes that have, and we will not become party to any litigation or administrative proceedings that could have, a material adverse impact on the Group (Outside of the Company's control).
- The regulatory framework and conditions under which we have made investments, for example in relation to our offshore wind farms and bio-conversions of our Danish CHP plants, will not be changed (Outside of the Company's control).
- No significant acquisitions or divestments will be made in the periods covered by the consolidated
 prospective financial information other than the divestments of ownership interests in our offshore
 wind farms as part of the partnership model and the Gas Distribution business, the Oil Pipeline
 Business and the offshore gas pipelines (Within the Company's control).

17.3.7 Consolidated prospective financial information

Based on the assumptions and methodology as set out above, we expect business performance EBITDA for FY 2016 to total DKK 20 to 23 billion, and to show a positive development compared to FY 2015, both for reported EBITDA and EBITDA adjusted for non-recurring items. FY 2015 was positively impacted by DKK 4.2 billion from (i) catch-up volumes from Ormen Lange and (ii) one-off items (including gain on sale of oil and gas license interests, insurance compensations as well as a settled dispute concerning CO₂ Certificates), and FY 2016 is assumed to be positively impacted by the receipt of lump sum payments of around DKK 3.5 billion from renegotiation of gas contracts, and negatively impacted by the above-mentioned provision regarding Hejre.

Business performance EBITDA in FY 2016 for our reporting segments is expected to develop as follows compared to FY 2015:

- Wind Power: Significantly higher. Business performance EBITDA is expected to total DKK 10 to 12 billion, roughly split evenly between (i) wind farm operations (including O&M agreements and PPAs), and (ii) construction contracts and divestment gains;
- · Bioenergy & Thermal Power: Lower;
- Distribution & Customer Solutions: Significantly higher; and
- Oil & Gas: Significantly lower.

Business performance EBITDA in FY 2017 for our reporting segments is expected to develop as follows compared to FY 2016:

- Wind Power: Higher. EBITDA is expected to be roughly split evenly between (i) wind farm operations (including O&M agreements and PPAs), and (ii) construction contracts and divestment gains;
- Bioenergy & Thermal Power: Higher (including an expected more than doubling of EBITDA from the heat business compared to FY 2015);
- Distribution & Customer Solutions: Significantly lower than FY 2016, and approximately on level with FY 2015 exclusive of the EBITDA contribution from the Gas infrastructure assets and the Oil Pipeline Business to be divested; and
- Oil & Gas: Neutral.

EBITDA guidance for the Group is the prevailing guidance, whereas the directional earnings development per business segment serves as a means to support this. Higher/lower indicates the directional guidance for the business segment relative to the previous year in question. Without limiting the significance of the assumptions set forth above, our guidance on prospective financial business performance EBITDA for the Group in FY 2016, and our directional business performance guidance for Wind Power for FY 2016 and FY 2017 are particularly sensitive to our assumptions regarding two divestments of ownership interests in offshore wind farms in each of FY 2016 and FY 2017.

18. REGULATION

18.1 Overview of regulatory framework

Our Wind Power, Bioenergy & Thermal Power, Distribution & Customer Solutions and Oil & Gas activities are regulated by extensive legislation and other rules and regulations specifically relating to each of the activities and issued by both the EU and the national legislatures in each of the relevant jurisdictions in which we operate. We are also subject to other relevant legislation and rules and regulations which relate to all of our activities.

In this Section 18, we provide a brief, non-exhaustive summary overview of Danish and certain foreign legislation and other rules and regulations, including taxes and tax regimes, relating to our operating activities. Non-Danish jurisdictions are included in the description only insofar as the jurisdiction is deemed material to our operating activities as a whole. The description is based on laws in effect on the date of this Offering Circular.

18.2 Wind Power

Our Wind Power activities in the main markets in which we currently operate are to a large extent influenced by EU policy and guidelines.

In June 2014, the European Commission published "Guidelines on State Aid for environmental protection and energy 2014–2020," outlining, among other things, the general conditions for investment and operating aid to energy from renewable sources. In the guidelines, the European Commission states that it is expected that in the period 2020–2030 established renewable energy sources will become grid-competitive, implying that subsidies and exemptions from balancing responsibilities should be phased out in a degressive way, and that the guidelines, consistent with that objective, will ensure the transition to a cost-effective delivery through marked-based mechanisms.

Further, in October 2014, the European Council agreed upon the 2030 climate and energy framework that includes a target to increase the share of renewable energy to at least 27% of EU energy consumption by 2030. In contrast with the 20% renewable energy targets in the 2020 climate and energy package, the new renewable energy target for 2030 is not binding on a national level.

DENMARK

18.2.1 Regulation of our Wind Power activities in Denmark

18.2.1.1 Regulatory authorities

According to the Promotion of Renewable Energy Act, Consolidated Act no. 122 dated February 6, 2015 (the "Renewable Energy Act"); the right to exploit energy from water and wind within the territorial waters and the exclusive economic zone around Denmark belongs to the Danish Government. The authority to grant any rights in relation to exploitation of offshore wind energy lies with the Danish Ministry of Energy, Utilities and Climate, which has delegated its powers to the DEA.

The *DEA* handles all aspects of permitting and planning in relation to large scale offshore wind farm projects put up for tender by the DEA, including the issuance of any approvals and licenses needed. The DEA refer to themselves as a "one-stop-shop" for anything related to development, construction and operation of such offshore wind farms in that the wind farm developer, constructor and/or operator maintains the DEA as its sole point of contact throughout the lifetime of the projects while the DEA in parallel handles all contact to other relevant authorities.

Energinet.dk is the Danish TSO established in 2005 in accordance with the Consolidated Act no. 1097 of November 8, 2011 as amended ("Act on Energinet.dk") as a part of a political agreement to ensure that the power and gas transmission grids remain publicly owned.

Under the Act on Energinet.dk, Energinet.dk owns and operates the gas transmission system and the 400 kV, 150 kV and 132 kV power transmission systems and is the co-owner of the electrical interconnections to Norway, Sweden and Germany. Energinet.dk also owns and operates the two Danish gas storage facilities at Stenlille and Lille Torup. In respect of offshore wind energy, Energinet.dk is responsible for the transmission of the production of power from the tendered large scale offshore wind farms to the onshore substation and from that on to the onshore power grid. Energinet.dk owns and operates the offshore substation as well as the underwater transmission cable exporting the production of power from the tendered large scale offshore wind farm to the onshore power grid.

Other relevant authorities with respect to offshore wind power in Denmark include the Danish Agency for Spatial Environmental Planning, the Danish Nature Agency, the Danish Maritime Authority, the Danish Maritime Safety Administration and the Danish Defense. As of July 1, 2016, the responsibilities of the Danish Nature Agency that relate to us will be assigned to the Danish Agency for Administration of Water and Nature.

18.2.1.2 Legislation relevant to offshore wind power generators in Denmark

18.2.1.2.1 Energy policy overview

Danish wind energy policy dates back to before the oil crisis in the 1970s. Particularly with respect to offshore wind it began to take off in 1991 when Denmark became the first country in the world to take turbines to the sea with the 5 MW Vindeby wind farm. Since then Danish offshore wind power policy has gradually developed.

In March 2012 the Danish Government and a broad majority of the Danish Parliament entered into the 2012 Energy Agreement. A key target under the 2012 Energy Agreement is to ensure that 50% of the power consumption is supplied by wind power by 2020. As a mean to reach this goal it was agreed under the 2012 Energy Agreement, amongst others, to establish a 400 MW offshore wind farm at Horns Rev in the Danish North Sea (Horns Rev 3) and a 600 MW offshore wind farm at Kriegers Flak in the Baltic Sea (Kriegers Flak) prior to 2020. Subsequently, the deadline for commissioning of the Kriegers Flak offshore wind farm has been postponed to 2022. The Kriegers Flak tender process is currently ongoing. We have been prequalified to participate in the Kriegers Flak tender together with 6 other participants and have submitted a non-binding preliminary bid on April 4, 2016.

The goal of obtaining 50% of power consumption from wind power is a part of a long-term goal of covering the entire Danish energy demand by renewable energy sources by 2050. The 50% target is to be reached with the production of wind energy from turbines placed both on- and offshore. In order to generate revenues to finance the energy shift, Denmark has, among others, introduced a PSO charge on power (which is included in the power grid tariffs payable by all domestic power consumers), while tax on oil, gas and coal continues to be increased to discourage their use.

18.2.1.2.2 Key legislation

The key legislation applicable to offshore wind power generators in Denmark is the Renewable Energy Act which entered into force on January 1, 2009, and which at the same time codified and implemented provisions regarding renewable energy previously found in other acts, notably the Electricity Supply Act. In addition to the Renewable Energy Act a number of executive orders relevant to offshore wind have been issued, most notably Executive order no. 220 of March 2, 2015 on grid connection, Executive order no 73 of January 25, 2013 on a Technical Certification Scheme for Wind Turbines and Executive order no. 68 of January 26, 2012 on the assessment of the impact on the environment in connection with establishment of offshore power production facilities.

The applicable renewable energy subsidy schemes are vested in the Renewable Energy Act.

18.2.1.3 Offshore wind energy support schemes

The existing large scale offshore wind farms in Denmark, in all of which we hold an ownership interest, with the exception of Rødsand 2 and Horns Rev3, have been established on the following key regulatory basis:

• The 165.6 MW Nysted and the 160 MW Horns Rev 1 offshore wind farms have been established pursuant to orders issued in 1998 by the DEA, prior to the liberalization of the Danish power sector by the 1999 energy reform, and pursuant to the then applicable Electricity Supply Act. At the time of issuance of the 1998 orders, the Electricity Supply Act would permit the costs of the construction and operation of the wind farms to be included in the power prices charged to Danish power consumers connected to the Danish power grid. By the 1999 energy reform, the Danish power sector was liberalized and a subsidy scheme for the financing of the wind farms was put in place. The subsidy scheme applicable to the two wind farms is today vested in the Renewable Energy Act and provides that the offshore wind farms are entitled to a price supplement for 42,000 full load hours. The supplement is fixed so that the Nord Pool Spot price plus the supplement equals 0.353 DKK per kWh. If the Nord Pool Spot price exceeds 0.353 DKK/kWh, the excess is set-off against supplements paid, capped however to the aggregate supplements paid in the year preceding the time of calculation of the

supplements to be paid. Horns Rev 1 has exceeded the 42.000 full load hours and Nysted is expected to reach this limit in Q2 2016. A separate price supplement of 0.10 DKK/kWh is also available for the first 20 years of operation, capped however so that the Nord Pool Spot price plus this supplement cannot exceed DKK 0.36/kWh.

- The 207 MW Rødsand 2 and the 209 MW Horns Rev 2 offshore wind farms have been established pursuant to a tender procedure introduced in the Electricity Supply Act in 2004 implementing the March 29, 2004 Energy Agreement entered into between the then presiding Danish Government and a majority of parties in the Danish Parliament. Prequalified bidders were asked to tender for a fixed feed-in tariff (payable by Energinet.dk, the TSO) applicable for the first 10 TWh of production (however maximized to a period of 20 years). The Rødsand 2 fixed feed-in tariff is DKK 0.629 DKK/kWh and the Horns Rev 2 fixed feed-in tariff is DKK 0.518 DKK/kWh.
- The 400 MW Anholt offshore wind farm was established pursuant to a tender procedure similar to the one introduced in 2004 following the February 21, 2008 Energy Agreement entered into between the then presiding Danish Government and a majority of parties in the Danish Parliament. This agreement was implemented in the Renewable Energy Act which entered into force on January 1, 2009. Prequalified bidders were asked to tender for a fixed feed-in tariff (payable by Energinet.dk, the TSO) applicable for the first 20 TWh of production (however maximized to a period of 20 years). The Anholt fixed feed-in tariff is 1.05 DKK/kWh.
- The concession for the construction and operation of the planned 400 MW Horns Rev 3 offshore wind farm was awarded following a tender procedure similar to the one introduced in 2004 following the 2012 Energy Agreement. Prequalified bidders were asked to tender for a fixed feed-in tariff (payable by Energinet.dk, the TSO) applicable for the first 20 TWh of production (however maximized to a period of 20 years). The Horns Rev 3 fixed feed-in tariff is 0.77 DKK/kWh.

Following expiry of the applicable subsidies the price of power produced by each of the offshore wind farms will be determined solely by the market together with any price supplements that might be available. See Section 15.5.10.1 "Assets in Operation" which includes information on the current level of subsidized production from, each of our Danish large scale offshore wind farms among others.

The feed-in tariffs are financed through PSO charges payable by all domestic power consumers, which are added to the grid tariffs. While the European Commission had previously approved the Danish auction system and the allocation of financial support for offshore wind farms, the European Commission has subsequently questioned the compatibility of this PSO financing mechanism with EU state aid and other rules and is currently negotiating alternative financing mechanisms with the Kingdom of Denmark. See Section 18.9 "State Aid."

On 10 May 2016 the Danish Government published parts of a tax and levy analysis in relation to the green transition performed as part of the 2012 Energy Agreement. Based on the results of the analysis, the Danish Minister for Utilities, Energy and Climate at the same time announced that the Danish Government intends to discontinue the PSO and substitute the financial support by alternative financing, for example over the national budget as an income tax. The Danish Government also announced an intention to seek required political support for introducing a 0.8 DKK/kWh cap for the fixed feed-in tariff available for the Kriegers Flak offshore wind farm which is currently being tendered. The decision as to whether or not the PSO will be abolished and substituted by alternative financing and as to whether or not a cap as described will be introduced ultimately lies with the Danish Parliament.

18.2.1.4 RECs scheme

All EU member states are required to establish and maintain a Renewable Energy Certificates ("**RECs**") scheme by Directive 2009/28/EC also referred to as the Renewable Energy Directive. The purpose of the scheme is to promote and increase the contribution of renewable energy sources to power production across the EU, providing a common platform to facilitate the trade of renewable power between EU member states. The Renewable Energy Directive was implemented as a part of Danish law under Executive Order No. 1323 of November 30, 2010 on renewable energy certificates of origin.

The Renewable Energy Directive establishes a common European framework for the promotion of renewable energy, *inter alia*, by requiring member states to recognize guarantees of origin issued by other member states as well as ensuring that guarantees of origin are issued to producers of renewable energy upon request.

In Denmark Energinet.dk may upon application issue RECs to offshore wind power generators qualifying for such under the Renewable Energy Directive and Executive Order No. 1323 of November 30, 2010 on renewable energy certificates of origin.

A RECs energy certificate may be issued for every 1 MWh of renewable energy produced by an offshore wind farm, provided that the wind farm has been registered with Energinet.dk. The RECs can be freely traded like commodities, and are used to provide evidence that a given share or quantity of energy was produced from renewable sources—at which point they are made non-transferable, in order to ensure that the "renewable benefit" is not resold.

18.2.1.5 Consent/licensing procedure

Today most approvals for construction and operation of offshore wind farm projects are awarded through a negotiated tender process administrated by the DEA. Approvals for offshore wind power projects on sites not already designated for tenders, most demonstration projects as well as anything onshore follow a so-called "open-door procedure" also administered by the DEA.

Both procedures require that the owner of the offshore wind farm obtains (i) a license to carry out preliminary investigations, (ii) a license to finally establish the offshore turbines and (iii) a license to exploit wind power for a certain number of years. For all projects over 25 MW a power production permit is also required. The licenses and permits are granted following award of the concession contract under the tender or granting of the license in case of an open-door procedure. In addition to the licenses and permits mentioned in respect of tendered offshore wind farm projects, Energinet.dk is also responsible for preparing an environmental impact assessment ("EIA") the cost of which will be passed on to the winner of the tender or the applicant (as applicable). In respect of open-door application processes, the applicant is responsible for preparing the environmental impact assessment and for the associated costs.

18.2.1.5.1 Tender procedure

To satisfy the requirements set out in the 2012 Energy Agreement in relation to increasing the overall capacity of offshore wind power and reaching the 2020 and 2050 targets the DEA from time to time announce public tenders for projects in designated areas with designated capacities to be commissioned at a predetermined date. Monetary penalties apply for projects that are not commissioned in time.

The tender is normally announced on the website of the DEA as well as by a public contract notice. Applicants have until now been subjected to a pre-qualification procedure under which each applicant is required to demonstrate adequate technical experience with development and construction of wind farms of a similar size and complexity to the project being tendered. The applicants are also required to document that they have sufficient financial support to complete the project.

In parallel with the tender qualification process, bidders have so far been invited to participate in a technical dialogue with the DEA and Energinet.dk on the tender specifications to exchange views on the framework conditions for the tender for the purpose of trying to make the tender process as flexible as possible.

The objective of the tender model is to ensure that the concession is awarded to the most cost-effective project in a fully transparent process and that all bidders are competing on equal terms. Until now bidders have been competing on price alone meaning the lowest possible feed-in tariff per kWh.

A tender for the 600 MW Kriegers Flak is ongoing. Currently no additional large scale offshore wind farm projects are contemplated by existing political agreements and/or regulation to be tendered.

18.2.1.5.2 Open-door procedure

In the open-door procedure, the wind farm developer submits to the DEA an unsolicited application for a license to carry out preliminary investigations in a given area outside areas that already are—or planned to be—designated wind power areas. As a minimum, the application shall include a description of the project, the anticipated scope of the preliminary investigations, the size and number of turbines, and the limits of the project's geographical siting.

Prior to processing the application, the DEA conducts hearings of relevant government bodies to clarify whether there any major public interests that could block the implementation of the project. On the basis of the outcome of the hearings the DEA makes its decision on the application.

To the extent a license to conduct preliminary investigations is granted, the applicant must subsequently obtain an EIA. Once the DEA has received the EIA together with a final application to establish the offshore wind farm, it sends both for public consultation with a deadline for reply of at least eight weeks. The consultation is announced on the DEA's website and in national and local newspapers.

Depending on the outcome of the public consultations and evaluation of final application including the detailed project description submitted as part of the application, the DEA makes its decision on the final application.

18.2.1.6 Abandonment/decommissioning obligations

It follows from the terms of the power production permit issued in connection with winning a tender for an offshore wind farm project or in connection with obtaining a license for a near-shore project or a project covered by the open-door procedure that the DEA may require that the holder of the permit, at its own expense, decommissions and re-establishes the area in which the wind farm is situated to its prior condition to the extent (i) the power production permit expires, (ii) the production facility is not properly maintained or is destroyed, (iii) the production facility is no longer being used as a wind farm, or (iv) to the extent terms and conditions in the power production permit are not complied with.

Decommissioning and reestablishment of the area must be carried out in accordance with these terms and with the terms of a decommissioning plan to be approved by the DEA.

The DEA requires wind farm developers to provide financial security for the decommissioning and reestablishment costs. Security has, so far, been required by the DEA in the form of an uncapped bank guarantee or parent company guarantee. Most recently in connection with the Kriegers Flak tender the DEA has accepted in its tender conditions that the guarantee does not have to be provided until 12 years after connection of the first turbine to the grid. The concessionaire is obligated to submit a plan for how the guarantee will be provided at least 6 months prior to having to submit the guarantee. The amount of the guarantee is initially set to DKK 600 million of which at least DKK 100 million must be provided as guarantee from a financial institution approved by the DEA. The remaining DKK 500 million can be provided as parent company guarantee. The tender conditions include an option to subsequently reduce the amount of the guarantee, if it can be documented with adequate certainty that the costs of decommissioning will be less than DKK 600 million.

18.2.1.7 Grid arrangements

18.2.1.7.1 Offshore tenders

In a Danish offshore tender for large scale offshore wind farms in the designated offshore areas (i.e. not in respect of near-shore wind farms or offshore wind farms applied for under the open-door procedure), Energinet.dk builds, owns and operates the technical installation that brings power from the turbines to the overall power grid, e.g. transformer substations, cabling as well as all necessary reinforcement onshore. Costs incurred by Energinet.dk for the substation, the export cable and onshore cabling will ultimately be paid by the power consumers directly through the PSO and thus will not be imposed on the concessionaire. The concessionaire will be responsible for the internal grid in the wind farm from the individual turbines to a specified connection point on the offshore substation.

Pursuant to the Renewable Energy Act Energinet.dk shall, subject to individual caps on each tendered offshore wind farm project in the construction phase, compensate the owner of the tendered large scale offshore wind farms financially for loss of revenues resulting from break-downs of or insufficient capacity in Energinet.dk's transmission grid, including export cables, except in cases where such incidents are caused by force majeure events. Similar regulations do not apply to other offshore wind farms.

18.2.1.7.2 Offshore open-door procedures

In offshore open-door concessions the holder of the permit builds, owns and operates the technical installation that brings power from the turbines to the onshore power grid, e.g. transformer substations and export cabling up to the nearest shore. From there the responsibility is placed on Energinet.dk, and costs for the onshore grid connection will ultimately be paid by power consumers via the grid tariffs.

When the optimal connection point has been identified, negotiations with land owners can begin and contracts concluded. If agreements cannot be reached, expropriation may be the last resort for a solution. Regarding larger infrastructural activities e.g. when connecting large wind farms—EIA procedures

including public consultation has to be aligned with the process for consent to the turbine installations itself.

ENGLAND AND WALES

18.2.2 Regulation of our Wind Power activities in England and Wales

18.2.2.1 Regulatory authorities

The DECC is the government department responsible for all aspects of energy policy in England and Wales.

The Gas and Electricity Markets Authority ("GEMA"), which consists of a panel of individuals appointed by the Secretary of State, is the national regulatory authority for the energy sector in England and Wales. GEMA, which is independent of ministerial control, implements government strategy, effects policy priorities and takes all major operational decisions relating to the energy sector.

GEMA delegates the daily administration of its function to Ofgem. Ofgem's principal objective is to protect the interests of existing and future consumers; one of its key functions is issuing, modifying, enforcing and revoking licenses to operate in the gas or power markets.

The Crown Estate is required to manage the UK's "marine estate" (comprising of foreshore and seabed assets and rights to generate power from wind, waves and the tides on the continental shelf) on behalf of the Crown; maintaining and enhancing its value and the return obtained from it.

The Planning Inspectorate ("PINS") is an executive agency responsible for planning permission applications for nationally significant infrastructure projects, known as Development Consent Orders ("DCOs").

The Marine Management Organization ("MMO") is an executive non-departmental public body, sponsored by the Department for Environment, Food & Rural Affairs, responsible for licensing, regulating and planning marine activities in the seas around England and Wales.

Local authorities are also involved in planning and highways matters. Other regulators and stakeholders in respect of wind farm developments in England and Wales include the Environment Agency, Natural Resources Wales and Natural England.

18.2.2.2 Legislation relevant to offshore wind power generators in England and Wales

In recent years, the UK has implemented an extensive legislative framework to support renewable energy. Much of this framework derives from EU legislation; one of the EU's key targets is for 20% of EU energy to derive from renewable sources by 2020. Some notable examples of recent UK legislation include:

- The Promotion of the Use of Energy from Renewable Sources Regulations 2011: this statutory instrument enshrines the target under the Renewable Energy Directive which sets out that 15% of the UK's energy (heat and power) is to come from renewable sources by 2020. To meet this commitment, DECC estimates that, by 2020, around 30% of UK power needs to come from renewable sources.
- The Energy Act 2013: this Act includes provisions on Electricity Market Reform ("EMR"), which is principally designed to decarbonize power generation, ensure the security and diversity of the UK's future energy supply and minimize the cost of energy to consumers.
- The Climate Change Act 2008: this Act created a legally binding target for the UK to reduce greenhouse gas emissions by at least 34% by 2020, and at least 80% by 2050, taking 1990 as the base year.

On November 18, 2015, the Secretary of State gave a speech setting out a new direction for UK energy policy. The following key points were made in that speech in relation to offshore wind:

- The UK Government's current plan is to see 10GW of offshore wind installed by 2020.
- Although the costs of offshore wind contracts have decreased by at least 20% in the last two years, the
 UK Government still considers offshore wind too expensive. Further support for the industry will be
 strictly conditional on further cost reductions.
- If such cost reductions are made, the UK Government could support up to 10 GW of new offshore wind projects in the 2020s.

In March 2016, the UK Chancellor of the Exchequer announced the 2016 Budget, setting aside up to 730 million British Pounds for the support of offshore wind and other less established renewable technologies for projects generating electricity in 2021 to 2026. This is estimated to be equivalent of up to 4 GW. The UK Government will continue to control costs on consumer bills, with further details to be announced in the second half of 2016.

18.2.2.3 Offshore wind energy support schemes

At present, the UK generates more power from offshore wind than any other country. Currently the sector is meeting around 5% of annual UK power requirements and this is expected to grow to 10% by 2020. The UK Government has encouraged the growth of the UK wind industry primarily through the introduction of several support mechanisms, which are detailed below.

The UK Parliament is the supreme legal authority under English law. It is free to create or abolish any law and has the power to introduce retrospective legislation, a power which it has exercised on several occasions. Theoretically the UK Parliament could pass legislation abolishing wind energy support schemes with retrospective effect. Nonetheless, the UK Government has to take into account relevant international standards such as the ECHR when legislating and would be unlikely to introduce retrospective legislation which would breach its obligations. Moreover, were such support schemes to be terminated with retrospective effect, any parties affected by the decision may be able to apply to the courts for a judicial review of the decision, although primary legislation can only be challenged on limited grounds.

18.2.2.3.1 The Renewable Obligations

The RO has been the main support mechanism for renewable energy in the UK since its inception in 2002. The powers required to establish the RO were included in the Utilities Act 2000, and the detailed mechanics and parameters are defined in the Renewables Obligation Orders. The latest Renewables Obligation Order largely came into force on December 1, 2015. The RO operates in England and Wales, with parallel obligations in Scotland and Northern Ireland.

The RO is a system whereby a generator using certain specified renewable technologies is eligible to receive green energy certificates, otherwise known as ROCs, in addition to being paid for generating power. The RO system was originally designed to be "technology blind" and offered the same level of financial incentive per MWh of renewable power generated, regardless of the technology involved. Nevertheless, banding was introduced by the Government in 2009 in an attempt to encourage the development of less established technologies. Banding involves different technologies being awarded different numbers of ROCs for every MWh of power produced. In order to mitigate the disturbance that could arise from banding (and changing ROC awards for projects already in operation or under construction), the banding levels for most technologies were grandfathered. This is a process whereby historical bands remain fixed for the full lifetime of a generating plant's eligibility under the RO scheme.

All licensed power suppliers are obliged to source a fixed percentage of their supply from renewable energy sources, and to evidence this by presenting ROCs to Ofgem. Suppliers source these ROCs from generators who are accredited by Ofgem and if a supplier fails to purchase sufficient ROCs to fulfil this obligation then it must pay a "buyout" price for each of the ROCs representing the difference between its obligation and the ROC it submits. These payments are recycled to suppliers in proportion to the ROCs they have submitted. As such, the price of ROCs is inversely related to the amount of renewable energy produced, as the greater the shortfall below the target, the greater the buyout payments recycled to those who did submit ROCs. The RO regime provides for the ROC buyout price to increase with inflation each year.

DECC sets the level of the obligation on licensed power suppliers each year using a fixed target or a 'headroom' calculation. 'Headroom' functions by providing a set margin between the predicted generation (supply of ROCs) and the level of the obligation (demand for ROCs). This helps reduce the possibility of supply exceeding the obligation in any given year and therefore reducing the market value of a ROC. Under the Renewable Obligation Order 2015, Ofgem is obliged to supply accredited generators with ROCs to match their eligible renewable output of power. If Ofgem decided that a generating station was no longer eligible to receive ROCs, the relevant generator would be able to apply for judicial review of Ofgem's decision. Judicial review is the procedure by which the courts examine the decisions of public bodies to ensure they act lawfully and fairly. There are currently accepted to be four grounds for judicial review: illegality, irrationality, procedural unfairness and legitimate expectation. A claim for judicial review may include a claim for damages but the court may only award damages if another established cause of

action is available for which damages may be sought (e.g. breach of the European Convention of Human Rights).

The following of our UK wind farms currently receive or is eligible to receive when commissioned financial support in the form of ROCs:

- The 90 MW Barrow offshore wind farm (1 ROC/MWh)
- The 90 MW Burbo Bank offshore wind farm (1,5 ROCs/MWh)
- The 108 MW Gunfleet Sands 1 offshore wind farm (1,5 ROCs/MWh)
- The 65 MW Gunfleet Sands 2 offshore wind farm (1,5 ROCs/MWh)
- The 12 MW Gunfleet Sands Demo offshore wind farm (2 ROCs/MWh)
- The 270 MW Lincs offshore wind farm (2 ROCs/MWh)
- The 630 MW London Array offshore wind farm (2 ROCs/MWh)
- The 573 MW Race Bank offshore wind farm (1,8 ROCs/MWh)
- The 184 MW Walney 1 offshore wind farm (2 ROCs/MWh)
- The 184 MW Walney 2 offshore wind farm (2 ROCs/MWh)
- The 389 MW West of Duddon Sands offshore wind farm (2 ROCs/MWh)
- The 210 MW Westermost Rough offshore wind farm (2 ROCs/MWh)

The RO is scheduled to close for new accreditations on March 31, 2017 (subject to grace periods of either 12 or 18 months for eligible technologies) in accordance with The Renewables Obligation Closure Order 2014. The RO will be replaced with the CfD scheme, which was introduced on October 16, 2014.

18.2.2.3.2 FID enabling for renewables ("FID Enabling")

DECC launched the FID Enabling program in March 2013 pursuant to its 2011 White Paper ("Planning our electric future: a White Paper for secure, affordable and low-carbon power"). The program was designed to enable developers of renewable power projects to take FIDs which would otherwise have been delayed by the uncertainty caused by the transition from the RO scheme to the CfD scheme. Under the FID Enabling program, developers were able to enter into effectively an early CfD with the Secretary of State (an "Investment Contract") on the understanding that the Secretary of State would transfer the Investment Contracts to the LCCC (see below) once the CfD program was implemented.

The FID Enabling program consisted of three principal phases:

- Phase 1: a general invitation to developers to submit an application confirming that they met the eligibility criteria for participation.
- Phase 2: projects which were successful in Phase 1 were invited to apply for an Investment Contract. The application requirements were extensive and DECC set out in detail the process by which they would evaluate proposals.
- Phase 3: projects which were successful in Phase 2 and continued to meet the criteria in Phase 1, were notified whether they were eligible to obtain an Investment Contract. Projects were selected in accordance with an affordability assessment and their evaluation scoring. Investment Contract availability was further subject to agreement of contract terms and confirmation of continuing eligibility through a binding application.

On April 23, 2014, DECC announced that eight renewable power projects had been offered Investment Contracts: five offshore wind projects (three of which include our projects Burbo Bank Extension, Walney Extension and Hornsea 1), two bio-conversion projects and one dedicated biomass CHP project. All contracts were signed in May 2014 and the offshore wind contracts transferred to the LCCC, a limited liability company owned by the UK Government, for ongoing management in August 2014.

On July 1, 2014, the new state aid guidelines for energy and environmental aid adopted by the European Commission became applicable. These guidelines focus on the gradual introduction of market based mechanisms into the renewable energy market and permit state aid to secure adequate power generation where there is a real risk of insufficient power generation capacity. State aid notifications were submitted

to the European Commission in May and June 2014 and state aid approval was given to the five offshore wind projects (including our projects Burbo Bank Extension, and Walney Extension and Hornsea 1), the biomass CHP project and one of the bio-conversion projects in July 2014, January 2015 and December 2015 respectively. The other bio-conversion project is still waiting state aid approval from the European Commission.

18.2.2.3.3 CfD regime

A CfD is a private law contract between a renewable generator and the LCCC. Under a CfD, a generator is paid the difference between the "strike price"—a price for power reflecting the cost of investing in a particular renewable technology—and the "market reference price"—a measure of the average market price for power in the market in Great Britain. However, if the market reference price is higher than the strike price, the generator will be required to pay the difference to the LCCC. A CfD thereby gives generators greater certainty and stability of revenues by reducing their exposure to volatile wholesale prices while also protecting consumers from over-payment.

Strike prices are set for each technology rather than negotiated with individual projects. In December 2013, the UK Government set the strike prices for projects commissioning in the years 2014/15 to 2018/19. For certain technologies such as offshore wind, the level of support available under the CfD scheme will decrease over time. We will receive a strike price of £150/MWh for Burbo Bank Extension and Walney Extension while Hornsea 1 will receive £140/MWh (the DONG Energy projects which signed Investment Contracts (see Section 18.2.2.3.2 "FID Enabling for Renewables" above)). The UK Government intends to set all strike prices competitively, through auctions, in the long-term (see below).

The payments given to generators under CfDs will be funded by a compulsory levy on suppliers of power as set out in The CfD (Electricity Supplier Obligations) Regulations 2014. The LCCC will be liable to make payments due to generators under CfDs only to the extent that it has been put in funds by suppliers. The amount payable by suppliers will cover the net payments made to generators by the LCCC. Suppliers will also make separate payments to cover their respective shares of the LCCC's operating costs. The apportionment among individual suppliers of amounts payable will be based on their respective market shares, defined by metered use.

As the exact amount owed by a supplier will not be known until all the generation and supply data for a particular period have been collected and reconciled, suppliers will make interim payments to the LCCC followed by an ongoing true-up process. As the LCCC identifies overpayments and underpayments, it will set them off against a supplier's reserve payments for the following quarter until all the relevant generation and supply data have been collected. Any difference payments received by the LCCC from generators will be passed on to suppliers through the reconciliation process.

Only an eligible generator who intends to operate one of a defined list of low-carbon generating plants may apply to be awarded a CfD, which is allocated under the process set out in The CfD (Allocation) Regulations 2014 (the "Allocation Regulations"). The Allocation Regulations provide for DECC to establish allocation rounds, including an Allocation Framework and budget applicable to that application round. The Allocation Regulations also allow for the Secretary of State to direct the LCCC to offer a CfD outside the generic CfD allocation process.

All qualifying applications for each allocation round will be valued by NGET in accordance with the Allocation Framework. If all qualifying applications can be met within the budget available, NGET will propose that the LCCC offers CfDs to all applicants. If the qualifying applications exceed the available budget, eligible generators will be required to participate in an auction for the CfDs by submitting a sealed bid.

Twenty-seven renewable energy projects were awarded CfDs worth over 315 million British Pounds following the first allocation round which took place between October 16, 2014 and October 30, 2014. The UK Government has announced it intends to hold three more allocation rounds before 2020 (see Section 18.2.1.2.1 "Energy Policy Overview" above).

18.2.2.3.4 Levy Control Framework ("LCF")

The LCF, established by DECC and HM Treasury in 2011, is part of the UK Government's public spending framework. It places limits on the aggregate amount levied from consumers by energy suppliers to implement UK Government policy. The LCF is set on a trajectory from 4.30 billion British Pounds in 2015/16 to 7.60 billion British Pounds by 2020–2021 in 2011/12 prices. These caps are upper limits on the

levies raised to fund, among others, the RO and the CfD regime. As CfDs are to be paid for through the LCF, future wholesale power prices (which determine the market reference price) will influence the LCF's buying power. If wholesale prices fall, the cost for each CfD will rise, therefore increasing the burden on the LCF. Additionally, the budget available for CfDs will also vary depending on the extent of other LCF expenditure (e.g. towards the RO and small-scale Feed-in Tariffs). As at present, DECC has still not published a firm timetable and budget for future CfD allocation rounds notwithstanding the Secretary of State's recent speech (see Section 18.2.1.2.1 "Energy Policy Overview" above).

18.2.2.3.5 Summary of key CfD terms

Although it is a single legal agreement, a signed CfD contains two distinct elements, the 'CfD Agreement' and the 'Terms and Conditions'. The 'CfD Agreement' includes the project and technology-specific elements of the CfD contract. The 'Terms and Conditions' set out consistent rights and obligations for all projects and all eligible technologies (not all of which will be relevant to each project). Some of the more important rights and obligations included in the CfD are set out below.

18.2.2.3.5.1 Pre-commissioning

Following signature, the 'CfD Agreement' places a number of obligations on developers, aimed at encouraging applications only from those developers with a strong likelihood of progressing to commissioning, and doing so in a timely manner. In particular, the 'CfD Agreement' includes:

- Obligations on generators to provide the LCCC with information about progress to commissioning ("Further Conditions Precedent").
- A requirement for generators to demonstrate that a substantial financial commitment has been entered into by the milestone delivery date. In relation to the CfD the milestone delivery date is set within one year of signature of the contract, for all technologies (the Investment Contract for Walney Extension is 18 months and for Hornsea 1 the milestone delivery date is two years). Generators must provide the LCCC with evidence either that: (i) they have spent 10 per cent. of total project pre-commissioning costs by the milestone delivery date; and/or (ii) they have entered into other commitments that are a proxy for spending money, such as signing contracts committing significant expenditure against the delivery of the agreed capacity by the target commissioning date. Developers that do not meet the relevant requirements at the milestone delivery date will be liable to have their CfDs terminated.
- A Target Commissioning Window within which a generator is able to commission without penalty. The length of the Target Commissioning Window differs according to the technical complexity of each project. Currently, the Target Commissioning Window for offshore wind is one year.
- A requirement to commission a minimum capacity before payments can commence and ahead of a Longstop Date. A project which fails to meet its Further Conditions Precedent by the Longstop Date will be liable to have its CfD terminated.
- An ability for generators to make 'cost-free' adjustments to the capacity of their projects within set parameters at the milestone delivery date and at the Longstop Date.

18.2.2.3.5.2 Post-commissioning

The CfD provides a number of mechanisms that reduce the risks faced by generators. Such mechanisms include:

- Change in law: this provides for compensation to the generator for a change in law (provided the change was not foreseeable when the CfD was entered into) that: (i) is discriminatory to the generator; (ii) specific to the technology used at the generator's project; or (iii) has an undue discriminatory effect on the generator's out-of-pocket costs or savings when compared with a comparator group within the generator's sector. The compensation mechanics go both ways so that if the generator is making savings as a result of one of the qualifying categories of change in law, then the generator should make a payment to the LCCC or the strike price would be reduced.
- Generation tax: if a specific tax on power generators is introduced, this mechanism allows for a strike price adjustment or payment(s) to the generator to the extent that the generator cannot pass the additional cost of the tax on to consumers.

• Curtailment: this provides for compensation to be payable in circumstances where the generator is prevented by the national system operator from exporting power to the national power transmission system.

18.2.2.3.5.3 Termination rights

The CfD Agreements provide that the LCCC will have termination rights in the event of certain events relating to the developer, including insolvency events, non-payment, breach of key obligations, credit support default and failure to comply with metering obligations. Certain changes in law also constitute termination events. In the case of certain termination events, the developer would be liable for the costs of termination.

18.2.2.3.6 Other schemes

18.2.2.3.6.1 Capacity Market

The Capacity Market is another important market mechanism introduced as part of EMR. Eligible providers of both existing and new generating capacity will be able to bid for "capacity agreements," which provide certain, regular payments in return for a commitment to deliver energy (or reduce demand) when needed (or face penalties linked to the value of the lost load). Bidding will take place four years in advance of the capacity being needed and the price will be set through the competitive auction process. A bidder for a capacity agreement cannot bid in both the Capacity Market and the CfD.

18.2.2.3.6.2 LECs scheme

The CCL, introduced under the Finance Act 2000, is a carbon tax which adds approximately 15% to the energy bills of businesses and public sector organizations in England and Wales. It is levied on non-domestic consumers of certain energy supplies (e.g. power and gas).

Between 2000 and July 31, 2015, there was a CCL exemption for power generated from qualifying renewable sources. Ofgem issued LECs as evidence that a relevant generator had produced eligible renewable source power. LECs could then be used by suppliers to claim the CCL exemption. In July 2015, the CCL exemption for renewable power was removed, and no LECs are to be issued for any power generated on or after August 1, 2015.

18.2.2.3.6.3 REGO scheme

All EU member states are required to establish and maintain a Renewable Energy Guarantees of Origin ("REGO") (in Denmark denominated as RECs) scheme by the Renewable Energy Directive. The REGO scheme came into effect in October 2003 in England and Wales. Ofgem issues REGO certificates, which certify that power was produced from eligible renewable energy sources, to accredited generating stations located in England and Wales. One REGO is issued for each MWh of eligible renewable output generated. The primary use of REGOs is for Fuel Mix Disclosure ("FMD"). FMD requires licensed power suppliers to disclose to their customers, and potential customers, the mix of fuels used to generate the power supplied annually.

18.2.2.4 Offshore property rights

The Crown Estate owns almost the entire sea bed around England and Wales out to the 12 nautical mile territorial limit. The Energy Act 2004 vested rights to The Crown Estate to license the generation of renewable energy on the continental shelf within the Renewable Energy Zone out to 200 nautical miles.

The Crown Estate has given rights to wind farm developers pursuant to several leasing rounds. The Crown Estate announced the first round of UK offshore wind farm development in December 2000. In July 2003 The Crown Estate held a tender process for a second round of larger sites. Round 3 was announced in 2008 with nine development zones. The successful bidders were announced in January 2010. The "marine estate" is managed on a commercial basis in accordance with the principles of good estate management. This is achieved by entering into various commercial agreements with wind farm developers.

The leasing process for renewable energy developments comprises various stages. In the case of the Round 3 wind farms The Crown Estate entered into exclusivity agreements, in the form of Zone Development Agreements, which gave developers commercial certainty to assess viability of projects. These agreements also granted an option to be granted an agreement for lease, subject to various conditions. Agreements for lease and the leases granted pursuant to them are the key documents pursuant to which wind farm developers obtain interests and rights to construct and operate wind farms over the seabed. They contain various covenants on the part of the wind farm developer and The Crown Estate.

The value achieved in the leasing of the seabed must be the best value reasonably obtainable in all the circumstances in compliance with The Crown Estate's statutory duty. This value is made up of a lease premium, rent, and in the case of Round 3 projects, overage on future disposals.

The rights granted by The Crown Estate are subject to "oil and gas clauses," giving oil and gas developers priority over offshore renewable developers. If the Secretary of State requests such termination under the Petroleum Act 1998 because an offshore site is (or rights over it are) required for oil and gas works, The Crown Estate can terminate a wind farm developer's existing rights, with no liability to pay compensation. July 2011 saw assurances provided by way of a Ministerial Statement to Parliament by the Energy Secretary that the Secretary of State would only request the termination of offshore renewable interests for oil or gas if appropriate monetary compensation had been paid (or agreed to be paid) by the oil or gas developer to the affected offshore wind farm developer. Those assurances are now supported by guidance issued by DECC in June 2014, clarifying that oil or gas developers may only apply to the Secretary of State for termination of offshore renewable rights if, firstly, it is necessary for the oil or gas development to proceed and, secondly, the parties have been unable to agree the level of compensation for the renewables developer. If termination is necessary and compensation cannot be agreed by negotiation, an independent valuer will be required to apply the principle of equivalence: aiming to put the claimant, so far as financial compensation can do so, in the same position as if the lease or agreement for lease had not been terminated. DECC's guidance confirms that, if the oil or gas developer does not agree to pay the compensation properly assessed by the independent valuer, the Secretary of State will not request the termination of the relevant lease or agreement for lease.

18.2.2.5 Consent/licensing procedure

Prior to the implementation of the Planning Act 2008, the consents required for large infrastructure projects such as offshore wind farms were issued under various pieces of legislation and by different Government ministers, including consents issued under the Electricity Act 1989, separate marine licenses (and the predecessor licenses issued under the Food and Environment Protection Act 1985 and the Coast Protection Act 1949) and separate planning permissions (granted under the Town and Country Planning Act 1990).

In England and Wales the Planning Act 2008 consolidated all the different regimes with a single consent issued by a single body. This single consent is a DCO, which covers planning permission, deemed marine licenses and a range of other issues from compulsory purchase powers to the power to close or divert roads. Additional consents may be required due to particular characteristics of the development but the DCO provides the vast majority of the required rights for construction and operations. PINS is responsible for dealing with DCO applications for nationally significant infrastructure projects and making recommendations to the Secretary of State for decisions on energy applications. This process is relevant for all onshore and offshore generating stations with a generating capacity above 50MW (onshore) and above 100MW (offshore) in England and Wales. The DCO application process requires the submission of a large body of documentation, particularly in respect of EIAs. It should take no more than 15 months from acceptance of the application by PINS for a decision to be made regarding an application for the development of a major infrastructure project. Should the Secretary of State refuse to grant consent for a project, the applicant does not have a right of appeal but can choose to apply to court for judicial review of the decision.

The MMO is a statutory consultee and licensing and consenting body in respect of DCOs involving relevant projects in England and Wales. It is also charged with enforcing the terms of the deemed marine licenses.

An offshore wind developer must apply to Ofgem for a power generation license. Under the Electricity Act 1989, it is an offence for a person to, among other things, generate power for the purpose of giving a supply or enabling a supply to be given unless authorized to do so by a license (or otherwise exempted).

18.2.2.6 Abandonment/decommissioning obligations

The Energy Act 2004 provides that the Secretary of State may require a person who is responsible for offshore wind and marine energy installations to submit and implement a decommissioning program. DCOs typically include a condition that construction cannot begin until a decommissioning program has been submitted in accordance with a notice served by the Secretary of State under Section 105(2) of the Energy Act 2004. Such a notice is usually served once the DCO has been granted, or has been applied for and is likely to be given. The wind farm developer will be involved in detailed discussions with DECC regarding the contents of the decommissioning program, including the proposed financial security provisions. The process of producing a decommissioning program also includes various consultation procedures, including the public, environmental and conservation bodies and government departments and will often be subject to an appropriate assessment under the EU Habitats and Birds Directives (Directives 92/43/EEC and 79/409/EEC).

The UK Government requires developers to make adequate provision to ensure that sufficient funds will be available to meet their liabilities and as a main rule requires developers to provide security to cover such liabilities.

18.2.2.7 Grid arrangements

Great Britain's power transmission network is owned and maintained by regional transmission companies, while the system as a whole is operated by a single system operator. The latter role is performed by NGET, which is responsible for ensuring the stable and secure operation of the whole transmission system. NGET is also the transmission operator onshore in England and Wales, where it is permitted to develop, operate and maintain a high voltage system.

Unlike many countries, in which responsibility for constructing and operating offshore power transmission assets falls to either the wind farm developer or to the TSO, in England and Wales separate OFTOs take responsibility for the assets under long-term Offshore Transmission Licenses. An OFTO will have the right under the terms of its Offshore Transmission Licenses to a regulated Tender Revenue Stream from NGET for a period of 20 years. NGET will then recover these revenues from the relevant offshore generator and power supplier under the Transmission Network Use of System Charges. Consequently, the OFTO does not rely on the offshore generator for any of its revenue, thus reducing payment risk. Although NGET relies on the offshore generator to fund a proportion of the Tender Revenue Stream, it is underwritten by the consumers should the offshore generator fail to pay its share.

OFTOs are incentivized to make their transmission assets available as much as possible. Where they are able to exceed the monthly availability target (typically 98%) they accrue a bonus. Where they do not meet this target they are subject to penalty charges from NGET. Penalties of up to a maximum of 10% of annual revenue can be imposed on OFTOs by NGET if availability drops more than four percentage points below the target. More significant penalties can be incurred if availability remains lower than the target, but penalties in excess of 10% of annual revenue are rolled up and imposed over a period of up to five years: the maximum revenue reduction in any given year is 10%. In the case of repeated performance issues Ofgem has the power to revoke an OFTO's Offshore Transmission Licenses.

Offshore Transmission Licenses are awarded following a competitive bidding process administered by Ofgem. An offshore wind farm developer must enter into a bilateral connection agreement with NGET (in its capacity as system operator) as a pre-condition for triggering such process. The bilateral connection agreement governs the wind farm's connection to the national grid. Potential OFTOs must also enter into a bilateral connection agreement with NGET in order to take part in the tender.

The regime allows tenders to be run under (i) the generator build model, where the generator finances and constructs the transmission assets before transferring those assets to an OFTO for the operational period; and (ii) the OFTO build model, where Ofgem runs a tender to appoint an OFTO with responsibility for constructing and operating the transmission assets. So far tenders have been issued in relation to projects using the generator build model only.

While in Denmark (except in respect of the Nysted and the Horns Rev 1 offshore wind farms, and except for certain force majeure events) and, to a certain extent, Germany, where in each case we receive compensation for lost production due to delays in the development of or outages in the offshore transmission system, in the UK we would not be compensated for any such events.

GERMANY

18.2.3 Regulation of our Wind Power activities in Germany

18.2.3.1 German regulatory authorities

The main regulatory authorities for offshore wind power in Germany are the Federal Maritime and Hydrographic Agency (*Bundesamt für Seeschifffahrt und Hydrographie*) (the "BSH") and the German Federal Network Agency (in German; *Bundesnetzagentur*) (the "BNetzA").

- *BSH* administers the use of maritime areas, including the Exclusive Economic Zone (in German: *Außenwirtschaftszone*). The agency is responsible for permitting and supervising the construction and operation of offshore wind farms.
- BNetzA ensures the efficient functioning of the power and gas grids and the telecommunications, postal, and railway networks. This includes the administration of grid access for offshore wind farms which must be facilitated by the TSO.

18.2.3.2 Main legislation

Current legislation

German energy policy aims to reduce carbon emissions while maintaining a secure and affordable energy supply. The phase-out of nuclear energy has been accelerated. The implemented measures resulted in a major and ongoing transformation of the German energy market (in German: *Energiewende*).

German energy law is fragmented into numerous statutes, ordinances and other provisions. The most important statutes for offshore wind farms are:

- The Renewable Energy Sources Act (in German: *Erneuerbare Energien Gesetz* or the "**EEG**") which contains the financial support scheme for renewable energy.
- The Energy Industry Act (in German: *Energiewirtschaftsgesetz*) (the "**EnWG**") which comprehensively regulates power supply and distribution including the conditions for the connection of offshore wind farms to the power grid.
- The Federal Maritime Responsibilities Act (in German: Seeaufgabengesetz) and the Maritime Plant Ordinance (in German: Seeanlagenverordnung) which provide the legal basis for permitting the construction and operation of maritime facilities, including offshore wind farms.

The feed-in tariff system, including the priority for power from renewable sources was first enacted in 1990 and has undergone numerous revisions.

An important amendment to the EEG was enacted in 2012 (the "EEG 2012"). Under the EEG 2012, the operator of an offshore wind farm had the option to choose between a fixed feed-in tariff for the power produced by the turbines and a direct marketing of the power. In the case of a direct marketing, the operator of the wind farm received (i) a compensation for the difference between the obtainable market price and the statutory fixed feed-in tariff plus (ii) a management fee to compensate for costs and efforts of direct marketing.

The latest amendments introduced by the EEG 2014 continue the transition from the fixed feed-in tariff system to a more market-oriented premium model by introducing compulsory direct marketing. The changes were mainly driven by rising power prices for consumers and by EU law. The 2014 legislation included the objective to base the future financial support for renewable energy sources on a tender model rather than fixed subsidies without specifying further details.

Draft legislation

The introduction of the tender model and other amendments to the energy legislation have been announced for 2016 and are currently taking shape. On April 14, 2016, the Federal Ministry for Economic Affairs and Energy published a draft of the envisaged EEG amendment, including a draft for a new Offshore Wind Power Act (*Windenergie-auf-See-Gesetz*).

It should be noted that the statements made by the Federal Ministry for Economic Affairs and Energy are part of a legislative process. The envisaged rules and targets may change and are ultimately subject to parliamentary approval.

The Federal Ministry for Economic Affairs and Energy has indicated that there will be subsidies available under the new tender model. The Federal Ministry for Economic Affairs and Energy is expected to, for the most part, maintain the so-called "deployment corridor" from 2014, which sets out targets for offshore wind expansion of 7.7 GW by 2020 and 15 GW by 2030. The capacity volumes auctioned per year will be in line with these targets and are expected to be between 600 and 900 MW (on average 730 MW per year) as of 2021.

The tender model for offshore wind farm projects is subject to the general rules of the EEG, as amended, and the special rules of the Offshore Wind Power Act. The Offshore Wind Power Act will be a comprehensive law for offshore wind farm projects. Matters that are relevant for offshore wind farm projects and are currently regulated in different laws will be integrated in the Offshore Wind Power Act (including permit and grid connection).

Key elements of the envisaged tender model, published by the Federal Ministry for Economic Affairs and Energy are:

- Offshore wind farm projects will only receive financial support if they are successful in a tender process.
- Project developers are invited to submit confidential bids for financial support; the lowest bids will be
 successful, up to the tendered capacity and a successful offshore wind farm project will receive a total
 remuneration in accordance with its bid, meaning that the financial support will be the difference
 between the bid price and the obtainable market price for the power produced by the offshore wind
 farm
- There will be a maximum bid price (which is yet to be determined) which must not be exceeded.
- BNetzA announces tender proceedings eight weeks in advance, as a general rule.
- Offshore wind farm projects participating in tender proceedings are required to make a security deposit to ensure that only serious bidders participate.
- Successful offshore wind farm projects must be realized within a certain period otherwise a penalty will be imposed on the relevant project.

The tender model is implemented in two steps. There will be a transitional phase from 2021 to 2024. Beginning in 2025, the so-called "centralized model" will apply.

In the transitional phase, two tender proceedings will take place in 2017:

- 1.460 GW will be tendered in each of the two proceedings to offshore wind farm projects that are already in the development phase (i.e. 2.920 GW in total).
- Offshore wind farm projects that have not obtained a permit are entitled to participate in the tender proceedings; if they are successful, they are required to obtain the permit afterwards.
- The Federal Ministry for Economic Affairs and Energy anticipates that offshore wind farm projects with a total capacity of 6 to 7 GW will compete for the 2.920 GW.
- In addition to the bid price, the successful offshore wind farm projects receive a premium depending on the water depth at the turbine location.

Key terms of the centralized model are:

- On average, 730 MW will be tendered per year for offshore wind farm projects commencing operation from 2025.
- The first tender proceedings will begin in 2020.
- BSH and BNetzA will jointly determine areas for offshore wind farm projects in an area development plan (*Flächenentwicklungsplan*). This plan sets out the areas for offshore wind farm projects and power lines to connect the offshore wind farm.
- BSH will perform certain investigations (e.g. ground surveys and wind conditions) to ensure that only suitable areas for offshore wind farm projects are set out in the area development plans. The investigation results will be available to all bidders. The preparatory investigations of BSH will not include the permit procedure.

- A project developer who is unsuccessful in the transitional phase will have a pre-emption right (*Eintrittsrecht*) if BSH and BNetzA determine that the area of its project is a suitable area for an offshore wind farm project. This means that the project developer will be entitled to develop the offshore wind farm project at the terms of the successful (i.e. the lowest) bid submitted in the tender proceeding for this area.
- The successful bidder is entitled to pursue the offshore wind farm project. This will include the procedure to obtain the required public permit. If the permit is not granted, the bidder will lose its entitlement to the financial support (a successful bid is always linked to a certain project and cannot be transferred to another project; i.e. the bidder will not be entitled to develop another offshore wind farm project instead and receive the financial support for such other project).

18.2.3.3 Consent/licensing procedure

A permit for construction and operation of an offshore wind farm in the exclusive economic zone (in German: Auβenwirtschaftszone) requires a so-called plan determination procedure (in German: Planfeststellungsverfahren) to be conducted by BSH which involves several other authorities description of the runs through different phases. A detailed and approval process in language available on the website of BSH http://www.bsh.de/en/Marine_uses/In-dustry/Wind_farms/Approval_Procedure.jsp. Information included on this website does not form part of and is not incorporated by reference into this Offering Circular.

The grid connection of an offshore wind farm is constructed and paid for by the TSO. The takeover point is an offshore converter platform. To procure the grid connection, the operator of an offshore wind farm apply to BNetzA for the allocation of grid capacity. BNetzA allocates plan grid capacity according to the network development (Offshore Netzentwicklungsplan 2025 (the "ONEP"), version 2015, second draft, available http://www.netzentwicklungsplan.de/offshore-netzentwicklungsplan-2025-version-2015-zweiter-entwurf). Information included on this website does not form part of and is not incorporated by reference into this Offering Circular. If the capacity of the ONEP is insufficient to cover the applications for grid capacity, BNetzA can initiate a tender process. Allocated capacity can be withdrawn by BNetzA if an offshore wind farm project misses certain construction targets (use-it-or-lose-it principle), namely if the operator of the wind farm:

- has not submitted evidence of sufficient financing for the offshore wind installations (requiring binding supply contracts for the turbines, foundations, offshore substation and cabling within the wind farm) to BNetzA at the latest 24 months prior to the relevant completion date of the grid connection, or
- has not started the construction of the installations at least twelve months prior to the relevant completion date of the grid connection, or
- has not achieved technical operational readiness (in German: technische Betriebsbereitschaft) of the
 offshore wind installations within 18 months after the relevant completion date for the grid
 connection.

Offshore wind farm projects which fulfilled certain development criteria in August 2012 are partially exempt from the above rules and have a less restricted claim for grid connection. The three offshore wind farm projects currently operated or constructed by our Wind Power business, i.e. Borkum Riffgrund 1, Gode Wind 1 and Gode Wind 2 (see Section 15.5.10 "Wind Power Assets"), have fulfilled the development criteria in August 2012 and are, therefore, subject to less strict rules. In particular, the use-it-or-lose-it principle is less strict. BNetzA is not authorized to withdraw grid capacity allocated to such offshore wind farms if the operator of the wind farm:

- has submitted evidence of sufficient financing for the offshore wind installations to BNetzA by July 1, 2015, and
- starts construction of the offshore wind installations by July 1, 2016, and
- achieves technical operational readiness (in German: *technische Betriebsbereitschaft*) of the offshore wind installations by January 1, 2019.

18.2.3.4 Offshore wind energy support schemes

Under the EEG 2014 the operator of offshore wind farms must sell the power directly to third parties, so-called direct marketing (in German: *Direktvermarktung*), and is entitled to claim a market premium (in German: *Marktprämie*) from the grid operator in addition to the revenues obtained from direct marketing. The amount of the market premium depends on the renewable energy source, the time of commissioning of the installations as well as the remuneration model chosen and decreases over the course of the remuneration period. The market premium is calculated as the difference between market prices, determined as the average spot market price over the course of the month in which the operator has sold power, and a certain fixed amount (in German: *anzulegender Wert*). The grid operator is obliged to pay monthly installments for the (estimated) market premium. In exceptional cases (e.g. if the service provider who directly sells the power produced by the turbines becomes insolvent), the operator of the turbines is entitled to deliver the power to the grid operator for a remuneration in the amount of 80% of the fixed amount.

The market premium can only be claimed if the offshore turbine is equipped with a remote control system and if the power produced by the turbine is allocated to a balancing group which only includes power produced by renewable energies. The market premium cannot be claimed in respect of hours with negative power prices if the power prices are negative during at least six consecutive hours. This exception for negative power prices does not apply to turbines that have been commissioned prior to January 1, 2016.

The support scheme of the EEG 2014 is available for a period comprising the commissioning (in German: *Inbetriebnahme*) year of the turbine plus 20 full years (the "Remuneration Period"). The basic fixed amount for the Remuneration Period is €0.039/kWh. During the so-called initial period, a higher fixed amount applies. The offshore wind generator is entitled to choose between two options for the initial period, either the standard remuneration model or the so-called acceleration model (in German: *Stauchungsmodell*) provided that the wind farm is commissioned no later than December 31, 2019. For turbines commissioned from January 1, 2020, only the standard remuneration model is available. The remuneration period is calculated for each turbine individually.

The standard model provides for an initial fixed amount of €0.154/kWh for 12 years and the acceleration model (*Stauchungsmodell*) provides for an initial fixed amount of €0.194/kWh for 8 years, in each case from the commissioning of the turbine. The initial period is extended based on the water depth and the distance to shore of the turbine as follows: (i) for a turbine that is located at least twelve nautical miles seawards the initial period is extended by 0.5 months for each full nautical mile beyond 12 nautical miles, and (ii) for a turbine that is located in a water depth of at least 20 meters the initial period is extended by 1.7 months for each additional full meter of water depth. The fixed amount rate of €0.154/kWh applies for the extension period irrespective of the initial support scheme (standard or acceleration model). After expiry of the initial and the extension period, the basic fixed amount of €0.039/kWh applies until the end of the Remuneration Period.

The fixed amount for the initial period relevant for offshore turbines commissioned after 2017 is decreased for the standard remuneration model as follows: (i) with effect of January 1, 2018 by an amount of €0.005/kWh (i.e. the fixed amount will be €0.149/kWh for turbines commissioned from January 1, 2018); (ii) with effect of January 1, 2020 by an amount of €0.01/kWh, i.e. the fixed amount will be €0.139/kWh for turbines commissioned from January 1, 2020) and, to the extent a statutory fixed amount will at all apply to the remuneration of turbines commissioned from 2021 (see below), (iii) with effect of January 1, 2021 by an annual amount of €0.005/kWh (i.e. the fixed amount will be €0.134/kWh for turbines commissioned from January 1, 2021, €0.129/kWh for turbines commissioned from January 1, 2022, etc.). In the case of the acceleration model (*Stauchungsmodell*) the fixed amount will be €0.184/kWh for turbines commissioned from January 1, 2018.

In the future financial support scheme—which will presumably apply to offshore wind farms commissioned from 2021—the amount of the market premium will be determined through tenders.

For the offshore turbines of the wind farms currently operated and constructed by, or under construction by, our Wind Power business (i.e. Borkum Riffgrund 1, Gode Wind 1 and Gode Wind 2) the remuneration regime as set out in the EEG 2014 applies. We have opted for the acceleration model (*Stauchungsmodell*) in case of Borkum Riffgund 1 and we intend to do the same for Gode Wind 1 and Gode Wind 2. The commissioning of the turbines of Gode Wind 1 and Gode Wind 2 is planned to be completed in 2016. On that basis, all offshore wind farms will be entitled to a market premium calculated with a fixed amount of

€0.194/kWh for an initial period of eight years. In addition, the fixed amount of €0.154/kWh for each individual turbine applies during the extension period.

18.2.3.5 Abandonment/decommissioning obligations

BSH may grant an extension to a permit beyond the initial term but such an extension is currently uncertain.

After a permit expires, the installations will have to be dismantled and disposed of onshore. The permit holder has to provide collateral for the expected decommissioning cost prior to the installation of each facility.

18.2.3.6 Grid arrangements

Power from renewable energy sources is prioritized over power from conventional production and the TSO is under a general obligation to immediately and on a priority basis, transmit and distribute the entire quantity of power offered from renewable energy sources. A grid operator may only refuse feed-in of power from renewable energy sources into its transmission grid and apply feed-in management measures under exceptional circumstances.

In case of feed-in management by the TSO the operators of renewable energy facilities have a claim for compensation against the grid operator for 95% of the lost revenues plus expenditures additionally incurred and less expenditures saved due to the feed-in management. If revenues lost in the course of one year due to feed-in management exceed 1% of the revenues for the same year, the compensation amounts to 100% of the revenues lost from that point.

TSOs are obliged to connect offshore wind farms located in their area of responsibility to their transmission grid in accordance with the ONEP and earlier binding commitments.

Fully constructed (in German: betriebsbereite) offshore wind farms can claim an indemnification from the TSO for lost remuneration under a special regime in the EEG if the initial grid connection is delayed or if the existing grid connection is interrupted beyond certain time limits. The indemnification is available irrespective of fault of the TSO except if the offshore wind farm has caused the grid failure. The amount of indemnification is subject to limitations which do not apply if the TSO willfully caused the loss of remuneration.

The indemnification amounts to 90% of the lost remuneration under the EEG. The indemnification is paid (i) from the eleventh day of delay if the construction of the grid connection is delayed compared to the scheduled completion date and (ii) from the eleventh day of a continuous interruption of the grid connection and in case of several interruptions amounting to more than eighteen days in a calendar year from the nineteenth day of interruption. The operator of the turbines is also indemnified for 90% of the lost remuneration under the EEG during interruptions due to operational maintenance of the grid exceeding ten days in a calendar year.

The liability regime under the EEG for lost revenues does not apply to any damage caused to the property of operators of offshore wind farms by the TSO. Consequently, such damage claims may exist in addition to the indemnification for lost revenues but are capped at €100 million per incident unless the property damage was caused by the TSO's willful misconduct.

18.2.4 Other Wind Power relevant geographical markets

18.2.4.1 The Netherlands

18.2.4.1.1 Regulatory authorities

A new regulatory framework for offshore wind farms has been designed in the Netherlands that will constitute the legal basis to promote a substantial expansion in the total offshore wind capacity in the Dutch North Sea from 1 GW to 4.5 GW in 2023. The main authorities responsible for this new system are the Ministry of Economic Affairs and Netherlands Enterprise Agency.

18.2.4.1.2 Legislation relevant to offshore wind power generators in the Netherlands

Key elements of this new regulatory framework are the Offshore Wind Energy Act that entered into force on July 1, 2015, the Act amending the Electricity Act 1998 (timely realization objectives of Agreement on

Energy for Sustainable Growth) that entered into force on April 1, 2016 and the Stimulation of Sustainable Energy Production ("SDE+") subsidy scheme that was introduced in its current form in 2011.

18.2.4.1.3 Licensing/consent procedure

Under this regulatory framework, the Minister of Economic Affairs will award offshore wind power project permits and subsidy grants in the period 2016–2019 through five tenders. Companies will be invited to submit bids to develop offshore wind farms in each tender round, with the company bidding the lowest price will be awarded an offshore wind power project permit to construct and operate a wind farm and granted the associated subsidy.

The wind farm operations that will be tendered are located in three designated offshore wind farm zones. Within these zones the government will for each tender allocate specific sites where wind parks can be developed through a so-called wind farm site decision, prescribing the location of the wind park, the projected route of the grid connection and certain preconditions for the development and operation of the wind park on such site.

18.2.4.1.4 Offshore wind energy support schemes

The main financial support instrument for renewable energy in the Netherlands is the SDE+ premium feed-in scheme which offers a premium for 15 years + 1 year from the first SDE subsidized kWh production. The scheme allows for both backward (production surplus carries forward to next years) and forward (production shortage in a year acts as credit for the coming years) banking. Pursuant to this scheme an estimate of the cost price (divided per technology) is made and generators are compensated for the difference between this cost price and the actual market price. In addition to the SDE+, investments in renewable energy technologies are supported via loans and certain tax benefits.

18.2.4.1.5 Abandonment/decommissioning obligations

The term of the offshore wind power project permit is 30 years. The operation period may start as of the third year and last until year 29, whereas decommissioning may start as from year 25 and has to be completed ultimately in year 30. The required financial security for decommissioning is set out in the site decision.

18.2.4.1.6 Grid arrangements

The new wind farms will be connected to an offshore grid that will be developed and operated by the Dutch TSO, TenneT TSO B.V. To create economies of scale, TenneT TSO B.V. will construct five standardized offshore substations, each with a capacity of 700 MW, that will connect to the national grid.

The Act amending the Electricity Act 1998 (timely realization objectives of Agreement on Energy for Sustainable Growth) and its implementation decree contain a liability regime for TenneT TSO B.V.as TSO of the offshore grid, addressing compensation for postponed revenues and consequential damages incurred by the wind farms in case of delays in the construction of the offshore grid or transmission interruptions.

18.2.4.2 United States

The US Government has identified considerable potential for offshore wind resources in US waters. In light of the significant potential, the federal and state governments have worked to encourage the development of offshore wind in a number of ways.

18.2.4.2.1 Federal incentives

Two important federal tax credits that have historically been available to offshore wind developers are, the renewable power production tax credit ("PTC") and the business energy investment tax credit ("ITC"). The PTC is an inflation-adjusted, per-kWh tax credit for power generated by qualified energy resources and generally applies for the first 10 years of operation. In December 2015, the United States Congress extended the PTC through 2019, subject to certain annual reductions in its value, but there can be no assurance that the PTC will be extended beyond 2019. The ITC provides a range of rebates for different renewable technologies; for wind power, the rebate is equal to 30% of expenditures, with no maximum credit. In December 2015, the United States Congress extended the ITC until 2022, with a gradual reduction in credits between 2019 and 2022. For wind power, the credits are reduced beginning in 2017 before expiring in 2020. There can be no assurance that the ITC will be extended beyond 2022. Notwithstanding the tax credits in principle being available for larger offshore wind power projects, the tax credits' repeated expirations and renewals make them less suited to large-scale wind power than to smaller projects that can be constructed more quickly.

In August 2015, the US Environmental Protection Agency issued the final Clean Power Plan intended to reduce US carbon dioxide emissions from fossil fuel power plants. The plan would require a 32% reduction in carbon dioxide emissions from power plants by 2030 compared to 2005 levels and sets a goal of 28% power generation from renewable energy by 2030. Wind and solar production are expected to contribute a substantial share of this increase in renewable energy. This is partly due to incentives created by the final plan which are not provided for other renewable sources of energy such as geothermal and biomass. The Clean Power Plan has, since its issuance, been the subject of a stay by the US Supreme Court, which is still in force. Implementation of the Clean Power Plan has been halted by the US Supreme Court, and achievements of the Clean Power Plan's goals may move forward slowly.

Each state has been assigned a percentage reduction in emissions, with several options for how best to reach its emissions goal. The options include increasing the efficiency of existing coal-fired plants and shifting away from coal-fired power by investing in gas, renewable energy and energy efficiency.

18.2.4.2.2 State level incentives

Many states have also taken steps to encourage the development of renewable energy. Both states in which we are currently active, Massachusetts and New Jersey, have adopted renewable portfolio standards requiring increased production of energy from renewable sources, with New Jersey having established specific targets for offshore wind.

The Massachusetts legislature is currently considering an energy bill which would require utilities to hold a competitive tender to procure up to 2 GW of power—enough to power nearly one million US homes—from offshore wind farms over period of up to 10 years. The long-term PPAs that result from the tender will subsequently be assessed and approved by the Department of Public Utilities. The bill is currently in draft form, and will be amended during the legislative process which makes it difficult at this time to assess the impact on the offshore wind industry. A final decision on the agreed form of energy bill is expected by the end of the current session in July 2016, with enactment thereafter.

18.2.4.2.3 Offshore property rights

The Bureau of Ocean Energy Management ("BOEM") is the federal agency which controls rights to submerged federal lands typically further than 3 nautical miles offshore and grants leases for the development of offshore wind resources in federally designated offshore wind energy areas ("WEAs"). BOEM holds auctions for commercial leases of developable leasing areas in the WEAs. For unsolicited lease applications for development outside of the WEAs, BOEM holds an auction if it determines that competitive interest exists and otherwise conducts bilateral leasing negotiations with the applicant. A lease gives the lessee the exclusive right to subsequently seek BOEM approval for the development of the leasehold; it does not grant the lessee the right to construct any facilities. Several other federal agencies, including the National Oceanic and Atmospheric Administration and the Army Corps of Engineers, are also involved in the leasing process, providing oversight of BOEM and in some cases issuing their own permits. In general it can be observed that the structure of the BOEM offshore wind development leases are similar to those issued by The Crown Estate in the UK, in terms of both requirements on the developer and timings.

18.3 Bioenergy & Thermal Power

18.3.1 Regulation of our Bioenergy & Thermal Power activities in Denmark

18.3.1.1 Introduction

Through our Bioenergy & Thermal Power business, we produce and sell heat, power and ancillary services. Our Bioenergy & Thermal Power business is subject to the regulatory framework applicable to such heat and power supply. Consequently, certain aspects of the Consolidated Act No. 1307 of November 24, 2014 on Heat Supply (as amended) (the "**Heat Supply Act**") and certain aspects of the Electricity Supply Act, including executive orders and case law related thereto, are of relevance to us.

18.3.1.2 Relevant authorities

The Danish Ministry of Energy, Utilities and Climate has delegated several of its responsibilities in relation to the supervision of certain provisions of the Heat Supply Act and the Electricity Supply Act to the DEA. We interact with the DEA on a number of matters including among others in relation to the

issuance of and compliance with our production license. See Section 18.3.1.3 "Licensing and Terms of our Production License" below.

The Danish Ministry of Energy, Utilities and Climate and the DEA, together with the *Danish Environmental Protection Agency*, handle the regulation of emissions of greenhouse gases, including CO₂, as such emissions have an impact upon both the environment and Danish energy policy.

Energinet.dk is among others responsible for the security of supply in Denmark and consequently we as a power producer interact with Energinet.dk on a daily basis concerning our power generation. Moreover, in the interest of security of supply Energinet.dk may under certain circumstances order us to change our planning of among others our production of power.

In that connection, Energinet.dk may demand ancillary services to balance the power markets. This is obtained firstly through "automatic reserves" (power capacity which is bought beforehand and is activated automatically to generate power as quickly as needed) and "manual reserves" (somewhat slower power reserves which are activated in the Nord Pool area at a TSO-operated exchange). In addition, Energinet.dk buys "system sustaining services" (thermal generation plants, which are constantly connected to the grid in order to maintain voltage at predetermined limits). If such services are not sufficient to secure the supply in Denmark, Energinet.dk may also in its capacity as TSO under certain circumstances order us to reduce or increase our production of power against compensation in accordance with section 27(b)-(e) of the Electricity Supply Act. For further information, see Section 15.6.3.3 "Sale of power and ancillary services."

In its capacity as the Danish TSO, Energinet.dk also issues rules and regulations among others for connecting power production facilities to the power transmission grid.

The DERA is an independent regulatory body, that among others acts as complaints board related to among others heat supply. Our interaction with the DERA relates among others to our submission of heat prices, distribution of costs and other conditions under the Heat Supply Act where the DERA, is the supervisory authority, and our yearly documentation for our heat supply prices.

The decisions of the DERA (and the DEA) may be appealed to the *Danish Energy Board of Appeal*. The decisions of the Danish Energy Board of Appeal are final and cannot be appealed to any other administrative authorities. However, it is possible to appeal a decision of the Danish Energy Board of Appeal through the Danish court system.

The *Danish Ministry of the Environment and Food* has the overall responsibility for environmental matters in Denmark. The administration at state level is managed by two agencies of the Ministry, the *Danish Environmental Protection Agency* and the *Danish Nature Agency*. As of July 1, 2016, the responsibilities of the Danish Nature Agency that relate to us will be assigned to the Danish Agency for Administration of Water and Nature.

In general, the authority to regulate, supervise and inspect industrial businesses from an environmental perspective is delegated to the municipalities and/or ministerial agencies at the local and regional level. We normally interact with the Danish Environmental Protection Agency on a number of different matters including among others on our construction activities and the operation of our plants.

18.3.1.3 Licensing and terms of our production license

The Electricity Supply Act requires that generation of power from plants with a capacity of more than 25 MW is licensed by the DEA acting on behalf of the Danish Ministry of Energy, Utilities and Climate, and that the license holder shall own and have legal title to the facilities applied to conduct the licensed activities. Further, licenses to produce power from plants with a capacity of more than 25 MW may only be granted to applicants who have the necessary technical and financial capacity.

Our production primarily takes place at our eight gas, coal and biomass fired CHP plants, one peak load power plant and one heat plant in Denmark, each with a capacity greater than 25 MW. On June 1, 2012, the DEA issued a power production license covering the above mentioned plants. This license is issued for a period of 20 years from the date of issuance. Section 15.6.7.1.1 "Overview of Danish Assets" includes a list of the plants.

In respect of financial capacity, it follows from our production license, that the DEA based on certain information has concluded that we have the necessary financial capacity to operate our plants. However, should the book equity capital in DONG Energy Thermal Power A/S fall below DKK 1.5 billion, the DEA must be informed accordingly by us and may require that the book equity capital is restored to a minimum

of DKK 1.5 billion or that we otherwise provide comfort of our compliance with the financial capacity requirements that from time to time are applicable to the operation of our plants.

In respect of technical capacity, it follows from the license that the DEA concluded that we have the necessary technical capacity based on our possession of considerable technical capacity with regards to constructing and operating large power plants and of significant climate and environmental expertise.

When issuing a production license the DEA may stipulate a number of conditions. Consequently, our license is subject to inter-alia the following terms and conditions:

- During the term of our production license, we are required to inform the DEA of any acquisitions or divestments of power plants with a capacity of more than 25 MW. We are also required to inform Energinet.dk with one year's prior notice if we decide to close or take a plant out of operations for a longer period of time in accordance with section 12(1)(iv) of the Electricity Supply Act. Further, according to the Electricity Supply Act, power producing installations with a capacity of more than 25 MW may not be taken out of operation for long periods without Energinet.dk's approval. Preservation (in Danish: "konservering"), permanent shut down or decommissioning of any of our licensed plants are subject to prior approval from the DEA.
- Any significant changes to existing power plants must be approved in advance by the DEA.
- We must comply with certain conditions concerning operation of environmentally friendly plants. Consequently, we are obliged to have at our disposal operational capacity that can use certain quantities of biomass set out in our production license. The quantities are allocated either to specific plants or to a geographic areas east or west of the Great Belt. The DEA may allow, and has on certain occasions allowed, that part of the capacity is available in plants which are not owned by us, however we will be, and are in all circumstances, responsible for maintaining the required capacity. The obligation to have at our disposal the said capacity will expire on June 3, 2022. However, the DEA may allow the obligation to expire or be adjusted at an earlier point in time if justified by extraordinary circumstances.
- After 5 years from the date of the production license and subject to one year's prior notice, the DEA
 may stipulate new terms and conditions for the production license in accordance with the Electricity
 Supply Act.
- If we were to decide to decommission a plant, then following the DEA's permission, we would be required to decommission the plant within reasonable time, including, on that part of the site where the plant was located, to clean up pollution and other waste and material caused by the power generation. The DEA may impose conditions for such permission to decommission, including a deadline for the completion of the decommissioning, make requirements for the disposal and processing of the decommissioned parts of the plant, and make demands for clean-up of the relevant parts of the power plant site where the plant was located.

The DEA may also require that a plant which has been taken permanently out of operation for more than 7 years is decommissioned.

Based on an assessment of our financial situation at the time of issuance of the production license, it was the opinion of the DEA that there was no reason to demand provision of security for the decommissioning and dismantling of our plants. If necessary, such demand may be imposed after June 1, 2017 by the DEA, provided that such demand is otherwise justified under the Electricity Supply Act.

- In the interest of security of supply, the DEA may with one year's notice order us to maintain a specific minimum power generation capacity in accordance with section 50(3) of the Electricity Supply Act.
- In general, our supply of heat is supported by our long-term heat contracts. Despite the potential termination of any such, we are subject to an obligation to supply district heating to the district heating areas that are supplied with heat form the plants listed in the license and owned or operated by us, see Section 12(1)(iii) of the Electricity Supply Act. Any such plants, which are necessary for the district heating in those areas, may not be taken permanently out of operation, without approval from the DEA. The overall principle of coverage of necessary costs under the Heat Supply Act will apply to the costs associated with heat production from plants solely operated for purposes of heat supply.

18.3.1.4 The Heat Supply Act

In general, generation of heat is regulated mainly by the Heat Supply Act and executive orders issued in accordance herewith. The purpose of the act is to promote economic and environmentally friendly consumption of energy for heating of buildings and supply of hot water and within the framework of the act to reduce the dependency on fossil fuels. Further, the planning of heat supply must promote production of combined heat and power. Among others, except for peak-load and reserve capacity facilities, heat production facilities with a heat capacity in excess of 1 MW may only be established as combined heat and power production facilities. Certain key elements of the Heat Supply Act are presented further below.

The Heat Supply Act generally applies to collective heat supply plants, which are inter-alia district heating supply plants, solar heating plants, waste incineration plants, heating pumps and combined heat and power plants with an electrical output of 25 MW or less. Our eight gas, coal and biomass fired CHP plants, each with a capacity greater than 25 MW provide district heat to transmission companies or distribution companies (our heat customers) in nearby cities. Even though our eight CHP plants therefore do not fall within the definition of a collective heat supply plant under the Heat Supply Act, the pricing and the terms of the heat supply from our eight plants to our heat customers is subject to Chapter 4, including Section 20, of the Heat Supply Act.

18.3.1.4.1 Pricing

The overall principle of the pricing provisions of the Heat Supply Act is coverage of necessary costs associated with the heat production. This principle implies that we, in our heat supplies as governed by the Heat Supply Act, may include costs of, among other things, energy/fuel, salaries and other operating expenses necessary for the heat production. We are also allowed to include other costs in the form of depreciations, appropriations for reinvestments and, with the prior approval of the DERA, a return on our invested capital.

When calculating the cost-based price of heat produced at a CHP plant, the necessary costs are divided into those connected solely to heat production, those connected solely to power production and shared costs. Only costs solely related to heat production and the heat related part of the shared costs may be included in our heat prices. This applies both to variable and fixed costs. This means that we are obliged to allocate shared costs between the two production areas in order to secure that the heat customers only pay their part of the shared costs. The allocation of shared costs is normally done in our heat agreements with heat customers. Such agreements on the allocation of shared costs are subject to section 75 of the Electricity Supply Act which provides that, when setting prices and supply conditions for district heating, we as the owner of CHP plants may not take advantage of our market position by allocating costs in a way that is unfair to district heat consumers.

Combined heat and power production improves the total net efficiency of our thermal generation assets by enabling us to utilize a substantially higher proportion of the energy content in the fuel we consume relative to consumption in stand-alone power and heat generation. The value of the fuel saving resulting from this co-generation is usually shared between our heat customers and us. The share may vary from agreement to agreement and shall be compliant with section 75 of the Electricity Supply Act and the pricing provisions of the Heat Supply Act.

In Denmark, fossil-based heat production is subject to energy tax, CO₂ tax and environmental taxes on SO₂ and NO_x emissions, whereas biomass-based heat production is exempt from such taxes, except for the tax on NO_x emissions from plants larger than 1 MW, and the tax on SO₂-emissions for biomass containing more than 0.05% (w/w) sulphur applied in plants larger than 1 MW. The energy and CO₂ taxes are payable by the heat customers, whereas taxes on SO₂ and NO_x emissions are shared between the heat customers and us. Since 2012, the Heat Supply Act has allowed the parties to a heat supply agreement to deviate from the "necessary costs principle" outlined above. Subject to certain conditions, the heat customer is allowed to share the tax advantage of using biomass fuels instead of fossil fuels with the heat producer. The change was introduced in order to incentivize conversion from coal to biomass fuel in CHP plants. Heat customers may choose, under certain conditions, to pre-pay a part of the capital expenditure during the construction phase of a bio-conversion and lifetime extension of a CHP plant. The heat producer then earns the right to the pre-paid amount over the duration of the heat agreement and the prepayments are recognized as revenue from heat sales throughout the duration of the heat agreement. Sharing of the tax advantage, and accruals of the pre-payments for the investment by the heat customer, are the two elements of the heat EBITDA. Both elements are key parts of the long-term district heating agreements we have entered into in connection with the bio-conversion and life-time extensions of our CHP plants. In order to be allowed to

make such sharing of the tax advantage, the parties must comply with certain conditions, and must submit to the DERA the heat supply agreement and documentation showing that the conditions are fulfilled. Such sharing arrangements have been agreed upon in certain of our heat supply agreements.

If the agreement with the heat customer is terminated before the expected duration hereof, the heat producer will, as a main rule, be obliged to repay the part of the pre-paid amount that has not been earned at the time of the termination. The issuance of a third party guarantee for such repayment, which may include parent company guarantees, may be a requirement in order for such pre-payment arrangement to be acceptable under the Heat Supply Act.

As part of a growth package announced in 2014, the former Danish government initiated an analysis of the performance of the district heating sector, with a declared goal of delivering efficiency savings amounting to DKK 0.5 billion by 2020. A first analysis of proposals for regulatory adjustments of the district heating sector was published in October 2015 and based on the analysis, a political agreement on regulatory changes for the district heating sector was entered into on April 7, 2016. The political agreement introduces regulatory benchmarking requirements with individual efficiency saving requirements for district heat companies. Centralized CHP plants, including all our CHP plants, are specifically excluded from the benchmarking requirements. Instead, the centralized CHP plants must follow a general efficiency savings requirement of DKK 115 million in total by 2020 (total for all Danish centralized CHP plants, including but not limited to those owned by us), based on a historic cost base composed of the average total costs from 2011 to 2013. The agreement also stipulates that potential regulation for the period after 2020 will be analyzed in more detail before any new initiatives are proposed.

18.3.1.4.2 Notification and price verification

Heat prices, distribution of costs and other conditions for services covered by Section 20 of the Heat Supply Act shall be submitted to the DERA, as the supervisory authority, in advance of the year in which they are to apply, in accordance with provisions of executive order no. 1282 of December 5, 2014 issued pursuant to the Heat Supply Act. The heat prices, distribution of costs or other conditions are not valid if they are not submitted to the DERA.

As owner of CHP plants with a power output capacity exceeding 25 MW, we shall after each production year submit documentation to the DERA for heat supply prices, together with an auditor's statement (Price Verification).

The DERA does not by default approve heat prices or other terms, but in the event that the DERA assesses that the heat prices, distribution of costs or other conditions are unreasonable or do not comply with the provisions of the Heat Supply Act, the DERA may issue an order amending such heat prices, distribution of costs or other conditions.

18.3.1.5 The Electricity Supply Act

In general, the production of power is regulated by the Electricity Supply Act and executive orders issued in accordance herewith. The purpose of the act is to ensure that supply of power is carried out with due regard to security of supply, the national economy, the environment and consumer protection.

Under the Electricity Supply Act, construction of new power plants and any significant alterations to existing plants must be approved by the DEA. Executive order no. 565 of June 2, 2014 sets out certain exemptions to this requirement, including inter-alia the construction of (or significant alterations to) power plants with a generation capacity of less than 5 MW. The construction of power plants must also comply with, among others, the rules of the Danish Planning Act (Consolidated Act No. 1529 dated November 23, 2015).

Under the Electricity Supply Act, the prices and terms on which, power is supplied must generally be established in accordance with the prevailing market conditions. However, as stated above the allocation of shared costs between heat and power production is subject to certain requirements. Moreover, pursuant to the Renewable Energy Act a price supplement of 0.15 DKK/kWh is available for biomass fired power production. For further information on our participation in the energy market, see Section 15.6.3.3 "Sale of power and ancillary services."

Further, Energinet.dk may against compensation order us to reduce or stop production from our CHP plants, if required in order to maintain the technical quality and balance of the power grid. For further

information on Energinet.dk's right to issue orders, see Section 15.6.3.3 "Sale of power and ancillary services."

Energinet.dk also acquires "automatic reserves" (power capacity which is bought beforehand and is activated automatically to generate power as quickly as needed), "manual reserves" (somewhat slower power reserves which are activated in the Nord Pool area at a TSO-operated exchange) and "system sustaining services" (thermal generation plants, which are constantly connected to the grid in order to maintain voltage within predetermined limits). We have engaged in such agreements with Energinet.dk, including the so-called Kyndby agreement pursuant to which we have delivered approximately 600 MW regulation power in Eastern Denmark to Energinet.dk in the period 2011–2015 with a total revenue of approximately DKK 1.4 billion. In June 2013, the European Commission notified the Kingdom of Denmark of its decision to initiate a formal state aid procedure in relation to the Kyndby-agreement. The Commission expressed doubts as to the existence of state aid in the agreement to our benefit. We are not part in the procedures. On May 23, 2016 the Commission announced that it has found that the agreement does not involve any state aid. The decision of the Commission may be appealed to the General Court of the EU. Such appeal must be made within two months from the date of publication, the date of notification or, in the absence thereof, the date on which the decision came to the knowledge of the appellant.

18.3.1.6 Environmental regulation

Our Bioenergy & Thermal Power business is subject to a number of environmental laws and regulations. A majority of these regulations are based on EU regulations and directives, which have been implemented into Danish law, while others are of Danish origin.

18.3.1.6.1 Compulsory environmental approvals

Our thermal power activities are subject to a general approval requirement pursuant to the Danish Environmental Protection Act (Consolidated Act No. 1317 dated November 19, 2015, as amended by Act No. 132 dated February 16, 2016, which implements the Industrial Emissions Directive (Directive 2010/75/EU—the "IE Directive"). The Environmental Protection Act, chapter 5, provides that a prior approval is required for the lawful conduct of major polluting activities. These activities have been defined and listed in two annexes to the executive order and include, among others, the operation of certain thermal generation plants.

Once approval to conduct an IE activity has been obtained, the approval is subject to a reassessment procedure no later than eight years after the initial issue of the approval. Subsequently, the approval must be reassessed at least every 10th year. The initial approval may be reassessed or altered prior to the expiry of the first eight year period under specific circumstances, i.e. to apply a new Best Available Technology requirement.

In addition, the building and establishment of, among others, thermal generation plants, are subject to a number of executive orders, which regulate technical requirements for such installations, acceptable noise levels and conditions concerning connection to the transmission network.

18.3.1.6.2 Emissions and CO₂ allowances

CO₂ emissions result from our heat and power production.

The EU launched the EU ETS in 2005 regulating the rights to emit CO_2 under an allowance scheme. The third phase of the EU ETS was commenced in 2013 and runs from 2013 to 2020. The third phase introduces a single EU allowance scheme with an overall cap for the annual emissions from power plants and other fixed installations within the EU. The total annual allowances were 2,084,301,856 in 2013, and this number decreases annually by 1.74% until 2020. In 2015, the total number of free allowances allocated to Denmark was 9,870,000. One allowance equals the right to emit one metric ton of CO_2 .

Allowances are allocated by either free allocation or via auctioning, and auctioning is supposed to become the main method to allocate allowances in the future. Since 2013 heat generation has received free allowances (the quantity of free allowances is gradually being reduced), whereas power generation must buy all allowances through auctioning.

To the extent that the allowances allocated to the heat production are not sufficient to cover the emission stemming from the actual heat production, the cost of acquiring additional allowances to cover the excess

emissions may be included in the heat prices. If the allowances allocated to the heat production exceed what is required to cover the emissions stemming from the actual heat production, the revenue from selling the excess allowances to cover the excess emissions shall be included in the heat prices.

18.3.1.6.3 Other emissions than CO₂ emissions

Air emissions are generally subject to regulation through the compulsory environmental permits, which are required under the IE Directive as implemented in the Danish Environmental Protection Act. Such emissions are governed by specific terms and conditions based on BAT, which are included in the permits. Among others production units with a combined net installed power and heat capacity of at least 50 MW (thermal input) are subject to minimum limit values for the permitted emissions of SO_2 and NO_x as well as for the emissions of dust.

18.3.1.6.4 Environmental Impact Assessment (EIA)

The Danish Planning Act implements Directive 2011/92/EU concerning the Assessment of the Effects of Certain Public and Private Projects on the Environment.

Pursuant to the Act and Danish Executive Order No 1832 dated December 16, 2015, an EIA must be completed before compulsory environmental approval for certain entities (including larger thermal generation plants) to conduct their business is granted.

Danish environmental law operates with additional types of EIAs, including the strategic assessment of the environmental impact of plans and programs in accordance with the Directive 2001/42/EF (see the National Protective Act, Consolidated Act No. 1578 dated December 8, 2015) and the habitat impact assessment regarding activities that may have an adverse impact on international nature protection areas (habitats) in accordance with Directive 92/43/EØF (see the Executive Order on Habitats No. 188 dated February 26, 2016 with subsequent amendments).

18.3.1.6.5 Control of Major-accident Hazards

Directive 2012/18/EU on the Control of Major-accident Hazards involving Dangerous Substances (the "Seveso III Directive") has partly been implemented into Danish law by Executive Order no. 1666 of December 14, 2006 (as amended). The Executive Order is expected to be revised in the nearest future in order to fully implement the Seveso III Directive.

As thermal power activities involve the handling and storage of dangerous substances, these activities are governed by the regulation following from the Seveso III Directive. We are therefore obliged to carry out a range of measures in order to comply with this regulation. This includes notification of the competent authorities and implementing a major-accident prevention policy, a safety report, a safety management system and an emergency plan.

18.3.1.6.6 The Danish Environmental Liability Act

Pursuant to the Danish Environmental Liability Act, liability for a number of the major polluting activities listed in the Danish Environmental Protection Act (Consolidated Act No. 994 dated September 9, 2014) (see Section 18.3.1.6.1 "Compulsory Environmental Approvals"), including such as our Bioenergy & Thermal Power activities, is based on strict liability. The Act provides that a polluter may have to pay compensation to an injured party who suffers economic loss as a consequence of contamination caused by activities listed in the Danish Environmental Liability Act. The Danish Environmental Liability Act does not set a cap on the maximum possible amount of compensation. On the other hand, the Danish Environmental Liability Act only applies to environmental damage caused after July 1, 1994 and does not have retroactive effect and, in general, has not had any impact (on us) in practice

Environmental liability for environmental damage may also follow from the general Danish law on torts.

18.3.1.6.7 The Danish Contaminated Soil Act/The Environmental Protection Act

Pursuant to the Danish Contaminated Soil Act (Consolidated Act. No. 895 dated July 3, 2015, as amended by Act No. 132 dated February 16, 2016), all contaminated and potentially contaminated sites in Denmark are subject to registration. Registration under the Danish Contaminated Soil Act results in the imposition of certain limitations upon the site owner with regard to (i) amendments of use to a sensitive use and to (ii) commencement of building and construction works if the registered site is located in a drinking water

sensitive area. However, registration as such does not impose any general obligations to remedy the contamination, but permits for amended use and/or building works may involve terms requiring investigative or remedial action.

The Danish Contaminated Soil Act also applies a strict liability scheme for the polluter regarding soil contamination caused after January 1, 2001. This implies that the supervisory authority under certain conditions is empowered to issue enforcement notices to the polluter requiring investigative and/or remedial action with regard to such contamination. Such enforcement notices may involve properties owned by third parties.

For soil contamination caused prior to January 1, 2001, the Environmental Protection Act applies. Pursuant to this act, the supervisory authority may issue similar enforcement notices to the polluter provided that the contamination has been caused in a negligible manner (unless a stricter liability applies pursuant to other environmental law, e.g. the Danish Environmental Act, Consolidated Act No. 994 dated September 9, 2014).

In general, the legal authority under public environmental law to issue enforcement notices to investigate and remediate soil contamination applies to the polluter. However, in case of a closure of an IE activity, the operator of the activity at that time is subject to specific obligations to assess and remediate material contamination caused by the activity, irrespective of whether the contamination has been caused during the ownership of that operator or former operators. This exemption from the general rule after Danish law is based on the Industrial Emissions Directive (Directive 2010/75/EU). See chapter 5b of the Danish Contaminated Soil Act, Consolidated Act. No. 895 dated July 3, 2015, as amended by Act No. 132 dated February 16, 2016.

18.3.1.6.8 Directive 2004/35/EC on Environmental Liability with regard to the prevention and remedying of environmental damage/Danish Consolidated Act No. 916 dated July 3, 2015

This directive, which regulates environmental damage, including risk of environmental damage, caused by business activities, is implemented in Danish law in Consolidated Act No. 916 dated July 3, 2015 on Environmental Damage.

The regime operates with two types of liability depending of the nature of the business activity in question. Firstly, a strict liability applies to environmental damage among others to soil and water by certain high risk business activities. Secondly, a liability based on negligence applies to harm or damage to protected animals or natural habitats caused by other business activities.

18.3.1.6.9 By-product disposal

Our activities involve the production, storage and transport of by-products. We continually focus on ways to recycle these by-products, including by converting them to so-called mineral products. For instance, the ashes are mainly sold for usage in the construction industry e.g. for concrete, cement and asphalt. Gypsum is normally supplied to producers of plaster boards. To the extent that it is not possible to find off-takers for our by-products, these are among others recycled in landfill projects in accordance with applicable rules and regulations.

We handle by-products in accordance with the regulation laid down in relevant EU regulations, the Danish Environmental Protection Act, which implements relevant EU regulations, and in a number of executive orders issued in accordance with the Act. Pursuant to these regulations local municipalities are required to adopt local municipality by-product regulations that set forth regulation regarding how by-products are to be handled, including the methods for collecting and disposing of by-products. Industrial entities are required to comply with the by-product by-laws that are adopted in the municipality where their respective businesses are conducted.

18.3.2 Regulation of our Bioenergy & Thermal Power activities in the United Kingdom

We are currently constructing our first full-scale commercial REnescience plant, using innovative waste treatment technology, applying enzymes, in Northwich in the UK. The REnescience plant in Northwich is expected to be in commercial operation in 2017 and will treat approximately 120,000 tons of residual household waste per year. See Section 15.6 "Bioenergy & Thermal Power" for further information.

The plant will produce power using biogas and will therefore, if commissioned prior to March 31, 2017 (date of closure of the RO), be eligible for accreditation under the RO regime in the UK. For further information on the RO regime, see Section 18.2.2.3.1 "The Renewable Obligations."

A generation license is not required as the generator is deemed a small generator (below 100 MW).

18.4 Distribution & Customer Solutions

18.4.1 Regulation of our power distribution and power and gas sales activities in Denmark

18.4.1.1 Relevant authorities

The Danish Ministry of Energy, Utilities and Climate has delegated several of its responsibilities in relation to both the Danish Electricity Supply Act and the Danish Natural Gas Supply Act to the DEA.

Entities that wish to transport power or gas through the transmission networks must, prior to entering the Danish market, be approved by Energinet.dk on the basis of objective and non-discriminatory criteria.

The DERA supervises and has the authority to regulate the prices, terms and conditions of our power distribution activities.

The decisions of the DERA may be appealed to the Danish Energy Board of Appeal. The decisions of the Danish Energy Board of Appeal are final and cannot be appealed to any other administrative authorities. However, it is possible to appeal a decision of the Danish Energy Board of Appeal through the Danish court system.

Our interaction with the DERA relates in particular to the determination of the revenue frameworks applicable to our power distribution activities.

The *Danish Energy Supplies Complaint Board* is a privately established forum that we co-founded together with the Danish Consumer Council, the Association of Danish Energy Companies, Danish gas distributors and the District Heating Association with the purpose of handling disputes between electricity, gas and heat customers and electricity, gas and district heating supply companies.

The Danish Energy Supplies Complaint Board handles disputes, including disputes on payments or breach or validity of an energy company's terms of delivery, based on written complaints from customers and written responses from the relevant company. If the company does not comply with the decision of the Danish Energy Supplies Complaint Board, the customer can bring the complaint before the Danish courts with the assistance of the Danish Energy Supplies Complaint Board.

18.4.1.2 Key legislation

The EU electricity and gas directives (Directives 96/92/EC, 2003/54/EC and 2009/72/EC concerning Common Rules for the Internal Market in Electricity and Directives 98/30/EC, 2003/55/EC and 2009/73/EC concerning Common Rules for the Internal Market in Natural Gas (the "Directives") have driven the liberalization of the power and gas sector in Europe and have been implemented in each of the main European jurisdictions in which we do business, including Denmark.

The Directives set forth the general regulatory framework for the European power and gas sectors, including defining the criteria and procedures pursuant to which access to the European energy markets and authorizations, where required, for generation, transmission, distribution, storage and supply activities in the EU member states may be granted. Furthermore, the Directives require that each member state establishes an independent regulatory authority tasked with supervising the terms and conditions for third-party access to transmission and distribution networks and gas storage facilities. The relevant regulatory authority must ensure non-discriminatory access and market efficiency, as well as set or approve, in accordance with transparent criteria, transmission and distribution tariffs or their methodologies prior to their entry into force.

The Directives further require the unbundling of transmission network and distribution network operations that are a part of a vertically integrated company. The Directives require unbundling of grid companies (Distribution System Operators or DSOs) at a minimum level in terms of their legal form, organization and decision-making, such that distribution activities are independent and separate from other energy sector activities. The Directives do not, however, create an obligation to separate the ownership of the distribution infrastructure from that of assets supporting other energy sector activities. The Directives also require companies to maintain separate accounts for each of their transmission, distribution and, in the case of gas companies, storage activities.

The Electricity Supply Act and the Natural Gas Supply Act, implement, among others, the Directives, and rules and regulations issued in furtherance hereof are the key legislative instruments regulating our power distribution and power and gas sales activities in Denmark.

18.4.1.3 Power distribution

We own and operate the power distribution grid in the greater Copenhagen area and Northeastern Zealand through which power is transported to consumers in these areas. Power DSO companies such as ourselves carry out this activity pursuant to licenses issued by the DEA on behalf of the Minister of Energy and in accordance with the Danish Electricity Supply Act. A power DSO company that has been licensed may only carry out the distribution activities covered by the license. Power DSO companies shall, pursuant to the Danish Electricity Supply Act, own and have legal title to the facilities applied to conduct the licensed activities.

The Danish power DSO companies are responsible within their respective geographical distribution area for transporting power through the power grid and for measuring and metering power consumption. The power DSO companies are required to provide adequate connections for customers within their distribution areas and ensure that the necessary transport capacity is available to serve these customers. Furthermore power DSO companies must ensure a certain amount of energy savings by energy consumers every year.

The Danish Electricity Supply Act provides that any interested party is entitled to access the power grids of the power DSO companies against payment. The prices for the use of the network must be set based on fair, transparent, objective and non-discriminatory criteria towards any individual customer or group of customers. The methods used for setting the tariffs must be approved by the DERA before they can enter into force. Within these requirements we have discretion to set the tariff levels provided that the overall revenue level is within the revenue cap.

The Danish Electricity Supply Act obliges the power DSO companies to comply with a number of requirements that are designed to secure consumer influence and functional unbundling of the monopoly distribution activities from other non-monopoly power activities.

To secure consumer influence it is a requirement that at least two members of the board of directors of a power DSO company must be elected by the customers in the relevant distribution area. At this time there are three customer elected members in Radius board of directors. They have been elected by direct election among the customers in Radius distribution area.

To secure functional unbundling the management of a power DSO company must act independently on a day-to-day basis from other affiliated power activities. Members of the board of directors and the members of the executive management of a power DSO company may not directly or indirectly participate in the operation or management of affiliated power generation or power supply companies. Furthermore the members of the executive management of a power DSO company may not participate in the operation or management of affiliated group companies directly or indirectly owning power generation or power supply companies. The functional unbundling requirements also entail requirements regarding restrictions on the sharing of information between the DSO company and affiliated companies, limitations on employees' access to and handling of sensitive customer and business information, and obligations to implement measures to ensure that discriminatory practices do not exist or develop. Furthermore DSO companies must appoint an independent compliance officer to monitor the compliance with these requirements.

For further description of the regulation of power DSO companies, see Section 15.7.2.1 "Power Distribution."

18.4.1.4 Sales of power

The Danish power market was fully liberalized as at January 1, 2003, and since then all customers have had the right to choose their power supplier.

Selling power is subject to general laws and legal principles in Denmark, including the general contract and consumer protection legislation. In addition to this, the area is subject to sector specific legislation including the Electricity Supply Act and various regulations following from the act, including regulations on consumer protection and invoices to power customers. Said regulations include specific requirements to for instance the content of agreements with consumers and the content of invoices sent to power customers.

As of April 1, 2016 the former dualistic system according to which the power DSO delivered the power transportation services to the customer and the power supplier delivered the power changed into a single point of contact system, where the power supplier vis-à-vis the customers delivers both the power

transportation services and the power. Consequently the power supplier has been delivering both power and transportation hereof to its customers from said date.

As the grid is owned and operated by state owned company, Energinet.dk, and the power DSOs, the power provider has to purchase the transportation services from Energinet.dk and the power DSO owning the grid in the power supplier's customer's geographical area in order to resell such services to the customers.

The customers are only invoiced by the power supplier and the power supplier is collecting levy on power and PSO charges on behalf of the Kingdom of Denmark. Further, the power supplier carries the responsibility to update the power customer's data in the Datahub (the central IT system owned by Energinet.dk which system is handling all power customers in Denmark).

Even though the power DSOs and Energinet.dk are responsible for operation of the grid, the power supplier will in most instances be the only and first point of contact for the customers, and the power supplier is obliged to establish a 24 hours call center function. In case of technical questions relating to the grid, the power supplier shall redirect the customers to the relevant power DSO.

According to the Electricity Supply Act a power supplier offering power to (other) customers in a distribution area has a duty to supply any and all household customers who are requiring such supply. Consequently, the general rule is that a power supplier does not have a right to refuse a customer asking for supply. However, the power supplier may refuse to supply if the customer has a non-paid debt from a former power contract. Further, the supplier may refuse to supply if the customer is considered a non-reliable payer (on an objective basis) and if the customer at the same time refuses to provide a deposit to cover losses for future power supply.

18.4.1.5 Sales of gas

The Danish gas market was fully liberalized on January 1, 2004, and since then all customers have had the right to choose their gas supplier.

In each supply area, one supplier is designated as the gas supply obligation company. The Natural Gas Supply Act provides that gas supply obligation companies require a license from the DEA acting on behalf of the Danish Ministry Energy, Utilities and Climate in respect of the activities they carry out in such capacity. Since May 1, 2016, we have had the supply obligation in the gas distribution areas of NGF Nature Energy Distribution A/S and HMN Gasnet P/S, while NGF Nature Energy A/S has the supply obligation in our gas distribution area.

The current gas supply obligation licenses terminate on March 31, 2019, but may be prolonged for one additional year. Upon termination of the gas supply obligation licenses, a supplier who is willing to continue the contractual relationship with supply obligation customers has the right to send a letter to customers offering to continue the contract. Customers who do not respond within a certain timeframe are then bound by the offer. During the period corresponding to the length of the following supply obligation period (running from March 31, 2019) the former supply obligation customers' price may not exceed the price previously charged for the supply obligation.

The price for gas delivered to customers under the supply obligation is capped at the sum of a floating stock index (the Heren TTF Monthly Index), the gas transmission price in Denmark plus a fixed fee (0.0424 DKK/m³).

Prices for gas sold to customers who choose us as their supplier, instead of being supplied by the gas supply obligation company (which in Denmark is either us or NGF Nature Energy A/S), are set on market terms.

Selling gas is subject to general laws and legal principles in Denmark, including contract law and consumer protection legislation. In addition, the area is regulated by specific regulations, including the Natural Gas Supply Act and various regulations following from the National Gas Supply Act, including regulations on consumer protection and on invoices to natural customers. Said regulations are putting up specific requirements to for instance the content of agreements with consumers and the content of invoices sent to gas customers.

18.4.2 Regulation of sales—Germany

We sell power and gas to wholesale and non-residential customers as well flexibility products and energy solutions to industrial customers in Germany. Under German law, there is no general regulatory requirement to obtain a license or other regulatory authorization for the sale of power or gas. However,

BNetzA must be notified of the commencement and the termination of sale of power or gas to residential customers and small commercial entities. DONG Energy Markets GmbH holds an allowance for the delivery of power as supplier that is necessary under the Electricity Tax Act. The prices and terms for sales to wholesale and non-residential customers are not subject to approval, but may be scrutinized by the competition authorities or, under certain conditions, by the German civil courts upon complaints by customers. Flexibility products need to take account of special regulation for the balancing markets in particular; pre-qualification requirements are currently complied with, with the support of an external service provider.

18.4.3 Regulation of sales—United Kingdom

We sell power and gas, flexibility and energy solutions to business customers. We do not sell power or gas to domestic customers in the UK.

Power supply is primarily governed by the Electricity Act 1989 and gas supply by the Gas Act 1986. It is a liberalized market and since the 1990s, the market participants have all been privatized. Both power and gas are regulated by Ofgem. Power transmission at national level is controlled by NGET and is distributed on a local level by regional Distribution Network Operators. National transmission of gas is carried out by NGET and local distribution by the Gas Transporters. The gas industry also has shippers, which buy gas from the producers, arrange for it to be conveyed to supply points and sell it to suppliers.

Under UK law, we are required to hold a supply license for power supply. For gas, we are required to have a supply license for the gas supply and a shipper license to act as a shipper. By holding the licenses we are also required to comply with industry regulations and Codes of Practice. The regulations and Code of Practice are governed by the relevant industry body with clear governance structures.

The price of gas and power sold to our customers is not specifically regulated (other than under competition law) and is left to market forces. The protections that apply to domestic consumers do not apply to business customers, although microbusinesses do have additional regulation, and we may apply for a court order to disconnect customers. Customers whose contracts with us have been terminated but who have not been disconnected may be charged reasonable out of contract, or "deemed," rates.

18.4.4 Regulation of offshore transport of gas

Natural gas produced in the Danish North Sea is transported to the gas treatment facility at Nybro through upstream pipelines, which we own and operate under a license issued by DEA on behalf of the Danish Ministry of Energy, Utilities and Climate in accordance with the Subsoil Act.

The Natural Gas Supply Act provides that any interested party is generally entitled to access the upstream pipelines against payment. General rules for access have been issued pursuant to Executive Order No. 1090/2000. Under certain circumstances, access may be denied, such as in the event of insufficient capacity or technical difficulties. In addition the DEA may order us to deny access if it is necessary to ensure the security of supply, or to grant access subject to certain conditions. The pricing and the terms and conditions for access are negotiated between us and each applicant for access and must be reported to the DERA. We have also published general terms and conditions and indicative prices for third-party access. An applicant may submit a complaint to the DERA if negotiations are not held within a reasonable time after it submits an application, if access is denied or in relation to disputes over pricing or terms and conditions of access.

18.4.5 Regulation of Oil Pipeline Business activities

The establishment and the use of our oil pipeline in the Danish North Sea is governed by the Danish Pipeline Act (Consolidated Act No. 277 of March 25, 2014, on the Establishment of a Pipeline for Transport of Crude Oil and Condensate), which imposes an obligation on all license holders who produce crude and condensate on the DCS to connect to the pipeline and transport the crude and condensate intended for use or refining in Denmark through the pipeline. However, it is possible to obtain a dispensation from this obligation and a few license holders have received such dispensations.

Based on the Danish Pipeline Act, DONG OP has been granted permission to establish and operate the Oil Pipeline and the Stabilization Plant. DONG Energy A/S has provided an unlimited parent company guarantee towards the Kingdom of Denmark covering DONG OP's existing as well as future obligations pursuant to the permission to establish and operate the Stabilization Plant (including abandonment obligations).

According to the Pipeline Act we shall, subject to approval from the DEA prepare and agree with the users of the pipeline the specific terms and conditions for transportation and processing of crude in DONG's transportation system subject to approval by the DEA. These terms and conditions are implemented between the parties by way of a Transportation Agreement (almost identical for all producers save for certain 'license specific' issues). On a general level, the transportation agreements are further implementing and detailing the principles of the Pipeline Act as well as regulating more operational issues not dealt with in the Pipeline Act.

In 2012, when it was acknowledged by us that certain producers in the Danish Sector of the North Sea might wish to deliver volumes of crude which would necessitate stabilization and establishment of separation facilities we, supervised by the DEA, initiated negotiations with producers on a new Model Transportation Agreement.

The Model Transportation Agreement was agreed during 2013 and early 2014 and was approved by the DEA January, 31 2014 (with conditions that were subsequently fulfilled).

As regards payment for the use of the Transportation System reference is made to the Oil Pipeline Business.

18.4.6 Regulation of gas storage activities in Germany

We are engaged in certain gas storage activities in Germany. See Section 15.7.4.1.1 "Gas infrastructure supporting portfolio management."

The construction and operation of underground caverns for the storage of gas as well as of the necessary surface facilities require a permit under the German Federal Mining Act (in German: *Bundesberggesetz*), including long term framework operating plans (in German: *Rahmenbetriebspläne*), main operating plans (in German: *Hauptbetriebspläne*) and special operating plans (in German: *Sonderbetriebspläne*). Surface facilities can also require a permit under the German Federal Emission Act (in German: *Bundesimmissionsschutzgesetz*). Further, a plan approval pursuant to the EnWG must generally be obtained for the construction and operation of a pipeline connecting the storage facilities to the respective gas transmission network. Such plan approval under the German Energy Industry Act will encompass the authorizations under all other laws affected by the construction and operation of the pipeline.

According to Article 15 of the EU Regulation 715/2009 and Section 28 (1) of the German Energy Industry Act (in German: *Energiewirtschaftsgesetz*) third-party access to gas storage facilities is granted on the so-called "negotiated access" basis. As such, the storage system operator and the third party requesting access in principle agree on the terms and conditions applicable and fix these in a contract. Prices and terms for the use of gas storage facilities are therefore not subject to an ex-ante approval by the competent regulatory authority, which is the Federal Network Agency (in German: *Bundesnetzagentur*). The terms and conditions for the third-party access must be fair and non-discriminatory according to the German Energy Industry Act. The storage system operator should offer firm and interruptible capacities, long term and short term capacities as well as bundled (i.e. package of storage volume, withdrawal and injection capacity) and unbundled capacities. The storage system operator of an underground cavern is in principle obliged to grant access under such conditions. The storage system operator may refuse access if it can demonstrate that such access is impossible or unreasonable for operational or other reasons, in particular due to limited capacity. Although the prices and terms are not subject to regulatory approval, a party requesting third party access may complain to the Federal Network Agency if access to the storage is unduly denied or if the prices or conditions are considered unfair or discriminatory.

According to Article 19 of the EU Regulation 715/2009, a storage system operator has to comply with certain information obligations. It has, *inter alia*, to publish information on the amount of gas in its storages, inflows and outflows and available capacities.

18.5 Oil & Gas activities

18.5.1 Regulation of our Oil & Gas activities in Denmark

18.5.1.1 Key legislation

The Danish Subsoil Act (Consolidated Act No. 960 dated September 13, 2011 with the latest change in Act No. 535 dated April 29, 2015) sets forth the basic framework for the investigation, exploration and production of minerals, and in particular hydrocarbons, from the Danish subsoil. The Act implements the

EU Directive 94/22/EC on the Conditions for Granting Authorizations for the Investigation, Exploration and Production of Hydrocarbons (the "Licensing Directive").

The Licensing Directive is intended to harmonize the conditions for granting exploration and production licenses and to secure open non-discriminatory access to such licenses. The main principles of the Licensing Directive are as follows:

- each EU member state's sovereign rights to the hydrocarbon resources within their territories is recognized;
- the grant of exploration and production rights shall be subject to a publicly announced authorization procedure in which licenses are granted on the basis of transparent, objective and non-discriminatory criteria related to the financial and technical capabilities of the applicant, among other criteria;
- licenses shall cover specific limited geographical areas to avoid a single enterprise being granted sole exploration rights over an area that is too broad;
- the grant of licenses may be conditioned on transparent and objective reasons of public policy and may be monitored by the regulators of the EU member states; and
- the grant of licenses may be conditioned on the payment by the licensees of a financial contribution, and/or on state participation in the licenses, but the terms of such conditions must not interfere with the licensees managements' independence.

The Danish Offshore Safety Act (Consolidated Act. No. 831 dated July 1, 2015) implements the EU Directive 13/30/EU on safety of offshore oil and gas operations (the "Offshore Safety Directive"). The objective of the Offshore Safety Directive is to prevent major accidents in connection with offshore oil and gas activities and to curtail the consequences, if accidents occur.

The Danish Continental Shelf Act (consolidated Act No. 1101 dated November 18, 2005 with the latest amendment in Act No. 1400 dated December 27, 2008) provides the regulatory framework for the regulation of and requirement for necessary approvals and licenses for the establishment and operation of offshore facilities for the production of oil and gas and related infrastructure (offshore activities). This act also implements the relevant EU legislation. The Act requires that an EIA of offshore activities, including a hearing of both public authorities and different interest groups, be undertaken prior to the commencement of offshore activities.

18.5.1.2 Relevant authorities

The *DEA* is the regulatory body appointed in Denmark to regulate all matters relating to the award of licenses and supervision of the exploration and production of oil and gas in Denmark. The DEA is appointed by the Danish Ministry of Energy, Utilities and Climate.

The Danish Working Environment Authority (in Danish "Arbejdstilsynet") is appointed by the Ministry of Employment to contribute to the creation of safe and sound working conditions at Danish workplaces. The responsibilities of the Danish Working Environment Authority are based on the Working Environment Act and related Executive Orders. As of July 19, 2015 the Danish Working Environment Authority has taken over responsibility for safety issues for offshore activities (until then it was covered by a department within the DEA). The change in responsible authority was required under the Offshore Safety Directive in order to ensure separation between the authority responsible for licenses relating to oil and gas activities (currently the DEA) and the authority responsible for securing health and safety related to carrying out activities under said licenses.

The *Danish Transport and Construction Agency* regulates and supervises establishment and operations of our offshore helicopter decks pursuant to the Danish Air Transport Act (Consolidated Act no. 1036 dated August 28, 2013) and executive orders issued pursuant hereto.

The Danish Ministry of Environment and Food has the overall responsibility for environmental matters in Denmark. The administration at state level is managed by two agencies of the Ministry, the Danish Environmental Protection Agency and the Danish Nature Agency. As of July 1, 2016 the responsibilities of the Danish Nature Agency that relate to us will be assigned to the Danish Agency for Administration of Water and Nature.

In general, the authority to regulate, supervise and inspect industrial businesses from an environmental perspective has been delegated to the municipalities and/or ministerial agency centers at the local and regional level.

The Danish Ministry of Energy, Utilities and Climate and the DEA, together with the Danish Environmental Protection Agency, handle the regulation of emissions of greenhouse gases, including CO₂, as such emissions have an impact upon both the environment and Danish energy policy.

18.5.1.3 Licensing procedure and terms of licenses

The Danish Subsoil Act contains provisions, which authorize the Danish Minister of Energy to grant non-exclusive licenses for preliminary investigation and exclusive licenses for exploration and production within a defined geographic area for a set period of time and under specific conditions relating to the efficient use of resources.

Licenses may be granted either in a licensing round or through more lenient procedures outside the licensing rounds. A committee of the Danish Parliament must approve the opening of a licensing round and the grant of any license.

There have been seven licensing rounds subsequent to the introduction of the modern licensing regime in 1981. The award of the 7th round took place in April 2016, when the Danish Ministry of Energy, Utilities and Climate awarded 16 new licenses of which we and our respective license partners were awarded two. Each licensing round covers a specific geographic area. In accordance with the terms of the Danish Subsoil Act, all of the licenses issued in the previous seven licensing rounds contain standard terms and conditions with respect to the exploration and production of hydrocarbons such as oil and gas. These terms and conditions include a number of obligations aimed at ensuring safe and efficient exploration activities, certain financial terms, abandonment obligations, state participation etc. The license requires the licensees to enter into a Joint Operating Agreement ("JOA") which regulates the internal relationship between the partners to an awarded license. Such JOA must be based on the model JOA issued by the DEA. Further, the DEA requires the issuance of a security for the licensee's performance of its obligations (often in the form of a guarantee from the licensee's ultimate parent company).

The selection criteria are based on the technical competencies and financial capacities of the applicants as well as the ability to carry out activities in a manner as to ensure that society gains maximum insight into and benefit from the activities. These selection criteria have been specified in the new Chapter 7a "Requirements to the technical and financial capacity, appointment and approval of operators, insurance, security and partition of licenses etc." The working obligations offered by an applicant are also a criterion to evaluate a bid.

In 1997 the "open door procedure" was introduced, according to which all non-licensed acreages east of 6 15' eastern longitude, an area where no commercially exploitable gas or oil resources had previously been discovered can be bid for outside the licensing rounds. The terms applicable to licenses granted under this procedure are more lenient than those granted in the licensing rounds. Thus, licensees do not have to commit to exploratory drilling, and the exploration periods are divided into phases, allowing for gradual increases in commitments or early relinquishment (i.e., drill or drop). Licenses under this procedure can be applied for in any year during the period between January 2 and September 30. Further, the Danish Subsoil Act section 12, subsection 1 d) allows for a license to be awarded as a "neighboring block license" in situations where geological or production considerations warrant the award of adjoining areas without observation of the usual licensing procedures.

Exploration licenses for hydrocarbons may be granted for up to six years and further extended by up to 10 years, or longer in exceptional cases. Licensees are subject to an obligation to report to, and are supervised by, the DEA. If commercially exploitable resources are discovered the licensee for the field has a statutory right to have the license extended for a period of up to 30 years provided that production is initiated within a defined time limit. This period may be further extended but generally cannot exceed 50 years in total.

Section 15.8.7 "Current License Portfolio" shows our portfolio of Danish exploration and production licenses, among others.

18.5.1.4 State participation by the Kingdom of Denmark

A license may be conditioned on state participation, that is, the right of the Kingdom of Denmark, or a company owned by the Kingdom of Denmark, to assume a share of the license. This right has—except for certain licenses that have expired—been exercised by the Kingdom of Denmark taking a 20% share of all licenses granted. The licenses used in the first five licensing rounds designated our Oil & Gas business as holder of the state participation interest.

Following the Political Agreement in 2004, the Danish North Sea Fund ("Nordsøfonden") was established to assume responsibility for acting as the Kingdom of Denmark's participant in new hydrocarbon licenses. Nordsøfonden was set up in accordance with a new legislative instrument Act No. 587 of January 24, 2005, which has been replaced by Act No. 527 of May 28, 2014 on Nordsøfonden and Nordsøenheden. Nordsøfonden is independent and shall defray costs and receive income involved in new licenses. Nordsøfonden has no function other than to hold and administer the state interest in all new licenses granted after 2005 (open door licenses, neighboring block licenses as well as licenses awarded in connection with licensing rounds), and as of July 9, 2012 Nordsøfonden also holds a 20% share of the Sole Concession (comprising also of A.P. Møller—Mærsk, Shell and Chevron). Nordsøfonden has not taken over any of the state participation interests relating to earlier licensing rounds, of which we have retained outright ownership. Our Oil & Gas business has renounced all special rights obtained in its role as state participating company.

Furthermore, the Kingdom of Denmark has the right, subject to six months' advance notice, to purchase up to half of the licensee's ongoing production of liquid hydrocarbons. This right only applies to licenses awarded before 1995 and has never been invoked.

18.5.1.5 Safety

The purpose of the Danish Offshore Safety Act is to promote a high level for health and safety offshore in accordance with the technical and social development of the society and to create a framework enabling the companies to solve offshore health and safety issues themselves.

The Danish Offshore Safety Act generally applies to all offshore activities related to oil and gas facilities, infrastructure and pipelines connected hereto, including design, planning, construction, offshore installation, operation, modifications or abandonment.

Under the Danish Offshore Safety Act, entities granted a license under the Danish Subsoil Act must generally ensure that health and safety risks related to offshore activities have been identified, assessed and reduced as much as reasonably practicable. Thus, the licensee is obliged to comply with the ALARP principle (As Low As Reasonably Practicable) when carrying out its offshore activities. The ALARP principle is an internationally recognized principle in the offshore industry. Further, the licensee must ensure that operators (entities appointed by the licensee to carry out the activities related to the license) have the opportunity to fulfil the safety and health obligations pursuant to the Danish Offshore Safety Act.

Operators must inform the Danish Working Environment Authority of any contemplated constructions of or significant changes to facilities covered by the Danish Offshore Safety Act. In addition, the Danish Working Environment Authority must approve said contemplated constructions or significant changes before the facilities are commissioned for operation.

The operator must also prepare a safety and health report covering inter-alia:

- Identification of risks related to the oil and gas facilities.
- Assessment of abovementioned risks and demonstration of how these risks have been reduced as much as reasonably practicable in accordance with the ALARP principle.

The safety and health report must be made available to the Danish Working Environment Authority before the facilities are commissioned for operation.

18.5.1.6 Decommissioning/abandonment obligations

All licenses issued to date pursuant to the Danish Subsoil Act contain a provision empowering the Minister of Energy to order the licensee to abandon and decommission all facilities related to the activities covered by the license if the Kingdom of Denmark does not wish to exercise its right under the license to take over the facilities in whole or in part, free of charge. The liability for abandonment is subject to the same terms as any other obligation under the licence, i.e. joint liability under the JOA towards the Kingdom of

Denmark for all obligations under the license and several liability between the partners under the JOA for such obligations proportionate to the partners' respective interest shares in the license. DONG Energy A/S has provided unlimited parent company guarantees towards the Kingdom of Denmark covering existing as well as future obligations in relation to each licence (including abandonment obligations). To limit the risk of a partners default (see Risk Factor 53) the partners enter into abandonment security agreements regulating when and how each licensee shall provide security, typically when the estimated value of hydrocarbons in the ground gets below a certain agreed percentage of the estimated abandonment cost.

The latest act changing the Danish Subsoil Act specifies that a licensee who assigns its interest in a license remains secondary liable towards the Kingdom of Denmark for any economic abandonment obligations for facilities at the time of the transfer. The latest act amending the Danish Subsoil Act also specifies that an application for installation of facilities must be accompanied by a plan for the abandonment of all facilities and installations.

We may also abandon a license due to the default or bankruptcy of a license partner. We undertake certain measures and procedures in the event of a partner default or bankruptcy, including requiring guarantees from our partners, and, in general, monitoring their ability to meet their license requirements.

18.5.1.7 Environmental regulation

Offshore activities have a potentially significant effect on the surrounding environment. Our involvement in exploration for, and production of, oil and gas, includes the manufacture, use, storage, transport and sale of products that may contaminate the environment if discharged into it. In particular, these activities may generate emissions into the air, soil and water and also result in the production, storage and transportation of waste products. All such activities are subject to strict environmental regulation and are subject to the receipt of necessary approvals or licenses.

Both the Danish Subsoil Act and the Danish Continental Shelf Act impose strict liability for all damage, including environmental damage, caused by the activities conducted pursuant to a license. Accordingly, the licensee may be held liable for any damages caused by these activities whether they are caused by negligence or not. The Danish Subsoil Act and the Danish Continental Shelf Act require that an environmental impact assessment, including a hearing of both public authorities and different interest groups, be undertaken prior to the commencement of any of the above mentioned activities.

The Danish Environmental Marine Protection Act (Consolidated Act no. 1616 of December 12, 2015) provides the framework for the protection of the maritime environment. The Act generally prohibits the discharge of any substance into the sea, although in certain cases a permit allowing discharge of substances originating from exploration and/or production of natural resources may be granted.

18.5.2 Regulation of our Oil & Gas activities in the UK

18.5.2.1 Key legislation

The Petroleum Act 1998 sets forth the basic framework for the exploration and exploitation of the UK's petroleum resources in Great Britain, its territorial sea and on the UK Continental Shelf ("UKCS") (including offshore Northern Ireland). The Petroleum Act 1998 vests in the Crown the proprietary rights in all UK petroleum, and the exclusive right of searching and boring. It also establishes a licensing regime under which the government grants licenses to the private sector. The UK regime conforms to EU Directive 94/22/EC on the conditions for granting and using authorizations for the investigation, exploration and production of hydrocarbons.

As regards safety, three sets of UK Regulations implement the Offshore Safety Directive (Directive 2013/30/EU). These are the Offshore Installations (Offshore Safety Directive) (Safety Case etc.) Regulations 2015 (SI 2015/398)(the "Safety Case Regulations"), the Offshore Petroleum Licensing (Offshore Safety Directive) Regulations 2015 (SI 2015/385)(the "Offshore Safety Directive Regulations") and the Merchant Shipping (Oil Pollution Preparedness, Response and Co-operation Convention)(Amendment) Regulations 2015 (SI 2015/386) (the "Oil Pollution Regulations").

The Safety Case Regulations implement requirements for the operator of an offshore installation to develop and implement a major accident prevention policy, taking into account the reliability and integrity requirements of all systems critical for safety and environmental protection and for operators and owners to take suitable measures to reduce any risk. They also require operators or owners to notify the competent authority of any major accident or immediate risk of such an accident.

The Offshore Safety Directive Regulations require the licensing authority to consider the technical capability and financial security of any prospective offshore licensee before granting any consent and prohibit the carrying out of any offshore petroleum operations without a license. These Regulations also create financial liability for the licensee for the prevention and remediation of environmental damage which is, or may be, caused by offshore petroleum activities carried out by or on behalf of the licensee or operator under an offshore license.

The Oil Pollution Regulations require operators of offshore installations to have an oil pollution emergency plan in place. Certain events involving the discharge of oil must be reported to the competent authority.

The establishment and operation of offshore facilities for oil and gas and related infrastructure has potentially significant impacts on the environment and, as a result, oil and gas activities are subject to a range of regulations and a strict licensing regime.

The key requirements stem from the Petroleum Act 1998 but there are a number of wider regulations relating to specific aspects of any operations. Consents are required from the planning stage, for instance, under the Offshore Petroleum (Conservation of Habitats) Regulations 2001 (as amended). These require consent before any geological surveys are carried out.

The Offshore Petroleum Products and Pipelines (Assessment of Environmental Effects) Regulations 1999 (as amended) require an environmental impact assessment through the operational stage (including in relation to emissions to air and water) until abandonment and decommissioning (which are primarily dealt with under the Petroleum Act 1998).

18.5.2.2 Relevant authorities

The Secretary of State (has historically been responsible for granting licenses to "search and bore for and get" petroleum in the UK. However, the UK is in a transition phase. The new oil and gas regulator, the Oil and Gas Authority ("OGA") was established this year as an executive agency of DECC and will eventually become an independent entity separate from DECC. Certain functions of DECC have already transferred to the OGA and the OGA has begun to perform activities, for example taking over the running of the 14th Onshore Oil and Gas Licensing Round this year. It is intended that the OGA will become the independent regulator for the industry and work towards maximizing economic recovery from the UK's mature oil and gas resources. Legislation is currently going through Parliament.

As the environmental and health and safety offshore regime relating to the UKCS is relatively mature and has a significant range of relevant regulation, there are a number of regulatory authorities with an oversight role.

DECC has responsibility for offshore environmental matters such as issuing permits relating to greenhouse gas emissions. However, safety is a matter for the Health and Safety Executive ("HS Executive") which will be the competent authority in relation to matters potentially affecting work safety such as use of chemicals. As a result of the implementation of the Offshore Safety Directive, a new regulatory body was created (the Offshore Safety Directive Regulator) which combines expertise from DECC and the HS Executive. These bodies have a broad range of approval, inspection and intervention powers.

In addition to the emission of greenhouse gases, DECC also has oversight of the emission of other atmospheric pollutants from offshore platforms with a thermal rated capacity of equal to or above 50 MW, in line with implementation of the IE Directive.

There are also a limited number of circumstances where the Marine and Coastguard Agency (which is an executive agency of the Department for Transport) rather than DECC will be the relevant regulator in relation to decommissioning and/or removal of infrastructure from the sea bed.

The environmental regulation of onshore energy installations is shared by DECC, HS Executive and, in relation to technical operational issues, local branches of the Environment Agency. The historical contamination of land and water is regulated by the Agency where the land is seriously contaminated, or otherwise, by the relevant local authority.

Certain types of environmental damage are regulated by the Department of Food and Rural Affairs.

18.5.2.3 Licensing procedure and terms of licenses

Under the Petroleum Act 1998 the Secretary of State has the power to grant exclusive licenses to "search and bore for and get" petroleum. These licenses cover a defined geographic area, have a limited duration, and tend to be in a set format, granted subject to conditions ("model clauses"). One or more companies can hold a license, but where companies work together on a license, liability is joint and several in relation to activities carried out under that license.

Licenses are granted in licensing rounds, and exceptionally may be granted outside the rounds. The rounds happen regularly (often every year) and it is a competitive process in which bids are submitted and analyzed, and the license offers announced publicly.

The Secretary of State will take into account various factors when considering whether to grant a license, including, in most cases, the technical competence and financial standing of the potential licensee, maximization of exploitation of the UK resources, and environmental factors.

The regulator enforces license conditions (the model clauses) which are first published in secondary legislation and now, since the 20th licensing round, are replicated in full in each license. The model clauses in each license are not affected by the issue of new model clauses unless a measure is expressly stated to have retrospective effect. Among other things, the model clauses contain two important controls. The first is that the Secretary of State must consent to any assignment of an interest in a license or the licensee will be in breach and the license may be revoked. The second is that the Secretary of State may require a licensee who has been the subject of a change of control to make a further change of control. If the licensee fails to do so, the Secretary of State may revoke the license. The model clauses control other aspects of operations, including, for example, approval of the appointment of the operator, safety, regulation of work programs, records and access, and training. They also give the Secretary of State the power to revoke a license on the occurrence of certain events. In addition to the model clauses, there may be other restrictions on the licensee in each particular license.

Licenses are granted for offshore (seaward) and onshore (landward) activities, and will relate to a phase, or phases, of the lifecycle of a field. A landward or seaward exploration license permits exploration activity only. A seaward production license (of which there are three types: traditional, promote or frontier) or landward production license (now called a petroleum exploration and development license ("PEDL"), though some existing landward production licenses predate the PEDL and relate to individual field lifecycle phases) each potentially covers every phase of the field's lifecycle, and are split into three terms which vary in length depending on the type of license. Broadly these terms cover exploration, development/appraisal and production. The first and second terms range from four to nine years, and the third term eighteen to twenty years. In each case, for terms one and two, if the agreed work program/development plan is not completed/approved by the end of the license term, the license will expire. The licensee is also required to relinquish a proportion of the acreage before moving to the next term. This ensures that the regulator achieves one of its goals, which is to ensure that acreage is worked.

Where relevant criteria are met, the term of offshore production licenses can be extended by a license amendment to ensure continued production, and the extension will continue for as long as the field is producing. The regulator would expect to be approached by the licensees seeking an extension six to twelve months prior to the relevant license expiry date.

18.5.2.4 Safety

The key safety requirements relating to offshore oil and gas installations are now set out in three sets of regulations implementing the Offshore Safety Directive: the Safety Case Regulations, the Offshore Safety Directive Regulations and the Oil Pollution Regulations.

Together, these Regulations aim to establish a safety and liability regime to ensure that there is adequate consideration for safety before and during the carrying out of offshore activities, including where any environmental damage (as defined under the Environmental Liability Directive (2004/35/EC)) has occurred.

The Safety Case Regulations provide for the preparation of safety cases for offshore installations in relation to British external waters (the territorial sea adjacent to Great Britain and any area designated under s1(7) of the Continental Shelf Act 1964). They require a licensee to ensure that any operator is capable of satisfactorily carrying out its functions and discharging its duties under the Regulations. The operator or owner must prepare and implement a major accident prevention policy covering matters such as the responsibility of officers of the operator to ensure the corporate major accident prevention policy is suitable, properly implemented and operating as intended. The policy must identify appropriate measures to ensure that, as far as reasonably practicable, no unplanned escape of any hazardous substance will occur from any pipelines, vessels or other systems. The policy must also cover the organization's approach to competency at all levels and to evaluating the organization's capabilities and goals. No production installation may operate without an accepted safety case, which is reviewed at least every five years.

The Safety Case Regulations also require the operator, well operator or owner to notify the competent authority of any major accident or of any situations where there is an immediate risk of a major accident.

The Offshore Safety Directive Regulations are designed to ensure that prospective licensees of offshore operations are technically capable of carrying out activities safely and financially able to mitigate the impact of any liabilities which might arise from their offshore operations. Only those appointed as operators may carry out offshore petroleum operations under a license. Therefore, the licensing authority must consider matters such as technical and financial capability having regard to certain factors such as the risks relating to the licensed area, including the cost of degradation of the marine environment, the particular stage of any offshore petroleum operations and the ability to provide suitable financial security for any potential liabilities arising from any operations. It may not grant an offshore license unless it is satisfied that a prospective licensee has adequate provision to cover any liabilities arising from the prospective offshore petroleum operations (meaning having sufficient financial resources for the immediate launch and uninterrupted continuation of all measures necessary for an effective emergency response and any subsequent remediation).

Under these Regulations, the offshore licensee is financially responsible for any action taken to prevent or remediate environmental damage which is, or may be, caused by the petroleum operations carried out by or on behalf of that licensee.

The offshore licensee also has certain other obligations for the duration of the license, including making adequate provision to cover liabilities potentially deriving from petroleum operations, maintaining sufficient capacity to meet all financial obligations which may result from any liability for offshore operations carried out by operators appointed by it, and ensuring that no operator carries out offshore petroleum operations unless it has the capacity to meet its requirements under the Offshore Safety Directive.

Another layer of safety requirements is added by the Oil Pollution Regulations, which require operators of oil handling facilities and offshore installations to have oil pollution emergency plans in place for dealing with oil pollution incidents. Operators must also report (to the relevant regulator) discharges of oil at sea made from another installation or ship.

18.5.2.5 Decommissioning/abandonment obligations

The Petroleum Act 1998 sets out requirements governing the decommissioning, or abandonment, of offshore installations and pipelines. (Onshore installations and pipelines are subject to a different legal regime.)

Decommissioning obligations arise when the Secretary of State serves a section 29 notice on relevant persons under the Petroleum Act 1998, and requires them to submit a decommissioning program for acceptance or rejection. The Secretary of State chooses who to serve the notices on, and a wide range of persons can be served a section 29 notice, though in the first instance the Secretary of State would usually serve the notice on the operator, licensees and joint operating agreement parties, and, in the case of a pipeline, the pipeline owner. The Secretary of State can require modifications to/impose conditions on a submitted decommissioning program. The section 29 notice-holders are obliged to carry out an approved decommissioning program on a joint and several liability basis. It is common for parties to contribute to a decommissioning fund, or provide security for performance of their decommissioning obligations.

A seller of an interest in the installation or pipeline can request a release from the section 29 notice by the Secretary of State, but, even if successful, the Secretary of State may, under section 34 of the Petroleum Act 1998, always impose a decommissioning liability on that person should it consider it necessary. In such

circumstances the outgoing licensee will not be responsible for the decommissioning costs of any new installations built after the transfer of its interest. Section 34 of the Petroleum Act 1998 also allows the regulator to require any other person that could have been issued with a section 29 notice at any time after the first section 29 notice was served to carry out a decommissioning program. The scope of persons who could be served a section 29 notice is wide and can include associated body corporates. This means that members of the corporate group to which a section 29 notice holder belonged (while it was a section 29 notice holder) could potentially have decommissioning obligations. The test to determine whether a body corporate is associated with another centers on control.

The Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR Convention) applies to the UKCS and sets out international obligations in relation to decommissioning. In particular, under OSPAR Decision 98/3 offshore installations cannot be disposed of at sea or left in place (wholly or partly). However, there is an understanding that there can be difficulties removing some structures, and in certain circumstances derogations can be sought, for example, for large steel installation footings installed before February 9, 1999, concrete installations and certain floating installation concrete anchor-bases. A derogation may also be sought in exceptional and unforeseen circumstances, for example where there is structural damage or deterioration. Where the government is satisfied that there is a case for seeking a derogation, the government will carry out a process of consulting with the other OSPAR Contracting Parties.

18.5.2.6 Environmental regulation

The establishment and operation of offshore facilities for the production of oil and gas and any related infrastructure may have an impact on the environment. Such actual or potential impacts are regulated under a number of environmental regimes.

The main liability for offshore pollution stems from the Petroleum Act 1998 which creates a strict liability regime under which, in the first instance, operators must meet the cost of pollution caused by their activities. This includes liability to compensate third parties for pollution damage and reimbursement for remedial measures taken. If the operator does not have sufficient means to cover these liabilities, the Offshore Pollution Liability Agreement may be invoked. This is a voluntary compensation scheme to which all UKCS operators are party.

In addition, there are specific regulations covering liability for the discharge of certain gases and hazardous substances from offshore installations. Some of the most important are the Offshore Combustion Installation (Pollution Prevention and Control) Regulations 2013 (SI 2013/971) which control the level of atmospheric pollutants from combustion installations with a thermal capacity rating of equal to or more than 50MW and the Offshore Chemicals Regulations 2002 (as amended) which prohibit the discharge of oil into the sea except in accordance with a permit granted to an operator. An operator is strictly liable for any discharges which are not made in accordance with the permit.

Onshore operators are also covered by a wide-ranging network of environmental regulations which generally arise from the Environmental Protection Act 1990. As a result, any installations carrying out industrial operations will have their emissions to air, soil and water (and waste arisings) regulated under an Environmental Permit pursuant to the Environmental Permitting Regulations 2010 (SI 2010/675) (as amended).

An Environmental Permit requires a site to be remediated to a satisfactory condition before an application to surrender a permit at the end of an installation's operational life will be accepted.

The generation and storage of hazardous substances in bulk quantities is also strictly regulated under the Control of Major Accident Hazards Regulations 2015 (SI 2015/483).

18.5.3 Regulation of our Oil & Gas activities in Norway

18.5.3.1 Key Legislation and principles for the resource management

The Norwegian Petroleum Act (Act November 29, 1996 No. 72 (with the latest changes through Act June 19, 2015 No. 65) sets forth the basic framework for the exploration and production of hydrocarbons from the Norwegian continental shelf ("NCS") and also governs integrated activities at onshore facilities. All activities are subject to regulation and the receipt of necessary approvals or licenses. The Act implements the Licensing Directive.

It is an overriding principle that resource management of the petroleum resources shall be carried out in a long-term perspective for the benefit for the Norwegian society as a whole.

The petroleum activities are conducted in line with the so-called precautionary principle, which among others is reflected through the requirement of undertaking an environmental impact assessment of planned offshore activities, including a hearing of both public authorities and different interest groups prior to the commencement of offshore activities. The doctrine is also reflected in the governmental and company policy that all activities on the NCS shall be conducted with no harm to the people and the environment. The Norwegian Petroleum Act also includes provisions that entitles the authorities and obliges the operator to order a cease of all petroleum activities that are not proven to be safe to continue with.

18.5.3.2 Relevant authorities

The main governmental offices responsible for petroleum activities on the NCS are the Ministry of Petroleum and Energy ("MPE"), the Norwegian Ministry of Finance, the Ministry of Labor, the Ministry of Environment, and the Ministry of Fisheries and Coastal Affairs.

The MPE has the overarching responsibility for managing the petroleum resources and is also responsible for the state-owned companies Petoro and Gassco AS. The role of Petoro is described below (state participation), and Gassco is the operator for the integrated pipeline system for transporting gas from the Norwegian continental shelf to other European countries. The Norwegian Petroleum Directorate ("NPD") is subordinated to the MPE and its paramount objective is to make sure that the resource management of the Norwegian petroleum resources is conducted in a best possible manner.

Moreover, the Petroleum Safety Authority ("PSA"), under the Ministry of Labor, has the regulatory responsibility for technical and operational safety, including emergency preparedness and working environment in petroleum activities. The working environment legislation (including the Norwegian Working Environment Act) are issued by the Ministry of Labor and enforced by the Norwegian Labor Inspection Authority and the PSA.

The Norwegian Environment Agency, under the Ministry of the Environment, is responsible for all environmental issues pertaining to the petroleum activities, such as granting the requested emission permits.

Finally, the Norwegian Coastal Administration, under the Ministry of Transport and Communications, is responsible for the state's oil spill preparedness.

18.5.3.3 Licensing procedure and terms of licenses

The Norwegian Petroleum Act with subsequent regulations contains provisions, which authorize the MPE to grant non-exclusive licenses for preliminary exploration activities and exclusive licenses for exploration and production within a defined geographic area for a set period of time and under specific conditions relating to the efficient use of resources.

Exploration licenses are granted for a period of three calendar years unless otherwise specifically stipulated in the license. Production licenses are granted for an initial period of up to 10 years, and if the license is granted for a shorter period of time, the MPE may subsequently extend the license period within the 10-year limit. When the licensees have fulfilled the mandatory work obligations set out in the production license (see below) they may require a further extension of the production license. A possible extension period is stipulated in the applicable production license and shall as a general rule be up to 30 years, but may under specific circumstances be up to 50 years.

The production license regulates the rights and obligations of the companies in relation to the Norwegian state. The license supplements the requirements in the Petroleum Act and stipulates detailed terms and conditions. The licensees become the owners of the petroleum that is produced.

Production licenses on the NCS are awarded following two different licensing rounds; areas regarded as mature are subject to an annual simplified licensing round referred to as awards in predefined areas. In addition, areas that are not regarded as mature are subject to ordinary licensing rounds traditionally held every second year.

Each licensing round covers specific geographic areas opened for exploration and production. The 23rd licensing round is now closed for applications with an expected award of licenses during the late part

of Q2 2016. Companies can apply individually or as a group. Based on the applications submitted, the production licenses are awarded to a group of companies forming a joint venture on the basis of relevant, objective and non-discriminatory announced criteria.

It is a precondition for the award that the licensees enter into a joint operating agreement and an accounting agreement based on applicable standard terms and conditions. In addition, the production license also includes a mandatory work obligation (e.g. seismic surveys, drilling of an exploration well etc.) to be completed within a set date. The MPE may demand a guarantee from all licensees holding a production license, and up to now this has been done through the requirement of a standard parent company guarantee.

If the companies find it commercially viable to develop a field, they are required to carry out prudent development and operation of proven petroleum deposits. When a new deposit is to be developed, the company must submit a plan for development and operation to the MPE for approval. Development and operation is governed in more detail by the Petroleum Act and the subsequent regulations.

All direct transfer of a participating interest in a license shall be approved by the MPE and the Norwegian Ministry of Finance, and the same applies to indirect transfers implying a change of control in the company holding a license on the NCS.

18.5.3.4 State participation

The Norwegian state participates directly in the petroleum activities through the state's direct financial interest ("SDFI") managed by the wholly state-owned company Petoro AS ("Petoro"). Detailed rules governing the management of the SDFI are laid out in the Petroleum Act. The Norwegian state also has a pre-emptive right when a participating interest in a license is transferred, but such pre-emptive right is not applicable to any indirect transfers of participating interests.

18.5.3.5 Safety

The Norwegian Petroleum Act includes the overriding provisions on safety, and more detailed provisions are set out in various HSE regulations. The main HSE requirements applicable to subsea and onshore activities that form an integrated part of the offshore petroleum production are set out in the following five regulations:

- the Framework Regulations of February 12, 2010 No. 158, which set out certain criteria for HSE in petroleum activities (applicable to activities conducted offshore and certain specifically mentioned onshore plants and refineries);
- the Management Regulations of April 29, 2010 No. 611, which set out requirements on the management of HSE issues, including development of objectives and strategies to improve HSE (applicable to activities conducted offshore and certain specifically mentioned onshore plants and refineries);
- the Facilities Regulations April 29, 2010 No. 634, which set out certain criteria when designing offshore facilities used in petroleum activities (applicable to activities conducted offshore);
- the Activities Regulations of April 29, 2010 No. 613, which govern various petroleum activities and set out requirements pertaining to, inter alia, the working environment, prerequisites for start-up and use of facilities, maintenance of the facility, monitoring of the external environment and handling of waste, and emergency preparedness (applicable to activities conducted offshore); and
- the Technical and Operational Regulations of April 29, 2010 No. 612, which set out requirements relating to the development and design of onshore facilities, working environment issues, handling of risks and emergency preparedness (applicable to activities conducted at specifically mentioned onshore plants and refineries).

Breach of the applicable HSE provisions may be subject to administrative and punitive sanctions.

18.5.3.6 Decommissioning/abandonment obligations

The Petroleum Act requires licensees to submit a decommissioning plan to the MPE two to five years before the license expires or is relinquished, or before the use of a facility ceases. Decommissioning or disposal of facilities is governed by a set of provisions in the Petroleum Act with subsequent regulations.

Norway is bound by international treaties, including the OSPAR-decision 98/3, which imply that most installations on the NCS will be removed and transported onshore for final decommissioning. An exemption may apply to parts of the installations (including pipelines and cables) that are allowed to be left at the field in accordance with the guidelines laid out in such applicable international treaties.

The Norwegian state is through the effects of the tax system normally carrying the majority of the decommissioning costs (78%), and the state also has the right to take over free of charge any installation that has ceased production. This has not happened to this date.

The Petroleum Act includes a provision imposing a secondary financial liability for a licensee selling his participating interest. However, the seller's secondary financial liability under the Petroleum Act only applies to transfer of participating interests in production licenses, and will therefore not be applicable in an ordinary change of control situation.

18.6 Other relevant regulation not specifically related to any of our main activities

18.6.1 Taxation

18.6.1.1 Taxes relating to our operating activities

18.6.1.1.1 Introduction

We are subject to a number of different taxes and tax regimes that affect the overall tax payments and the taxes recognized in our annual accounts. The Company and all Danish and foreign subsidiaries in the Group are taxed on a consolidated basis in Denmark under the Danish regime on international joint taxation at the applicable Danish corporate tax rate of 22%. Our foreign subsidiaries are also subject to corporate tax in their jurisdictions of residence, but foreign taxes paid are generally creditable against Danish taxes under the ordinary credit method. In addition, hydrocarbon tax is levied on our hydrocarbon recovery activities in Denmark, Norway and the UK. Value-added tax ("VAT") and certain excise duties also apply to our activities.

18.6.1.1.2 Denmark

18.6.1.1.2.1 General corporate tax regime

Liability to corporate tax

Danish tax resident limited liability companies are subject to corporate tax at a rate of 22% under the Danish Corporate Tax Act. Corporate tax is levied on the worldwide income, with the exemption of income attributable to Danish resident companies' foreign permanent establishments ("PEs") and real estate situated abroad. However, such foreign income attributable to PEs and real estate situated abroad is also taxed in Denmark if an election of international joint taxation is made, which is the case for us, see below.

Income determination

In general, the taxable corporate income is computed as a single pool consisting of all gross taxable income less deductible operating expenses and depreciation allowances and offset against tax losses carried forward. Recognition of taxable income and tax-deductible expenses may differ from the recognition for accounting purposes. All business profits, capital gains, passive income, etc. are generally included in the taxable income, unless the income is specifically tax-exempt.

Deductions

Any expenses incurred in obtaining, securing or maintaining taxable income are generally fully deductible in the year of payment as operating expenses, e.g., salaries, service fees, royalties, etc. Depreciation allowances for tax purposes often differ from accounting depreciation. The tax depreciation methods and rates applicable depend on the investment. Infrastructure facilities are depreciable collectively on a declining-balance at an annual rate of up to 7%, whereas certain operating equipment with a long useful life (e.g., drilling rigs, production platforms and certain turbines) is depreciable collectively on a declining-balance at an annual rate of up to 15%. Other operating equipment, including certain turbines, is depreciable collectively on a declining-balance at an annual rate of up to 25%. Straight line depreciation applies to commercial and industrial buildings (annual rate up to 4%) and intangibles (one-seventh annually).

Deductibility of financing expenses, including interest

Interest expenses and other financing expenses are generally fully deductible in calculating the taxable income. However, deductibility is restricted under the following rules:

- A thin capitalization rule restricting deductibility of intercompany debt above DKK 10 million, if the debt-to-equity ratio exceeds 4:1;
- An interest ceiling restricting deductibility of any net financing expenses exceeding a ceiling calculated as a standard rate (3.4% in 2016) return on the tax value of the company's assets; and
- An EBIT rule according to which net financing expenses cannot reduce a company's EBIT (Earnings Before Interest and Taxes) by more than 80% after reductions under the thin capitalization rule and the interest ceiling.

Deductibility of net financing expenses is only restricted under the interest ceiling and the EBIT rule, if the expenses exceed an annual relief of DKK 21.3 million (collectively for a jointly taxed group, see Section 18.6.1.1.2.2 "Joint Taxation" below). Interest expenses disqualified under the interest ceiling cannot be carried forward. All financing expenses disqualified due to the EBIT rule may be carried forward indefinitely. To date we have only been restricted under the EBIT rule, which means that the restricted amounts have been carried forward to be used in later income years.

Tax losses

Tax losses can be carried forward and offset against taxable income, but carry-forward is restricted on an annual basis. Full offset is allowed annually up to a threshold of DKK 7,852,500 (2016) per year, whereas any remaining losses can only reduce the taxable income above this threshold by 60%, meaning that 40% of the income above the threshold will always be taxable irrespective of the amount of carry-forward losses. The carry-forward restriction applies collectively for a jointly taxed group, see Section 18.6.1.1.2.2 "Joint Taxation" below. Losses disqualified under this restriction can be carried forward indefinitely. Loss carry-back is not allowed. Specific loss carry-forward restrictions apply in event of change of control of the company.

18.6.1.1.2.2 Joint taxation

All controlled Danish companies are taxed on a consolidated basis under the mandatory joint taxation regime. The parent company can elect to include foreign controlled subsidiaries, branches/PEs and real estate in the joint taxation arrangement (international joint taxation). When such an election is made, it includes all associated companies, branches/PEs and real estate worldwide. An election of international joint taxation generally applies for a period of 10 years. We elected to be subject to international joint taxation in 2005 and a re-election was made as of 2015. We continuously estimate the impact of the international joint taxation and an exit within the 10-year period is possible if it is considered expedient.

As a consequence of the international joint taxation DONG Energy is taxed on a consolidated basis with all its Danish and foreign subsidiaries under the joint taxation regime in Denmark, meaning that all income of the Group is subject to corporate tax in Denmark at the generally applicable corporate tax rate of 22%.

Taxable income of foreign subsidiaries is for Danish joint taxation purposes calculated based on Danish tax laws. The tax value of foreign tax losses deducted is attributed to a recapture balance and booked in the annual accounts of the Group as a deferred tax liability. If international joint taxation is discontinued before the end of the 10-year period of commitment, full taxation of the recapture balance will occur. If international joint taxation is not re-elected at the end of the 10 year period of commitment or if foreign subsidiaries are sold or otherwise withdrawn from the group of jointly taxed entities, taxation will occur based on deemed liquidation profits or full recapture, whichever amount is lower. Foreign taxes paid by profitable entities under foreign tax regimes may be credited against Danish taxes according to the ordinary credit method.

The Company and its Danish subsidiaries are jointly and severally liable for payment of taxes levied on the consolidated income. The Company is the administration company of the jointly taxed group and is accordingly responsible for collection and payment of corporate taxes levied on the consolidated income.

In addition to the Danish joint taxation regime, we are affected by certain foreign regimes on joint taxation (see below).

18.6.1.1.2.3 Hydrocarbon taxation

In addition to the general Danish corporate tax regime, a special Danish tax regime applies to hydrocarbon recovery activities and activities related therewith. The Group is engaged in work related to preliminary surveys, exploration and recovery of hydrocarbons (crude, gas and condensate) in Denmark. These activities are subject to taxation under the Danish Hydrocarbon Tax Act. Income generated by our activities that is not taxable under the Hydrocarbon Tax Act is taxed under the general corporate tax regime, as outlined above.

Income on hydrocarbon recovery activities (hydrocarbon income) is subject to a corporate tax of 25% and a hydrocarbon tax of 52%. When determining the taxable hydrocarbon income (subject to 52% hydrocarbon tax), the corporate tax assessed (25%) is deductible, meaning that the effective tax rate on hydrocarbon recovery is at 64%.

Corporate tax (at 25%) and hydrocarbon tax (at 52%) on hydrocarbon income is levied according to the general Danish tax laws subject to certain modifications and restrictions. Losses attributable to activities other than hydrocarbon recovery cannot be offset against hydrocarbon income when computing corporate tax and hydrocarbon tax on hydrocarbon income, but losses attributable to hydrocarbon recovery can be carried forward and offset against hydrocarbon income when computing corporate tax and hydrocarbon tax on hydrocarbon income in subsequent years.

Expenses related to hydrocarbon recovery are deductible in computing the corporate tax and hydrocarbon tax on hydrocarbon income. Production plants, platforms and any other installations used for generating hydrocarbon income are depreciable with 15% on a declining balance. However, certain infrastructure assets such as pipelines to shore are depreciable with 7% on a declining balance.

When determining the hydrocarbon income for calculating hydrocarbon tax, an amount of 5% of the acquisition price of equipment used for generating hydrocarbon income may be deducted (hydrocarbon allowance). The hydrocarbon allowance is granted in the year in which depreciating on the asset begins and for each of the five subsequent assessment years, meaning that it effectively amounts to 30% of the investment.

Tax losses under the Hydrocarbon Tax Act may be carried forward indefinitely, except for losses realized before 2002 which may only be carried forward for 15 years, and thus 2016 is the last year in which 2001 losses can be utilized.

According to transition rules applicable to licenses that prior to 2014 were taxed according to a former (now abolished) regime, only 71% of any accumulated field tax losses can be utilized under the new regime. This is implemented such that in each of the income years 2014 and 2015 2.5% of the tax losses can be utilized and in each of the income years 2016 to 2026 6% can be utilized.

18.6.1.1.2.4 Value-added tax (VAT)

DONG Energy and its Danish subsidiaries are subject to Danish value-added tax (VAT) under the Danish Value Added Tax Act. VAT is levied at the rate of 25% on the supply of goods and services, generally at any level in the chain of production and distribution. Input VAT charged by suppliers of VAT taxable entities is generally deductible from the VAT payable, meaning that VAT is ultimately an expense of the end consumer. The Danish VAT system is largely based on European Community Law through implementation of the EU VAT directives (incorporated into Council Directive 2006/112/EC).

DONG Energy and its wholly owned Danish subsidiaries (approximately 40 companies) are registered as a VAT group, and transactions within this group are accordingly exempt from VAT. DONG Energy also benefits from the special Danish export VAT scheme, which results in cash flow advantages.

18.6.1.1.2.5 Excise duties

DONG Energy is subject to several excise duties imposed by the Danish Government and amounting to significant amounts, some of which arise in connection with the generation activities, while most arise from distributing power and gas. Generally, excise duties (energy taxes etc.) are not finally borne by DONG Energy, but collected from our customers on behalf of the Danish tax authorities.

18.6.1.1.3 Norway

18.6.1.1.3.1 General corporate tax regime

Under the General Tax Act Section 5-1 all income derived from a business activity is taxable. As a general rule, it is not necessary to distinguish between separate businesses of a tax payer, since all income will be taxable. The current corporate income tax rate is 25%.

18.6.1.1.3.2 Hydrocarbon taxation

Companies participating in exploration, production and pipeline transportation of petroleum on the NCS are liable to petroleum tax pursuant to the Petroleum Tax Act (the "PTA"). The total marginal tax rate for companies engaged in such activities is 78%, consisting of a 25% general corporate tax rate and a 53% special petroleum tax to the State. In addition, there are taxes on both carbon dioxide emissions and emissions of nitrogen oxide. The holders of production licenses are also required to pay an area fee.

The petroleum tax is levied on a corporation net profit level, not on a ring-fenced basis. Taxable profits are computed in accordance with ordinary Norwegian corporate income tax rules, subject to certain modifications that apply for petroleum activities under the PTA.

Investments relating to production installations and pipelines are depreciated pursuant to a straight line method at a rate of 16.67% annually from the year the cost is incurred. In addition, an uplift of 5.5% annually is granted for four years in the special petroleum tax base (at a tax rate of 53%) based on investments in production installations and pipelines. For investment costs incurred before May 5, 2013 (in addition to development costs comprised by a Plan for Development and Operation submitted before May 5, 2013, subject to detailed transitional rules), the uplift is 7.5% over four years.

Losses can be carried forward indefinitely. Interest is added for losses incurred in 2002 and subsequent years. The calculated interest is added to loss carry-forwards at the end of each year. Losses generated by other activities taxable to Norway may as a general rule not be set off against assessed income for special tax (53%) and there are limitations on the right to set off other losses against the offshore general income tax (25%).

Companies which are not in a tax paying position may claim a refund from the government for the tax value of costs incurred in connection with exploration for petroleum resources on the NCS. The amount of exploration costs eligible for refund may not exceed the annual net loss from the petroleum activities of the taxpayer. The refund will reduce the tax loss carry-forward on a corresponding basis.

Companies may claim a refund of the tax value of offshore tax loss carry-forwards when the entire business activity liable to the special petroleum tax is discontinued. The tax value is the tax loss carry-forward multiplied with the applicable tax rate at the time of discontinuance.

Direct and indirect transfer of petroleum production licenses (including the respective tax assets) on the NCS are subject to approval by the Norwegian Ministry of Petroleum and Energy and by the Norwegian Ministry of Finance. The guiding principle for approvals is tax continuity, where tax balances are transferred from the seller to the buyer together with the assets.

18.6.1.1.3.3 Value-added tax (VAT)

In Norway VAT applies as per the Value Added Tax Act.

The standard VAT rate of 25% applies to most goods and services supplied within the VAT area; i.e. the Norwegian mainland and the entire area within Norway's territorial limits defined as 22 224 meters from the coastline.

The Norwegian VAT Act provides for several exemptions from VAT for the supply of goods and services for use in petroleum activities.

In addition, VAT is not to be levied on sale of goods and services delivered in the VAT area for use in the offshore areas in connection with research and exploitation of subsea natural resources, when invoiced to license holders, drilling companies and owners or lessees of platforms.

Input VAT incurred from suppliers is generally refundable.

18.6.1.1.3.4 Excise duties

In addition to corporate petroleum tax levied on hydrocarbon recovery activities in Norway, there are taxes on both carbon dioxide emissions and emissions of nitrogen oxide.

18.6.1.1.4 United Kingdom

18.6.1.1.4.1 General corporate tax regime

Liability to corporation tax

UK tax resident limited liability companies are taxable in the UK on their worldwide profits (subject to an opt-out for non-UK branches). The rate of corporation tax for UK resident companies is 20% for the year ending March 31, 2016, and will be reduced to 19% in 2017 and 18% in 2020. In March 2016, it was proposed to reduce the statutory tax rate in the UK from 18% to 17%.

Income determination

Total profits are the aggregate of a company's net income and net chargeable gains. Trading profits are based on its worldwide profit before tax in its accounts, with adjustments for certain non-trading and non-deductible items. Expenses are generally deductible if incurred wholly and exclusively for the purposes of the company's trade, provided those costs are not capital in nature and are charged to the profit and loss account.

Depreciation for tax purposes (known as capital allowances) is substituted for accounts depreciation. Capital allowances are available, generally at 8% or 18% depending on the nature of the asset, on a reducing balance basis. Enhanced allowances, typically at a rate of 100%, are available for expenditure on certain energy saving plant and other specific categories.

Gains on capital assets are taxed at the general corporation tax rate. Gains realized on certain types of assets can be deferred where all or most of the proceeds are reinvested in other assets of those types within a specified period, in which case the gain crystallizes when the latter assets are sold. In many cases an additional tax deduction known as Indexation Allowance can be claimed which further reduces the gain by taking inflation into account.

Losses

Trading losses can be offset against any other profits in the same year, carried back one year, or carried forward indefinitely against profits of the same trade. Non-trading deficits (i.e. interest and financing losses) can be offset against any other profits in the same year, carried back one year against non-trading credits, or carried forward indefinitely against non-trading profits. Capital losses can be carried forward indefinitely but cannot be carried back. Excess management expenses can be carried forward indefinitely against future profits.

Diverted Profits Tax ("**DPT**")

DPT is a new tax, separate from other corporate taxes, introduced on April 1, 2015. It is levied at 25% (or 55% in the case of UK ring fence operations, i.e. broadly oil extraction operations) on profits considered "diverted" from the UK where groups use transactions or entities that lack economic substance and/or where companies structure their activities to avoid a UK PE. Companies are required to notify HMRC if they are potentially within the scope of DPT within three months of the end of the accounting period to which it relates (extended to six months for the first year). At present, we do not consider DPT applicable to entities within the Group, however DPT may be deemed applicable to our activities in the future.

18.6.1.1.4.2 Group taxation

Each corporate group member is required to submit their own tax return on a stand-alone basis, but there are a number of ways in which the group relationship is recognized in the UK for the purposes of corporation tax.

Taxable operating profits and losses arising in the same period can usually be offset between UK resident 75% affiliates, including UK PEs. Profits and losses can also be offset in some situations with a <75% interest, but this relief is more restrictive. Transfers of capital assets, loan relationships, derivatives and intangibles between UK resident 75% affiliates, including UK PEs, are normally tax-free. Capital gains and losses arising in different group companies can usually be offset by election. However, in each case there are detailed anti-avoidance provisions and in some cases a charge arises if the transferee subsequently leaves the group.

18.6.1.1.4.3 Hydrocarbon taxation

DONG Energy owns a number of hydrocarbon interests in the West of Shetland area of the UKCS.

Production of hydrocarbons in the UK and on the UKCS is potentially subject to three forms of direct taxation:

- Petroleum Revenue Tax ("PRT")—35% effective January 1, 2016 (previously 50%);
- Ring Fence Corporation Tax ("RFCT")—30%; and
- Supplementary Charge ("SCT")—20%.

In March 2016, it was announced that the tax laws for hydrocarbon taxes are expected to be changed, which among other things include a reduction in SCT from 20% to 10%.

18.6.1.1.4.3.1 PRT

DONG Energy will not be subject to PRT on the assets currently held, as this only applies to fields older than the interests the Group holds.

18.6.1.1.4.3.2 RFCT

RFCT applies to profits from oil and gas exploration and production in the UK and on the UKCS. It generally follows the normal UK corporation tax rules, however with a number of differences. The activities defined as being subject to RFCT are UK oil extraction activities and the acquisition, enjoyment or exploitation of oil rights in the UK or UKCS.

RFCT profits cannot be offset by losses from other activities. However, RFCT losses can offset profits from non-ring fence activities.

Capital costs for RFCT activities are eligible for relief under one or more "capital allowance codes." Most expenditure incurred will qualify for immediate relief.

Certain costs, e.g. costs of acquiring land and buildings, are not deductible against trading income. Initial costs of developing hydrocarbon fields can result in significant tax losses, which can take several years to utilize. Ring Fence Expenditure Supplement ("RFES") offsets this by providing a supplement of 10% on losses. The supplement is cumulative in that it applies to losses brought forward together with any supplement granted in previous periods.

18.6.1.1.4.3.3 SCT

In addition to RFCT, UK hydrocarbon activities are also subject to SCT. This is calculated on the same basis as RFCT, except that no financing costs (such as interest on loans) are deductible.

Qualifying investment expenditure from April 1, 2015 generates Investment Allowance, which can be offset against SCT profits only. Investment Allowance is calculated as 62.5% of the qualifying expenditure. Prior to the introduction of Investment Allowance, certain fields were entitled to field allowances. These provided SCT relief to certain fields with defined characteristics.

18.6.1.1.4.3.4 RF reinvestment relief

From 2009, if a RF capital gain arises on an asset disposal, reinvestment relief is available to exempt gains from RFCT and SCT where the proceeds of the disposal are reinvested in the UK oil assets used for the RF trade one year before and three years after the disposal.

18.6.1.1.4.4 Value-added tax

UK VAT applies as per the UK Value Added Tax Act 1994. The UK VAT Act 1994 is derived from European Community Law through implementation of the EU VAT directives (incorporated into Council Directive 2006/112/EC).

The standard VAT rate of 20% applies to most goods and services. The wholesale UK supply of power is subject to the "domestic reverse charge." UK retail supplies of domestic fuel and power can fall liable to VAT at the reduced rate of 5%.

VAT input tax levied by suppliers is generally deductible from the VAT output tax payable on the supplies made. Group companies which incur VAT on making a mix of both taxable and exempt supplies may not be able to recover all of their input tax and a partial exemption method is used to calculate the proportion of VAT recoverable.

18.6.1.1.4.5 Construction industry scheme

A UK business also has an obligation to register as a Contractor under the Construction Industry Scheme either if they are a mainstream Contractor (e.g. a building or engineering firm) or if they are a deemed Contractor (this is where they spend more than 1 million British Pounds per year on average over 3 years on construction operations). They then have an obligation to verify the status of sub-contractors with the UK tax authorities and make a withholding against any sub-contractors who do not have "gross payment certificate status" with the UK tax authorities. A failure to withhold can result in the UK tax authorities pursuing the Contractor for any such liability as well as penalties for either incorrect or late filing obligations.

18.6.1.1.4.6 Excise duties (environmental taxes)

There are several environmental taxes, including CCL, landfill tax, aggregates levy, CRC energy efficiency scheme and EU emissions trading scheme.

18.6.1.1.5 Germany

18.6.1.1.5.1 General corporate tax regime

Germany taxes its corporate residents on their worldwide income. German business profits are subject to two taxes, corporate income tax and trade tax. Corporate income tax is levied at a uniform rate of 15% and is then subject to a solidarity surcharge of 5.5%, totaling 15.825%. The effective rate of trade tax varies by location from the legal minimum of 7% up to 18.2%. The local rates in most cities range between 14% and 16%.

Determination of taxable income

Generally, the taxable income is calculated from a tax balance sheet based on the statutory accounts according to German GAAP (Generally Accepted Accounting Principles). There are certain specific tax law and accounting adjustments to be made as opposed to the statutory accounts and additional accounting options are available. Furthermore, there are limitations on the deduction of certain current business expenses.

Depreciation and amortization

Depreciation on movable fixed assets is calculated on the straight-line method over the asset's anticipated useful life. Depreciation takes the residual value of the asset into account only if it is material, with any gains on a sale being treated as normal business income.

Buildings are depreciated on a variety of straight-line or reducing-rate systems designed to reach a full write-down between 25 and 50 years, depending on the age of the building and on whether the taxpayer was its first owner. In addition to normal depreciation, special depreciation is deductible for tax purposes in certain limited circumstances. Intangibles are amortized straight-line over their estimated useful lives; goodwill is amortized over 15 years. An Accelerated Depreciation Scheme may apply to some of our investments.

Interest limitation

Annual net interest expense is only deductible up to 30% of taxable EBITDA (earnings before interest, tax, depreciation, and amortization adjusted by general tax principles) for corporate income and trade tax purposes. Unused EBITDA may be carried forward for up to five years to cover future excess interest cost subject to specific tax loss forfeiture rules. Non-deductible interest expense may be carried forward indefinitely for utilization in future fiscal years subject to the 30% limitation and specific tax loss forfeiture rules. This 30% EBITDA cap does not apply in specific cases.

Add-backs/Deductions for trade tax purposes

Generally, trade tax is applied on income as computed for corporate income tax, with specific adjustments for disallowable expenses and items of tax free income (add-backs/deductions).

Net operating losses

Corporate income and trade tax losses as well as non-deductible interests under the German interest limitation rules are carried forward indefinitely. With respect to corporate income tax (but not trade tax), the losses of the respective corporation can be carried back in the previous year in the amount of up to EUR 1 million.

The utilization of tax losses carried forward is generally limited to 60% of the taxable income insofar as the taxable income exceeds EUR 1 million. Therefore, 40% of the company's positive income in excess of EUR 1 million will be subject to corporate income and trade tax at current rates.

18.6.1.1.5.2 Joint taxation—Organschaft

If a German parent holds more than 50% of the voting rights in a domestic subsidiary, and the parent entity concludes with the subsidiary a profit and loss pooling agreement with a fixed term of at least 5 years, an Organschaft could be established between the parent entity and the subsidiary.

As a result of an Organschaft, the annual profits/losses of the subsidiary are pooled for tax purposes at the level of the parent of the Organschaft. Thus, during the Organschaft a taxable income will be assessed only at the level of the Organschaft parent and all Organschaft subsidiaries show a taxable income of nil.

Profits and losses of the controlled subsidiaries and the parent entity can therefore be offset at the level of the parent for corporate as well as trade tax purposes. Although there is no special rule for the elimination of intra-group profits, they do not have an effect on the tax base of the parent entity as the income and the respective expenses (as part of the controlled entities' income allocable to the parent entity) are effectively offset at the level of the parent.

Deductible interest expenses under the German interest limitation rules have to be determined at the level of the parent entity as the parent and the controlled entities are treated as one business for purposes of the German interest limitation rules (see above).

Tax losses brought forward at the level of the subsidiary (i.e., losses generated prior to the Organschaft) will be effectively frozen at the level of the controlled entity (i.e., cannot be utilized at the level of the parent) until the Organschaft is terminated. Any tax loss carry forwards at the level of the Organschaft parent may, subject to the general carry forward restriction described above, be offset against taxable income allocated from the subsidiaries even if incurred prior to the establishment of the Organschaft.

The losses of an Organschaft parent may not be offset against present or future German income if they can be offset abroad.

18.6.1.1.5.3 Value-added tax (VAT)

Supplies made by taxpayers are generally subject to German VAT under the German Value Added Tax Act 2005. The standard VAT rate of 19% generally applies at any level in the chain of production and distribution to all supplies of goods and services, unless subject to a 7% rate, or exempt from VAT. The German VAT Act 2005 is based on European Community Law through implementation of the EU VAT directives (especially Council Directive 2006/112/EC).

From a VAT perspective, the German EEZ (Exclusive Economic Zone) is not part of the German territory. Activities related to and supplies made in the EEZ are outside the scope of German VAT. Some of the Group's wind farms are located in the EEZ.

Input VAT levied by suppliers is generally deductible from the output VAT payable on the supplies made.

Certain supplies are subject to the reverse charge mechanism, meaning that the recipient of the supply (taxpayers and certain further organizations) is liable to pay German VAT instead of the supplier. The reverse charge mechanism applies in particular to supplies with installations in Germany (provided the recipient fulfils certain requirements), and any supplies of services by non-resident taxable persons to other taxpayers and certain further organizations, irrespective of whether the recipient is resident in Germany or

not. The mechanism is inter alia also applicable the supply of gas and power (under certain circumstances), regardless of whether the supplier is a resident or a non-resident taxable person.

18.6.1.1.5.4 Excise duties

Germany levies several excise duties, e.g. energy tax (on petrol and diesel) or power tax. Power tax arises when a consumer draws power from the grid. The power supplier is liable to pay the tax, and generally passes the tax on to the consumer.

18.6.1.1.6 Intercompany transactions—transfer pricing

Intercompany transactions between entities in the Group are generally subject to the arm's length principle under local domestic tax laws and applicable tax treaties. Non-arm's length transfer pricing may result in income adjustments. The arm's length principle applying to entities in the Group generally follows the international standard laid down in Article 9 of the OECD Model Tax Convention on Income and on Capital as further described in the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Arm's length pricing of intercompany transactions shall generally be supported by transfer pricing documentation prepared in accordance with local domestic standards. Country-specific variations and exemptions may apply due to differences in domestic tax laws, tax treaties and/or application of the concept of arm's length pricing and transfer pricing documentation requirements. The specific pricing of intercompany cross-border transactions may result in disputes on allocation of profits between jurisdictions, which may potentially affect the effective tax rate of the Group and/or result in double taxation.

18.6.1.1.7 Taxable presence in other jurisdictions

As a result of local regulations and generally followed international standards laid out in Article 5 of the OECD Model Tax Convention on Income and on Capital, in certain situations entities in the Group may have a taxable presence outside their country of residence. The profits attributable to that PE (e.g., a branch) are typically determined under the "separate entity principle" outlined in Article 7 of the OECD Model Tax Convention on Income and on Capital, i.e. the amount that it would have made if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions dealing wholly independently with the non-resident company of which it is a PE. Failure to follow these local regulations and standards may result in an income adjustment.

Similar to the pricing of intercompany transactions, internal dealings and the resulting profit attribution between an enterprise and its foreign PE are generally to be supported by documentation prepared in accordance with local domestic standards. Country-specific variations and exemptions may apply due to differences in domestic tax laws, tax treaties and/or application of the concept of PE profit attribution and the documentation requirements. Profit allocation between an enterprise and its PE may result in disputes on allocation of profits between jurisdictions, which may potentially affect the effective tax rate of the Group and/or result in double taxation.

18.6.1.2 Share sales and intercompany dividends

Intercompany dividends distributed within the Group are generally exempt from corporate income tax in the jurisdiction of the recipient parent company and exempt from withholding tax in the jurisdiction of the distributing subsidiary under local tax laws, the EU Parent-Subsidiary Directive and/or tax treaties. Similarly, capital gains realized by a parent company in the Group on the disposal of shares in its subsidiary are generally exempt from income and withholding tax. However, country-specific variations and exemptions may apply.

For German tax purposes specifically, 5% of any capital gains are added back to taxable income as non-deductible directly-related expenses. Capital gains/losses from the sale of the interest in a partnership are generally subject to trade tax at the level of the partnership as long as the seller is a corporation (e.g., a GmbH) or a partnership. Moreover, capital gains from the disposal of the interest in a partnership are charged to corporate income tax at the level of the partner(s).

18.7 The Kyoto Protocol and EU ETS

Denmark has, together with other member states of the EU, ratified the 1997 Kyoto Protocol, an international agreement on climate regulation. The target of the Kyoto Protocol was that all industrial

countries should reduce their emissions of greenhouse gases by approximately 5% during the first commitment period from 2008 to 2012. The Kyoto Protocol also introduced a number of different and flexible mechanisms that could be used by the ratifying countries in order to achieve this target. In December 2012, the second commitment period of the Kyoto Protocol was agreed in Doha, Qatar and the EU extended its commitment.

As a consequence of the Kyoto Protocol, the EU member states adopted Directive 2003/87/EC (the "Emission Trading Directive"), which establishes a scheme for greenhouse gas emission allowance trading within the European Community, in 2003. The Emission Trading Directive has subsequently been amended a number of times.

The EU Emissions Trading System ("EU ETS") was introduced in 2005 under the Emission Trading Directive as a scheme for greenhouse gas emission allowance trading within the EU. The Emission Trading Directive identifies certain types of industrial entities within the EU that are required to acquire CO₂ allowances, entitling such entities to emit specified quantities of CO₂. The third phase of the EU ETS commenced in 2013 applying to the period from 2013 to 2020. The third phase introduces a single EU allowance scheme with an overall cap for the annual emissions from power plants and other fixed installations within the EU. Under the third phase of the EU ETS, power generators must purchase all their allowances through the auctioning process. During the third phase, a number of EC Regulations has been adopted and as a result the rules have been widely harmonized across the EU. The Emission Trading Directive was first implemented into Danish legislation in 2004 by the adoption of an act providing a system of negotiable CO₂ allowances and credits (Act No. 493 of June 9, 2004). In accordance with amendments to the Emission Trading Directive and the introduction of the third phase of the EU ETS, a new act was adopted (Act No. 1095 of November 28, 2012 as amended) (the "Danish CO2 Allowances Act") along with an executive order (Executive Order no. 1570 of December 23, 2014) (the "CO₂ Allowances Executive Order"). The Danish CO₂ Allowances Act and the CO₂ Allowances Executive Order apply to the activities under the Emission Trading Directive.

From the beginning of the third phase of the EU ETS, the monitoring, reporting, accreditation and verification obligations have been directly regulated in Regulation 600/2012/EC and Regulation 601/2012/EC. Consequently, this system has been transitional across the EU Member States. To render and improve the process, the industrial entities are obliged to report annually the verified CO_2 emissions no later than March 31. Additionally, certain industrial entities are obliged to report the improvements to the monitoring methodology no later than June 30 of each year. Both types of reporting takes place through the DEA's online reporting system. The industrial entities must monitor and report their CO_2 emissions in accordance with an approved monitoring plan and this must be filled to the DEA.

18.8 Financial Markets Regulation

18.8.1 MiFID

The Markets in Financial Instruments Directive ("MiFID"), Directive No. 2004/39/EC, as amended, is relevant for our activities with financial instruments in primarily Denmark, Sweden, the UK, the Netherlands and Germany. MiFID has been implemented by national regulation and accordingly the application of MiFID may vary from country to country, although Article 4 of the MiFID Implementing Directive (Directive No. 2006/73/EC) prohibits member states from imposing requirements additional to those in MiFID other than in exceptional circumstances. We experience similar national approaches to MiFID in Denmark, Sweden, the Netherlands and Germany. In the UK, the Financial Services and Markets Act regulates the financial services regime beyond the minimum requirements of MiFID, which we describe in more detail below.

The purpose of MiFID is to improve the competitiveness of EU financial markets by creating a single market for investment services and activities and ensuring a high degree of harmonized protection for investors in financial instruments. MiFID requires firms that engage in specified investment services and activities, such as investment banks, portfolio managers and securities dealers (investment firms), to be authorized by the competent authorities of the EU member state in which they have their registered office unless such services or activities are encompassed by one or more of the exemptions set out in MiFID and implemented nationally.

Although we deal with financial instruments across all sectors of our business, we primarily do so in our Distribution & Customer Solutions division and as part of our treasury activities. Financial instruments are used for hedging and trading, however, subsidy regimes are also set-up in such a way that a subsidy can

qualify as a financial instrument. We have determined that we fall within the scope of the exemptions to the requirement to be authorized and are operating under such exemptions. A requirement to be authorized would result in us being subject to the strict regulation, significant administrative burdens and regulatory capital requirements that apply to investment firms and the supervision by the financial supervisory authority in the country in which we would set-up an investment firm.

MiFID is in the process of being amended and replaced by a new directive, MiFID II (as defined below).

18.8.2 FSMA

Whilst the UK has implemented the minimum requirements specified by MiFID, the UK has also retained certain elements of its own financial services regime which extend its scope beyond that prescribed by MiFID. The specific regulation of the financial services industry in the UK is set out in the FSMA which requires providers of financial services in the UK to be authorized and regulated by a relevant regulatory authority. Financial services firms in the UK are regulated by one or both of the two UK regulators, the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA") for their prudential supervision. The PRA is responsible for the prudential regulation of all banks, building societies and insurers, and the FCA regulates the conduct of firms authorized under the FSMA. For other financial services firms, including insurance intermediaries, wealth managers and financial advisors, the FCA is the sole regulator in both prudential and conduct matters.

We have determined that we fall within the scope of the exemptions to the requirement to be authorized by the FCA and the PRA and are operating under such exemptions. If we were to be authorized or recognized by the FCA, we would be required to meet the standards set out in its Handbook of Rules and Guidance and to supply the FCA with information so that the FCA could monitor our business. The FCA supervises a firm according to the risks that it poses to the FCA's statutory objectives.

18.8.3 MiFID II/MiFIR

The revised Markets in Financial Instruments Directive ("MiFID II"), Directive No. 2014/65/EU, and the Regulation on Markets in Financial Instruments ("MiFIR"), Regulation No. 600/2014/EU were adopted in 2014. MiFID II is required to be implemented into the national legislation of each of the EU member states. The implementation of MiFID II and MiFIR will most likely be postponed from the original implementation date of January 3, 2017 until January 3, 2018 as a result of a proposal to this effect made by the EU Commission in February 2016. The purpose of MiFID II and MiFIR is to increase the transparency of the financial markets, increase investor protection and improve competition.

MiFID II broadens the definition of financial instruments to include physically settled commodity derivative contracts which are traded on organized trading facilities ("OTFs"), an additional trading venue included under MiFID II (although certain exemptions apply regarding physically settled wholesale energy derivative contracts comprised by REMIT), emission allowances recognized for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme) and physically settled emission allowance derivative contracts regardless of where they are traded. MiFID II also significantly limits the scope of exemptions to the requirement to be authorized. Based on the existing Level II draft regulatory technical standards ("RTS") we have assessed that we are still operating under the exemptions to the requirement to be authorized. Use of the exemption in respect of our activities dealing with financial instruments (in the form of commodity derivatives and emission allowances) requires that we notify the relevant financial supervisory authorities of such use on a yearly basis. Should the draft RTS be amended such that the activities in respect of financial instruments that we carry out are considered to be activities which fall within the scope of MiFID II and MiFIR and not subject to any exemptions, we will be required to be authorized by the relevant financial supervisory authorities. This will result in us being subject to the strict regulation, significant administrative burdens and regulatory capital requirements that apply to investment companies and the supervision by the financial supervisory authority in any country in which we would set-up an investment company.

After MiFID II and MiFIR enter into force and are implemented, we expect to be subject to position limits and related reporting requirements in respect of commodity derivatives traded on trading venues (regulated markets ("RMs"), multilateral trading facilities ("MTFs") or OTFs) and economically equivalent OTC contracts. As a non-financial counterparty, our hedging activities in commodity derivatives may not count towards the position limit provided the relevant financial supervisory authorities approve our hedging activities as risk reducing. However, the scope of the position limit regulation is not fully determined at this point in time.

18.8.4 EMIR

The Regulation No. 648/2012/EU on OTC Derivatives, Central Counterparties and Trade Repositories ("EMIR") supported by its related Commission Delegated Regulations regulate our derivatives trading activities. EMIR applies in respect of derivatives qualifying as financial instruments under MiFID as implemented in the countries in which we have activities with derivatives. The objective of the regulation is to improve supervision of the financial markets to reduce the risk for and the scope of any future financial crises.

Pursuant to EMIR all derivative trades (whether OTC or not or internal or external) must be reported to authorized trade repositories and OTC trades that are not cleared are subject to certain risk mitigation techniques. Further, EMIR sets out a clearing obligation for certain classes of OTC derivatives traded by companies above the clearing thresholds (an "NFC+") and Financial Counterparties.

At the moment, we qualify as a non-financial counterparty below the clearing thresholds (an "NFC-"), except for DONG Insurance A/S which qualifies as a Financial Counterparty. Should we exceed any of the clearing thresholds imposed by EMIR or become a licensed investment company due to MiFID II, we will be subject to various additional regulatory requirements, including mandatory clearing of certain OTC derivatives, additional risk mitigation techniques, requirements to report further details in the transaction reporting and an obligation pursuant to MIFIR to trade certain derivatives on RMs, MTFs or OTFs. As a Financial Counterparty, DONG Insurance A/S already is subject to such additional requirements.

18.8.5 REMIT, MAD and MAD II/MAR

The Regulation No. 1227/2011/EU on wholesale energy market integrity and transparency ("REMIT") provides a prohibition on insider trading and market manipulation in respect of contracts and derivatives relating to supply or transportation of wholesale natural gas and electricity. In addition, REMIT sets out requirements to publication of inside information and registration of market participants as well as reporting of certain contracts and orders to trade to the Agency for the Cooperation of the Energy Regulators (ACER) through a Registered Reporting Mechanism. Since we are active in all parts of the energy chain from upstream to downstream markets, all parts of REMIT are relevant for our gas and power business.

REMIT applies in combination with the Market Abuse Directive, Directive No. 2003/6/EC on insider dealing and market manipulation (market abuse) ("MAD") as implemented in the countries in which we trade securities. MAD prohibits insider trading and market manipulation as well as improper disclosure of inside information in respect of, among others, securities admitted to trading on an RM in the EU or for which a request for admission to trading on such market has been made, as well as other securities the price or value of which is linked to one or more of such securities. We trade securities in the form of commodity derivatives and emission allowance derivatives on RMs and issues listed bonds and, accordingly, we are required to adhere to MAD.

Pursuant to the Market Abuse Regulation, Regulation No. 596/2014/EU ("MAR") and Directive No. 57/2014/EU on criminal sanctions for market abuse (market abuse directive) which primarily come into force on 3 July 2016 (directly and implemented by national legislation, respectively), the scope of inside information, markets and instruments will be expanded. Of particular relevance to us is the inclusion within the scope of MAR's of emission allowances recognized for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme), spot commodity products (other than products covered by REMIT) affecting, or likely to affect, the price of securities and securities traded on MTFs (or for which a request for admission to trading on such MTF has been made) and OTFs. As part of the expected postponement of the MiFID II implementation date, the entry into force of the provisions in MAR related to emission allowances is also expected to be postponed to January 3, 2018.

18.8.6 SFTR

On January 12, 2016 a new Regulation on transparency of securities financing transactions and of reuse (Regulation No. 2015/2365/EU ("SFTR") came into force introducing new obligations on us when we transact in financial instruments and commodities that qualify as securities financing transactions. Securities financing transactions include (i) repurchase transactions in securities, commodities or certain guaranteed rights related to such, (ii) securities or commodities lending and borrowing, (iii) buy-sell back or sell-buy back transactions in securities, commodities or certain guaranteed rights related to such and (iv) margin lending transactions related to securities.

The new obligations are a record keeping obligation that entered into force together with SFTR, a reporting obligation that will enter into force for us 21 months after entry into force of the relevant secondary EU legislation and disclosure and consent requirements regarding reuse of financial instruments received as collateral that will enter into force on July 13, 2016. The relevant secondary legislation regarding the reporting obligation is not available, yet, but may entail that we will have to report commodity transactions qualifying as securities financing transactions pursuant to both SFTR and REMIT. Financial instruments comprised by EMIR is exempted from the scope of SFTR and accordingly, we will not be subject to double reporting requirements with respect to derivatives.

18.8.7 Dodd-Frank

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") introduces new regulatory obligations related to certain commodity contracts and derivatives, some of which apply outside US territory. We have implemented policies regarding permissible trading counterparties in order to limit our direct obligations under these provisions of the Dodd-Frank Act. However, certain of our counterparties, such as non-US persons that are registered swap dealers with the US Commodity Futures Trading Commission (the "CFTC"), may have obligations under the Dodd-Frank Act that indirectly impose obligations on us. Further, the Dodd-Frank Act permits the CFTC, under certain findings, to impose position limits in respect of certain energy derivatives. The CFTC has proposed, but has not finalized, such rules.

18.8.8 Insurance

In addition to other applicable financial markets regulation described above, DONG Insurance A/S is a licensed non-life insurance company subject to the regulatory supervision of the Danish FSA. Accordingly, DONG Insurance A/S is subject to the Danish regulation of insurance companies which includes the Danish Financial Business Act (Consolidated Act No. 182 of 18 February 2015 as amended from time to time) as well as various Danish Executive Orders in respect of insurance companies, including but not limited to rules on good business practice, capital requirements, placement of funds and risk management. These rules include implementation of Directive No. 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) as amended which is supplemented by, inter alia, various EU Regulations that are directly applicable to DONG Insurance A/S (including Commission Delegated Regulation (EU) No. 2015/35 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)).

Further, DONG Insurance A/S must comply with Danish rules regulating insurance contracts etc.

DONG Insurance A/S is also notified with the Danish FSA to operate on a cross-border basis into Belgium, France, Germany, the Netherlands, Norway, Poland, Sweden, and the UK. Accordingly, DONG Insurance A/S will, when carrying out business in these jurisdictions, need to comply with a limited number of local law requirements applicable to EU insurance companies carrying out business in EU/EEA countries on a cross-border basis in such jurisdictions.

18.8.9 Anti-Money Laundering

DONG Energy Sales & Distribution A/S is in the process of registering with the Danish FSA as an entity carrying out lending activities. Accordingly, DONG Energy Sales & Distribution A/S is subject to the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism (Consolidated Act No. 1022 of 13 August 2013, as amended from time to time) as well as those executive orders issued in accordance therewith, in respect of these activities.

These rules among others transpose Directive 2005/60/EF of the European Parliament and Counsel of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and Commission Directive 2006/70/EF of 1 August 2006 laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of 'politically exposed person' and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis.

These rules include the obligation to register with the Danish FSA, to the extent relevant the obligation to comply with know your customer requirements, the investigation and reporting requirements, organizational requirements, etc.

18.9 State aid

Articles 107 and 108 of the Treaty on the Functioning of the EU generally prohibit any State aid that may distort competition within the EU. Authority to grant exemptions from this general prohibition against State aid rests with the European Commission.

EU member states are obliged to notify the European Commission of proposed aid schemes and obtain the relevant exemptions. Notification is not required if a state aid scheme is covered by the general group block exemption, which exempts certain areas of business from the generally applicable rules prohibiting State aid, or the *de minimis* block exemption. The Danish Government has obtained exemptions for a number of state aid schemes from the European Commission, including schemes relating to the use of renewable energy sources, the generation of energy in local CHP plants, and CO₂ emissions. The UK Government has received exemption for aid packages for renewable energy, and Germany has obtained an exemption for a number of large offshore wind farms under the EEG Act.

In 2014 the Commission adopted a set of new guidelines on support for environmental protection and energy.

If the European Commission has not approved notifiable aid, then the aid is illegal, and the recipient must repay the aid to the Member State.

18.10 Utilities Procurement Regulation

As DONG Energy is a group with activities within the utility sector, the EU Utilities Directive applies to procurements related to the purpose of carrying out such utility activities if such procurements exceed the relevant thresholds of €418,000 for goods and services (excluding social and other specific services listed in Annex XVII where the threshold is €1,000,000) and €5,225,000 for works.

18.10.1 The EU Utilities Directive

The Danish Utilities Procurement executive order (Executive Order No. 1624 dated December 15, 2015), came into force January 1, 2016, and implements by reference the EU Directive 2014/25/EU on procurement by entities operating in the water, energy, transport and postal services sectors (the "Utilities Directive") which introduced certain new procedures to be followed, and a minor number of substantive changes such as the right to terminate contracts. As we are involved in exploration for, and production of, oil and gas, and in power and heat generation as well as distribution of power, gas and heat the Utilities Directive and its procedures can apply to relevant procurements.

18.10.1.1 Procurement procedures

Pursuant to the Utilities Directive, procurements exceeding the abovementioned thresholds must be awarded using one of five procedures: The open procedure (open to all interested entities), the restricted procedure (open only to selected/prequalified entities), the negotiated procedure (with and without prior publication of a contract notice and which in general is the preferred procedure within the Group), the competitive dialogue procedure and the innovation partnership procedure. Furthermore, in a wide range of our procurements we apply the qualification systems offered by Achilles and Sellicha.

18.11 Acts regarding open files

Power supply business distributing or producing electricity at voltages exceeding 0.5 kV, gas supply business and collective heat supply plants, which are subject to the Danish Heat Supply Act and hold a capacity of more than 10 MJ/s, are subject to the rules of the Danish Open Files Act, which provides for a public right of access to certain documents and other information in the files of such subsidiaries. The Danish Open Files Act does not apply to companies listed on a stock exchange.

We and certain of our Danish subsidiaries are subject to the rules in the Danish Environmental Information Act which provides for a public right of access to certain documents and other information in the files of such subsidiaries.

19. BOARD OF DIRECTORS AND GROUP EXECUTIVE MANAGEMENT

19.1 Overview

We have a two-tier governance structure consisting of the Board of Directors and the Executive Board. The two management bodies are separate and have no overlapping members. Our Executive Board, together with our Executive Vice Presidents, comprise our Group Executive Management.

The business address of the members of our Board of Directors and our Group Executive Management is Kraftværksvej 53, DK-7000 Fredericia, Denmark.

19.2 Board of Directors

Our Board of Directors is responsible for our overall and strategic management and it supervises our activities, management and organization. Our Board of Directors appoints and dismisses the members of the Executive Board, who are responsible for the day-to-day operations.

In accordance with article 10.2 of our Articles of Association, our general meeting shall elect not less than six and not more than eight members to our Board of Directors. Our general meeting elects a chairman (the "Chairman") and a deputy chairman (the "Deputy Chairman") of our Board of Directors from among the members of the Board of Directors.

Our Board of Directors currently comprises eight members elected by our general meeting and four employee representatives. The employee representatives and their alternates are elected for a term of four years and our current employee representatives were last elected on March 6, 2014 and joined our Board of Directors following our annual general meeting in 2014. Our employee representatives hold the same rights and obligations as any other member of our Board of Directors.

We believe that all members of our Board of Directors elected by our general meeting possess the professional skills and experience required to serve as a board member of the Company and to supervise and manage a company with shares admitted to trading and official listing on Nasdaq Copenhagen.

The following table presents an overview of the current members of our Board of Directors:

Name	Position	Independence assessment ⁽¹⁾	Year of first appointment	Expiration of term
Board of Directors				
Thomas Thune Andersen ⁽²⁾	Chairman	Not Independent	2014	2017
Lene Skole	Deputy Chairman	Independent	2015	2017
Lynda Armstrong	Board member	Independent	2015	2017
Pia Gjellerup	Board member	Independent	2012	2017
Martin Hintze ⁽³⁾	Board member	Independent	2014	2017
Benny D. Loft	Board member	Independent	2012	2017
Poul Arne Nielsen ⁽⁴⁾	Board member	Independent	2006	2017
Claus Wiinblad ⁽⁵⁾	Board member	Independent	2014	2017
Hanne Sten Andersen	Employee representative	Not independent	2007	2018
Poul Dreyer	Employee representative	Not independent	2014	2018
Benny Gøbel	Employee representative	Not independent	2011	2018
Jens Nybo Sørensen	Employee representative	Not independent	2007	2018
Ole Henriksen	First alternate employee representative	Not independent	2014	2018
Dorte Hessellund Iversen	Second alternate employee representative	Not independent	2014	2018
Claus Madsen	Third alternate employee representative	Not independent	2014	2018
Ida Jacobsen	Fourth alternate employee representative	Not independent	2014	2018

⁽¹⁾ We have based our assessment of independence on the basis of the criteria set out in the Corporate Governance Recommendations (as defined below).

⁽²⁾ Thomas Thune Andersen is considered independent of shareholder interests. Due to his directorship in Petrofac Limited and the fact that Petrofac in the financial year 2015 has had significant business relations with the Company, he is not considered to be independent.

- (3) Martin Hintze is nominated by NEI pursuant to the 2013 Shareholders Agreement and elected at the Company's general meeting.
- (4) Poul Arne Nielsen is nominated by SEAS-NVE Holding A/S pursuant to the 2014 Shareholders Agreement and elected at the Company's general meeting.
- (5) Claus Wiinblad is nominated by ATP pursuant to the 2013 Shareholders Agreement and elected at the Company's general meeting.

The composition of our Board of Directors will be assessed and, as relevant, adjusted in connection with the ordinary general meeting which will be held in the spring of 2017.

19.2.1 Biographies

Other than as set out below, none of the members of our Board of Directors or the alternate employee representatives has been a member of the administrative, management or supervisory bodies of a company or a partnership or been a partner in a partnership outside the Group within the past five years.

19.2.1.1 Board of Directors

Thomas Thune Andersen (born 1955, Danish nationality) has been Chairman of our Board of Directors since August 2014.

Thomas Thune Andersen is also chairman of Lloyd's Register Group Services Limited and Lloyd's Register Foundation. In addition, Thomas Thune Andersen is deputy chairman of the board of directors of VKR Holding A/S, member of the board of directors of Arcon-Sunmark A/S and BW Offshore Limited, and a senior independent director in Petrofac Limited. Furthermore, Thomas Thune Andersen is also the sole-proprietor of T Andersen Consulting v/ Thomas Thune Andersen.

Over the past five years, Thomas Thune Andersen has been chairman of Lloyd's Register Limited (the company was deregistered following the incorporation of Lloyd's Register Group Services Limited and Lloyd's Register Foundation) and DeepOcean Group Holding B.V. and member of the board of directors of SSE plc, VKR Holding A/S and Petrofac Limited. In addition, Thomas Thune Andersen has been a member of the executive management of T. Andersen Shipping A/S (dissolved by liquidation in 2012) and TTA Invest ApS (dissolved by liquidation in 2013).

Thomas Thune Andersen holds a Graduate Diploma in Business Administration and foreign relations from Copenhagen Business School.

Thomas Thune Andersen does not hold any of our Shares.

Lene Skole (born 1959, Danish nationality) has been Deputy Chairman of our Board of Directors since March 2015.

Lene Skole is also Chief Executive Officer at Lundbeckfonden and Lundbeckfond Invest A/S.

Lene Skole is also chairman of the board of directors of LFI Equity A/S and deputy chairman of the board of directors of ALK-Abelló A/S, Falck Holding A/S and H. Lundbeck A/S. In addition, Lene Skole is a member of the board of directors of TRYG Forsikring A/S and TRYG A/S. Finally, Lene Skole is a partner in I/S Ågård.

Over the past five years, Lene Skole has been chairman of the board of directors of Coloplast Ejendomme A/S and a member of the board of directors of DFDS A/S. In addition, Lene Skole has been a member of the executive management of Coloplast A/S.

Lene Skole holds a Graduate Diploma in Business Administration from Copenhagen Business School.

Lene Skole does not hold any of our Shares.

Lynda Armstrong (born 1950, British nationality) has been a member of our Board of Directors since March 2015.

Lynda Armstrong is also a non-executive director in KAZ Minerals Plc. and CEOC Ltd. Moreover, Lynda Armstrong is a member of the supervisory board of SBM Offshore N.V. and is the owner and sole employee of Calyx Consulting Ltd. Finally, Lynda Armstrong is chairman of the British Safety Council.

Lynda Armstrong holds a Master of Science in Geophysics from Durham University.

Lynda Armstrong does not hold any of our Shares.

Pia Gjellerup (born 1959, Danish nationality) has been a member of our Board of Directors since April 2012.

Pia Gjellerup is also center director of the National Centre for Public Sector Innovation, chairman of Vanførefonden and member of the Court of Impeachment. In addition, Pia Gjellerup is a member of the board of directors of Gefion Gymnasium, Fondet Dansk-Norsk Samarbejde and Fonden Rådmandsgade 34.

Over the past five years, Pia Gjellerup has been Chief of the Political department in DJØF (the Association of Danish Lawyers and Economists).

Pia Gjellerup holds a Master of Laws from University of Copenhagen.

Pia Gjellerup does not hold any of our Shares.

Martin Hintze (born 1970, German nationality) has been a member of the Board of Directors since February 2014

Martin Hintze is also a managing director at Goldman Sachs International. In addition, Martin Hintze is a member of the advisory board of Flint HoldCo S.a.r.l., and a member of the executive management of Xella International Holding S.a.r.l.

Over the past five years, Martin Hintze has been member of the board of directors of Xella International S.A, member of the supervisory board of LEG Immobilen AG and Kion Group AG and a member of the board of directors and advisory committee of CEONA Holding Ltd. Finally, Martin Hintze has been an alternate member of the board of directors of ISS A/S.

Martin Hintze holds a BA in Business Administration from European Business School and a Master of Science in Business Administration and a Ph.D. in Economics from Technical University Berlin.

Martin Hintze does not hold any of our Shares.

Benny D. Loft (born 1965, Danish nationality) has been a member of our Board of Directors since April 2012.

Benny D. Loft is also Executive Vice President and Chief Financial Officer of Novozymes A/S and Chief Executive Officer and a member of the board of directors of Novozymes Bioindustrial China A/S and Novozymes Bioindustrial A/S.

Benny D. Loft is also a member of the board of directors of Novozymes Bioag A/S and New Xellia Group A/S. In addition, Benny D. Loft is a partner in Poelhøigaard V/Helle Loft Hassselbach og Benny Dalgaard Loft.

Over the past five years, Benny D. Loft has been Chairman of our Board of Directors, a member of the board of directors of Novozymes Biopharma DK A/S, Novozymes Adenium Biotech A/S (dissolved by merger in 2014), Novozymes Bioindustrial Holding A/S (dissolved by merger in 2014), Bygningsfonden Den Blå Planet and Den Blå Planet, Danmarks Akvarium. Finally, Benny D. Loft was the sole-proprietor of Poelhoi Consulting v/ Benny Dalgaard Loft.

Benny D. Loft is a State Authorized Public Accountant and holds a Master of Science in Business Economics and Auditing from Copenhagen Business School.

Benny D. Loft does not hold any of our Shares.

Poul Arne Nielsen (born 1944, Danish nationality) has been a member of our Board of Directors since April 2006

Poul Arne Nielsen is also chairman of the board of directors of SEAS-NVE Holding A/S, SEAS-NVE A.m.b.A. and Sjællandske Medier A/S. Poul Arne Nielsen is also chairman of Dansk Energi.

Over the past five years, Poul Arne Nielsen has been chairman of the board of directors of SEAS-NVE Strømmen A/S. Poul Arne Nielsen was also a member of the board of directors of Sampension KP Livsforsikring A/S and Sampension Administrationsselskab A/S. In addition, Poul Arne Nielsen was an alternate member of the board of directors of HMN Gastankstationer ApS and A/S Strandvejs Gasværket.

Poul Arne Nielsen holds a Master of Science in Gymnastics/Athletics, Community/Social, Conditions/Civics and Commercial Economics from University of Copenhagen.

Poul Arne Nielsen does not hold any of our Shares.

Claus Wiinblad (born 1959, Danish nationality) has been a member of our Board of Directors since March 2014. Claus Wiinblad is also Senior Vice President at ATP, Head of Danish Equities.

Claus Wiinblad holds a Master of Science in Economics from the University of Copenhagen.

Claus Wiinblad does not hold any of our Shares.

Hanne Sten Andersen (born 1960, Danish nationality) has been a member of our Board of Directors since April 2007 as an employee representative.

Hanne Sten Andersen joined the Group in 2006 and has been Lead HR Business Partner, Distribution & Customer Solutions since April 2006.

Hanne Sten Andersen holds a Graduate Diploma in Business Administration from Copenhagen Business School.

Hanne Sten Andersen holds 372 of our Shares.

Poul Dreyer (born 1964, Danish nationality) has been a member of our Board of Directors since March 2014 as an employee representative.

Poul Dreyer joined the Group in 2006 and has been Service Technician in power grid, Distribution and Customer Solutions since December 2006.

Poul Dreyer is educated Industrial Operator from Technical Education Copenhagen.

Poul Dreyer holds 372 of our Shares.

Benny Gøbel (born 1967, Danish nationality) has been a member of our Board of Directors since 2011 as an employee representative.

Benny Gøbel joined the Group in 2005 and has been Senior Specialist in Process Chemistry, Bioenergy & Thermal Power since December 2014.

Benny Gøbel holds a Master of Science in Engineering and a Ph.D. in Mechanical Engineering from the Technical University of Denmark.

Benny Gøbel holds 372 of our Shares.

Jens Nybo Sørensen (born 1968, Danish nationality) has been a member of our Board of Directors since April 2007 as an employee representative.

Jens Nybo Sørensen joined the Group in 2006 and has been Key Business Project Manager in Bioenergy & Thermal Power since December 2015.

Jens Nybo Sørensen holds a Certificate in Business Administration from Probana Business School.

Jens Nybo Sørensen holds 372 of our Shares.

Dorte Hessellund Iversen (born 1970, Danish nationality) has been alternate employee representative of our Board of Directors since March 2014.

Dorte Hessellund Iversen joined the Group in 2007 and has been Learning & Development Specialist in Wind Power since November 2015.

Dorte Hessellund Iversen holds a Master in International Business Communication from University of Southern Denmark.

Dorte Hessellund Iversen holds 372 of our Shares.

Ole Henriksen (born 1972, Danish nationality) has been alternate employee representative of our Board of Directors since March 2014.

Ole Henriksen joined the Group in 2007 and has been Manager of Operations, Bioenergy & Thermal Power since May 2007.

Ole Henriksen is the sole-proprietor of Luxusboxen v/Ole Henriksen.

Ole Henriksen holds a degree in marine engineering from the School of Marine Engineering and Technology Management, Esbjerg.

Ole Henriksen holds 372 of our Shares.

Claus Madsen (born 1960, Danish nationality) has been alternate employee representative of our Board of Directors since March 2014.

Claus Madsen joined the Group in 2006 and has been Key Account Manager of City Light Sales, Distribution & Customer Solutions since April 2008.

Claus Madsen holds a lower secondary education (Realeksamen).

Claus Madsen holds 372 of our Shares.

Ida Jacobsen (born 1985, Danish nationality) has been alternate employee representative of our Board of Directors since March 2014.

Ida Jacobsen joined the Group in 2011 and has been Partnerships & Contracts Associate, Bioenergy & Thermal Power since January 2016.

Ida Jacobsen holds a Master of Science in Business Administration and Commercial Law and a Master of Laws.

Ida Jacobsen holds 372 of our Shares.

19.2.2 Board observers

Pursuant to Article 10.11 of our Articles of Association, and in accordance with the 2013 Shareholders Agreement and the 2014 Shareholders Agreement, our Board of Directors may by simple majority appoint one or more observers to the Board of Directors (and any committee thereof). The observers participate in, and speak at, the meetings of the Board of Directors (and any committee hereof) and have access to the same information as is given to the Board of Directors, but have no voting rights. The observers are bound by a duty of confidentiality towards the Company. The Company has agreed to indemnify the observers for any liability associated with their position as observers to the Board of Directors. The observers are not entitled to remuneration, but the observers are entitled to reimbursement by the Company of all reasonable documented costs and expenses incurred by the observers in connection with their office as observers.

As at the date of this Offering Circular, the Board of Directors has appointed the following observers:

- Michael Specht Bruun (NEI)
- Philippe Lenoble (NEI)
- Mogens Vinther (SE a.m.b.a., Nyfors Entreprise A/S, Aura Energi A.M.B.A.)

The Board of Directors intends to terminate the appointment of observers at the first meeting of the Board of Directors following completion of the Offering. However, it reserves the right to reappoint observers at a later stage.

19.2.3 Board practices and committees

Our Board of Directors will convene at least five times per year. Extraordinary board meetings are convened when requested by a member of our Board of Directors, a member of our Executive Board or by our auditor.

Our Board of Directors forms a quorum when more than half of its members are present or represented. Resolutions of the Board of Directors are passed by a simple majority. In the event of equality of votes, the Chairman, or in his absence the Deputy Chairman, shall have the casting vote. See article 10.4 of our Articles of Association.

Our Executive Board reports on the activities of the Company and its subsidiaries at the meetings of the Board of Directors, and the Executive Board also outlines any significant future activities planned for the Company and its subsidiaries. Our Board of Directors annually performs an evaluation of the performance of our Board of Directors and the Executive Board's work and performance, including the co-operation between the Board of Directors and the Executive Board.

Our Board of Directors has established an Audit & Risk Committee and a Remuneration Committee that report to our Board of Directors. In addition, we have a Nomination Committee which contributes to structuring the dialogue between our shareholders on the composition of the Board of Directors and the

Nomination Committee is, thus, composed differently and has fewer areas of responsibility than the ones assumed in the Corporate Governance Recommendations.

19.2.3.1 Audit & Risk Committee

Audit & Risk Committee:

Our audit and risk committee (the "Audit & Risk Committee") evaluates external auditors' independence and performance, assesses systems of internal controls and risk management and reviews financial information included in our annual financial statements. Its duties also include supervision of our auditors and our Internal Audit function. In addition, our Audit & Risk Committee also considers the relationship with our independent auditors and reviews the audit process.

The Audit & Risk Committee members shall meet the requirements stipulated in terms of experience and expertise in compliance with the recommendations on Corporate Governance of the Danish Committee on Corporate Governance, issued on 6 May 2013, as updated in November 2014 (the "Corporate Governance Recommendations") or other relevant circumstances so that the Committee as a whole possesses the necessary competence. The majority of the members shall be independent. In addition, at least one of the independent members shall be an expert on financial statements.

Our Audit & Risk Committee consists of three members appointed by and among our Board of Directors. We consider a majority of the current members of our Audit & Risk Committee to be independent based on the definition outlined in the Corporate Governance Recommendations. Our Audit & Risk Committee currently consists of Benny D. Loft as chairman, Martin Hintze and Claus Wiinblad. Upon completion of the Offering, Martin Hintze will step down as member of the Committee and a new member will be appointed. The Audit & Risk Committee shall—together with the rest of the Board of Directors—meet with our internal and external auditors at least once annually without the presence of the Chief Financial Officer (or other members of the Executive Board).

Internal Audit:

The mission of our Internal Audit function is to provide independent and objective assurance and consulting services designed to add value and improve our processes and control environment, including IT. The department helps us accomplish its objectives by applying a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The scope of work of Internal Audit is to determine whether the processes—as designed and represented by the Executive Board—are adequate and functioning in a reliable manner.

Internal Audit also administers our whistle-blower hotline.

To maintain independence, our Internal Audit function reports functionally to the Chairman of the Audit & Risk Committee and in daily administrative matters to the CEO. Internal Audit issues and presents quarterly long form audit reports to the Board of Directors.

19.2.3.2 Remuneration Committee

Our remuneration committee (the "Remuneration Committee") assists our Board of Directors in its preparation of the remuneration policy and the overall guidelines on incentive pay and recommends to the Board of Directors the remuneration of the members of the Board of Directors and the Executive Board as well as a remuneration policy applicable to the Group in general.

Our Remuneration Committee consists of three members appointed by and among our Board of Directors. A majority of the members must be independent. We consider a majority of the current members of our Remuneration Committee to be independent based on the definition outlined in the Corporate Governance Recommendations. Our Remuneration Committee currently consists of Thomas Thune Andersen as chairman as well as Pia Gjellerup and Martin Hintze.

19.2.3.3 Nomination Committee

Our nomination committee (the "Nomination Committee") reviews the composition of the Board of Directors and recommends suitable candidates to the shareholders at the annual general meeting. The Nomination Committee consists of up to six members: the chairman and the deputy chairman of the Board of Directors of the Company and up to four representatives appointed by shareholders. The chairman of

the Nomination Committee will annually request that the four largest registered shareholders according to the Company's register of owners at the time of the request each appoint a representative to the Nomination Committee. If any of the four largest shareholders does not appoint a member to the Nomination Committee, a request will be made to the fifth largest shareholder and so forth until a total of four shareholder representatives have been appointed. Only the ten largest shareholders may appoint a representative to the Nomination Committee.

The rules of procedure of the Nomination Committee can be found at www.dongenergy.com. Information included on our website does not form part of and is not incorporated by reference into this Offering Circular. Our Nomination Committee contributes to structuring the dialogue between our shareholders on the composition of the Board of Directors. Our Nomination committee is, thus, composed differently and has fewer areas of responsibility than the ones assumed in the Corporate Governance Recommendations. See Section 19.8 "Corporate Governance" for further information about our compliance with the Corporate Governance Recommendations.

Shareholder representatives on the Nomination Committee do not receive remuneration, and expenses incurred in connection with their participation in meetings are not reimbursed.

Our Nomination Committee currently consists of:

- Thomas Thune Andersen (Chairman of our Board of Directors)
- Lene Skole (Deputy Chairman of our Board of Directors)
- Rasmus Lønborg (appointed by the Danish Ministry of Finance)
- Michael Specht Bruun (appointed by NEI)
- Jesper Hjulmand (appointed by SEAS-NVE Holding A/S)
- Carsten Stendevad (appointed by ATP)

19.2.3.4 Compensation of our Board of Directors

The members of our Board of Directors receive a fixed remuneration, which is approved by our general meeting. The members are not covered by our share-based incentive programs except for the members of our Board of Directors who are elected by our employees, who as part of their employment with the Group are covered by the general employee share program introduced in 2014. See Section 19.5.7 "Employee Share Program and Leader Share Program." In respect of the financial year 2015, our Board of Directors received an aggregate remuneration of DKK 2.6 million. Martin Hintze waived his right to compensation.

Our extraordinary general meeting held on May 20, 2016 approved the following remuneration for the Board of Directors for the financial year 2016: The chairman of the Board of Directors will receive a fee of DKK 960,000, the deputy chairman a fee of DKK 640,000 and other members of the Board of Directors a fee of DKK 320,000. In addition to the fees paid as members of the Board of Directors, the chairman of our Remuneration Committee will receive a fee of DKK 128,000 and other members of our Remuneration Committee a fee of DKK 80,000, whereas the chairman of our Audit & Risk Committee will receive a fee of DKK 192, 000 and the other members of our Audit & Risk Committee a fee of DKK 96,000. See also Section 19.8.3 "Principles for remuneration of our Board of Directors and Executive Board."

Members of our Board of Directors are entitled to reimbursement of expenses, for example for travelling and accommodation in connection with board meetings. Expenses are reimbursed according to valid receipts.

We have not granted any loans, issued any guarantees or undertaken any other similar obligations to or on behalf of our Board of Directors or any of its members. We have provided a surety as part of the participation of Ida Jacobsen (alternate employee representative in our Board of Directors) in the Employee Share Program.

No member of our Board of Directors is entitled to any kind of compensation upon resignation as a member of our Board of Directors. We have not allocated funds or made provisions for any pension benefits, severance scheme or the like for our Board of Directors and we have no obligation to do so.

None of the members of our Board of Directors has received compensation from any of our subsidiaries for any services performed for such subsidiary while they held the position as a member of the Board of

Directors, except that members of the Board of Directors elected by our employees have received salaries as part of their employment with the Group.

19.3 Executive Board

Pursuant to article 11.1 of the Articles of Association, the Board of Directors shall appoint the members of the Executive Board. The Executive Board consists of one or more persons who are responsible for the day-to-day management of the Group's business.

The Company believes that the current members of Executive Board possess the professional skills and experience required for their positions in the Company and to manage a company with shares admitted to trading and official listing on Nasdaq Copenhagen.

The following table sets forth an overview of the current members of the Executive Board:

Name	Position	Year of first employment with the Group	appointment to current position in the Group
Henrik Poulsen	Chief Executive Officer	2012	2012
Marianne Wiinholt	Chief Financial Officer	2004	2013

19.3.1 Biographies

Other than as set out below, none of the members of our Executive Board has been a member of the administrative, management or supervisory bodies of a company or a partnership or a partner in a partnership outside the Group within the past five years.

Henrik Poulsen (born 1967, Danish nationality) has been Chief Executive Officer since he joined the Company in August 2012.

Henrik Poulsen is a member of the board of directors of ISS A/S.

Over the past five years, Henrik Poulsen has been Chief Executive Officer and President of TDC A/S. In addition, Henrik Poulsen was chairman of the board of directors of YouSee A/S (dissolved by merger in 2013) and Tele & Teknik Holding ApS (dissolved by liquidation in 2012) and deputy chairman of the board of directors of Chr. Hansen Holding A/S and Danfoss A/S. Finally, Henrik Poulsen was a member of the board of directors of ISS World Services A/S, Falck A/S, Falck Holding A/S and Falck Danmark A/S.

Henrik Poulsen holds a Master of Science in Finance and Accounting from Aarhus School of Business.

Marianne Wiinholt (born 1965, Norwegian nationality) joined the Company in 2004 and she has been Chief Financial Officer since October 2013.

Marianne Wiinholt is also a member of the board of directors of J. Lauritzen A/S and is expected to be elected as a member of the board of directors of Norsk Hydro ASA on May 26, 2016.

Over the past five years, Marianne Wiinholt has been a member of the board of directors of KNI A/S.

Marianne Wiinholt holds Master of Science in Business Administration and Auditing from Copenhagen Business School and she is a State Authorized Public Accountant from Copenhagen Business School.

19.3.2 Compensation of our Executive Board

The compensation paid to our Executive Board consists of a base salary, customary benefits and a performance-related cash bonus program with a target bonus of 15% and a maximum bonus of 30% of the individual's annual base salary. Furthermore, the members of our Executive Board participate in the existing Leader Share Program (as defined below).

The members of our Executive Board are not entitled to any pension contributions in addition to their annual base salary.

Our Executive Board's remuneration is subject to the Company's remuneration policy, see Section 19.8.3 "Principles for remuneration of our Board of Directors and Executive Board."

For additional information regarding the performance-related cash bonus program, see Section 19.5.2 "Performance reward programs (annual bonus plans)" below.

Henrik Poulsen owns 58,000 Shares under the existing Leader Share Program and Marianne Wiinholt owns 37,296 Shares under the existing Leader Share Program. Upon completion of the Offering, each member of our Executive Board has a right to receive a number of matching shares of up to 125% of the number of Shares held by the members of the Executive Board, respectively. For additional information regarding the Leader Share Program, see Section 19.5.7 "Employee Share Program and Leader Share Program" below.

Both members of our Executive Board will receive an offer to participate in the DONG Energy Share Program, see section 19.5.9 "DONG Energy Share Program" below.

Furthermore, the members of our Executive Board will be eligible for IPO Executive Retention Bonus, see Section 19.5.10 "IPO Executive Retention Bonus" below.

The following table sets forth an overview of the compensation (base salary and cash bonus, excluding customary benefits and share-based compensation) of our Executive Board for 2014 and 2015 and the expected base salary for 2016:

	Base Salary	20	015	20)14
	(Expected)	Base Salary	Cash Bonus	Base Salary	Cash Bonus
			(DK)		
Henrik Poulsen	9,238,058	8,882,748	2,055,468	8,459,760	1,719,869
Marianne Wiinholt	4,820,400	4,635,000	1,196,757	4,500,000	1,155,150

We may dismiss each member of our Executive Board with 12 months' notice. The members of our Executive Board may each terminate their position with us with 6 months' notice. If we dismiss a member of our Executive Board without breach of contract by the member of our Executive Board, a cash severance pay is triggered, representing a value of 12 months' salary based on the monthly base salary received at the end of the notice. The cash severance pay is due for payment at the end of the notice period.

The members of our Executive Board are subject to certain non-competition and non-solicitation of customers and suppliers restrictions for a period of 12 months from the expiry of their notice periods under their respective employment contracts. We have the opportunity to extend the term by 12 months, in which case we have to pay the relevant member of our Executive Board compensation during the extended period equivalent to his/her base salary. The non-competition clauses apply globally and cover all business carried out by the Company, its subsidiaries and associated companies. Under Danish mandatory law, non-competition clauses cannot be enforced after expiry of the notice period if termination is initiated by us without the member of our Executive Board having given reasonable cause for the dismissal.

We have not granted any loans, issued any guarantees or undertaken any other obligations to or on behalf of the members of our Executive Board.

19.4 Other members of Group Executive Management

The other members of Group Executive Management comprise four Executive Vice Presidents, who are each responsible for their business area.

The following table presents an overview of our Executive Vice Presidents:

Name	Position	Year of first employment with the Group	Year of appointment to current position
Thomas Dalsgaard ⁽¹⁾	Executive Vice President—	2003	2011
	Bioenergy & Thermal Power		
David B. Cook	Executive Vice President—Oil & Gas	2014	2014
Samuel Leupold	Executive Vice President—Wind Power	2013	2013
Morten Hultberg Buchgreitz	Executive Vice President—	2002	2013
	Distribution & Customer Solutions		

⁽¹⁾ Thomas Dalsgaard was not employed with DONG Energy in the years 2004 to 2008.

19.4.1 Biographies

Thomas Dalsgaard (born 1966, Danish nationality) has been Executive Vice President, Bioenergy & Thermal Power since 2011. Thomas Dalsgaard joined the Company in September 2003.

Thomas Dalsgaard is also a member of the board of directors of Biomass Sustainability Certification.

Thomas Dalsgaard holds a Master of Science in Economics from Aarhus University.

David B. Cook (born 1962, American nationality) has been Executive Vice President, Oil & Gas since he joined the Company in December 2014.

David B. Cook is also a member of the Board of Directors of TransGlobe Energy Corporation.

Over the past five years, David B. Cook was Executive Officer and Head of Oil & Gas of Abu Dhabi National Energy Company.

David B. Cook holds a Bachelor of Science in Geology with Geophysics Option from Michigan State University and a Ph.D. in Geological Sciences from Michigan State University.

Samuel Leupold (born 1970, Swiss nationality) has been Executive Vice President, Wind Power since he joined the Company in March 2013.

Over the past five years, Samuel Leupold has been chairman of the board of directors of BKW Handel AG, Electra Italia S.p.A. and BKW Italia S.p.A. In addition, Samuel Leupold has been deputy chairman of Kraftwerke Mauvoisin AG and member of the board of directors of Kernkraftwerk Leibstadt AG, BKW Energie International und Handel AG and E.ON Produzione Centrale Livorno Ferraris S.p.A. Finally, Samuel Leupold has been Executive Vice President of BKW Energie AG.

Samuel Leupold holds a Master of Science in Engineering from ETH Swiss Federal Institute of Technology and a Master of Business Administration from INSEAD.

Morten Hultberg Buchgreitz (born 1967, Danish nationality) has been Executive Vice President, Distribution & Customer Solutions since May 2013. Morten Hultberg Buchgreitz joined the Company in 2002.

Morten Hultberg Buchgreitz is a member of the board of directors of Bunker Holding A/S, A/S United Shipping & Trading Company, Uni-Tankers A/S, ApS Habro Komplementar-19 and Uni-Chartering A/S. Moreover, Morten Hultberg Buchgreitz is a member of the board of directors and limited partner of K/S Habro-Lowestoft, K/S Frankenthal, Tyskland, K/S Meiderich.

Morten Hultberg Buchgreitz holds a Master in Business Administration and Data from Copenhagen Business School.

19.4.2 Compensation of other members of Group Executive Management

The compensation paid to each of our Executive Vice Presidents consists of a base salary, customary benefits, a performance-related cash bonus program with a target bonus of 15% and a maximum bonus of 30% of the individual's annual base salary and pension contributions. In addition, David B. Cook is covered by a one-off bonus agreement entitling him to a performance bonus of up to 6 months' base salary based on certain milestones related to the Oil & Gas business and a retention bonus of 6 months' base salary, provided he remains employed with us as of September 1, 2017.

For additional information regarding the performance-related cash bonus program, see Section 19.5.2 "Performance reward programs (annual bonus plans)."

Furthermore, Morten Hultberg Buchgreitz, Thomas Dalsgaard and David B. Cook participate in the Leader Share Program (as defined below). Morten Hultberg Buchgreitz, Thomas Dalsgaard and David B. Cook own 29,383, 15,000 and 19,580 shares under the Leader Share Program, respectively, and have a right to receive a number of matching shares of up to 125% of the number of Shares held by each of them. For additional information regarding the Leader Share Program, see Section 19.5.7 "Employee Share Program and Leader Share Program" below.

Samuel Leupold does not participate in the Leader Share Program. Instead, he is entitled to a cash bonus of between 0 and 100% of his annual base salary. The final bonus amount will depend on, and be calculated on the basis of, our performance relative to peers in line with the Leader Share Program, see

Section 19.5.7 "Employee Share Program and Leader Share Program." Any payment of the bonus is conditional upon Samuel Leupold's continued employment with us as of June 1, 2017.

The Executive Vice Presidents will be offered to participate in the DONG Energy Share Program, see Section 19.5.9 "DONG Energy Share Program" below.

Furthermore, the Executive Vice Presidents will be eligible for IPO Executive Retention Bonus, see Section 19.5.10 "IPO Executive Retention Bonus" below.

For 2015, the compensation to the Executive Vice Presidents consisted of a combination of:

- Base salary and fixed allowances in the aggregate amount of DKK 17,048,631
- Cash bonus payments in the aggregate amount of DKK 5,091,837 (including one-off payment and project related performance bonus of DKK 2,184,500)
- Pension contributions in the aggregate amount of DKK 1,420,014
- Customary benefits

For 2016 the aggregate base salary for the Executive Vice Presidents is expected to amount to DKK 18,164,691.

We may dismiss the Executive Vice Presidents with 12 months' notice. A 24 months' notice is required if we dismiss David B. Cook without him giving reasonable cause for the termination. Morten Hultberg Buchgreitz, Thomas Dalsgaard and Samuel Leupold may each terminate their position with us with 6 months' notice. David B. Cook may terminate his position with us with 12 months' notice.

If we dismiss an Executive Vice President (excluding David B. Cook) without a breach of contract by the Executive Vice President or if any Executive Vice President resigns because of our material breach, a cash severance pay is triggered, representing a value of 12 months' base salary plus pension contribution, if any. The cash severance pay is due for payment at the end of the notice period.

The Executive Vice Presidents are subject to certain non-competition and non-solicitation of customers and suppliers restrictions for a period of 12 months from the expiry of their notice periods under their respective employment contracts. Under Danish mandatory law, non-competition clauses cannot be enforced after expiry of the notice period if termination is initiated by us without the Executive Vice President having given reasonable cause for the dismissal. We must pay compensation to Morten Hultberg Buchgreitz and Samuel Leupold during the term of the restrictions.

We have not granted any loans, issued any guarantees or undertaken any other obligations to or on behalf of the Executive Vice Presidents.

19.5 Incentive programs

19.5.1 Brief overview of incentive programs

We use the following types of incentive programs, which are described in further detail below, see Sections 19.5.2 to 19.5.11:

- Performance reward programs (annual bonus plans)
- Trader bonus
- Transaction bonuses
- Retention and project delivery bonuses
- President's Awards and Special Recognition Awards
- Employee Share Program and Leader Share Program
- Other long-term incentive programs, including UK Long-Term Incentive Plan
- DONG Energy Share Program
- IPO Executive Retention Bonus
- IPO Bonus

19.5.2 Performance reward programs (annual bonus plans)

Our performance reward programs entitle the participants to receive an annual performance-based cash bonus. Our performance reward programs are based on the following principles:

40% of the bonus is based on group results, 40% on personal results and 20% on personal behavior. Performance is measured at the end of the financial year and the bonus will then be paid with the April payroll run in the following year. Group results are based on our annual accounts, specifically EBITDA and LTIF (safety measure), whereas personal results and personal behavior are assessed as part of our people review.

Members of our Group Executive Management are eligible for a target bonus of 15% and a maximum bonus of 30% of their annual base salary. Members of our Leadership Forum (Senior Vice Presidents, Vice Presidents, Senior Directors, Directors and Senior Managers) are eligible for a target bonus of 12.5/15% and a maximum bonus of 25/30% of their annual base salary.

Other employees who are not members of the Group Executive Management or Leadership Forum may participate depending on their functions. Typically, employees working with sales, traders and employees in areas such as Group Finance, Legal and Procurement will be eligible for participation. In addition, specialists working in almost all positions in our Oil & Gas business participate in a performance reward program. Target and maximum amounts differ, but could typically be a target of 7.5% and a maximum bonus of 15% of the annual base salary.

19.5.3 Trader bonus

In our Distribution & Customer Solutions business, we have approximately 25 traders who are eligible for a special trader bonus aligned to market standards. Senior traders can earn up to a maximum of 130% of their annual base salary and other traders can earn up to a maximum of 65% of their annual base salary.

19.5.4 Transaction bonuses

Employees who are primarily engaged in transactional activities may be entitled to a special bonus in connection with transactions. Transactions entitling participants to bonus cannot be included as targets in the participants' performance reward program, if any. The bonus will typically correspond to a maximum of 2–3 months' base salary and in certain circumstances up to 4 months' base salary. Our CEO and our Head of People & Development must approve all transaction bonuses.

19.5.5 Retention and project delivery bonuses

In certain business-critical situations, the head resource may be offered a retention bonus and in connection with some very important and critical projects, the head resource of the project may be offered a project delivery bonus. The retention bonus and the project delivery bonus normally correspond to a maximum of 6 months' base salary each. Our CEO and our Head of People & Development must approve all retention and project delivery bonuses.

19.5.6 President's awards and special recognition awards

The President's Award rewards role models who lead by example and exhibit outstanding performance and behavior.

Employees can be selected for the President's Award through a variety of performances, but the common denominator for all nominations is when an employee shows exemplary efforts and acts as a role model for others. The awards are given in March, June, September and December.

In addition to the honor of receiving the President's Award, the awardee will receive an extra month's base salary at the following salary pay-out and a contribution to a team dinner.

Special Recognition Awards can be awarded decentrally to acknowledge extraordinary behavior. The awardee will receive an extra month's base salary.

In 2015, 24 President's Awards representing a total value of DKK 1.3 million, and 113 Special Recognition Awards representing a total value of DKK 5.9 million, were awarded.

19.5.7 Employee Share Program and Leader Share Program

In February 2014 we established two share programs, our employee share program ("Employee Share Program") and our leader share program ("Leader Share Program").

Our Employee Share Program gave all employees in the Company and our wholly owned subsidiaries in Denmark, Sweden, Norway, the Netherlands, Germany, Great Britain, Poland and Malaysia the opportunity to subscribe for Shares. Our employees could subscribe for Shares corresponding to a value of up to approximately DKK 40,000 per employee. Our employees received a 25% discount on the subscription price compared to the market value as at November 29, 2013 (DKK 107.2486831 per Share), corresponding to a subscription price for each Share of DKK 80.4365124. A total of 1,096,284 Shares were subscribed for under the Employee Share Program. The Employee Share Program was closed in May 2014.

We entered into agreements with Nordea Finans Danmark A/S and Nordea Bank Danmark A/S on the possibility of offering the employees under the Employee Share Program loan financing to subscribe for Shares. This was, however, not offered to employees in the Netherlands and Great Britain. The loan arrangements were made directly between the employees and Nordea Finans Danmark A/S and Nordea Bank Danmark A/S. For employees using the loan finance possibility we have guaranteed the employee's repayment of the loan and the payment of interest in return for the employee providing security for the guarantee to us in the form of a pledge on the Shares.

The Leader Share Program gave the members of our Group Executive Management and a selected number of our employees in leading or key positions the opportunity to subscribe for Shares. Our Group Executive Management could subscribe for Shares with a value of up to 100% of their annual base salary as at January 1, 2014. Depending on organisational level, other participants could either subscribe for Shares with a value of up to 60% or 100% of their annual base salary as at January 1, 2014. It was possible to subscribe for a smaller number of Shares under the Leader Share Program, but as a minimum participants had to subscribe for Shares with a value of 30% of their annual base salary as at January 1, 2014. We offered no discount on the share price in the Leader Share Program and each employee paid DKK 107.2486831 per Share subscribed for. A total of 1,243,965 Shares were subscribed for under the Leader Share Program.

The subscription took place from February 2014 to May 2014. A few new hires joined the Leader Share Program in the period from May 2014 to December 2014, and the Leader Share Program was closed in December 2014.

Approximately 3,300 employees and leaders participate in the two share programs.

The Shares subscribed for under both programs are subject to a lock-up obligation until an initial public offering and listing of our Shares. In case an initial public offering and listing of our Shares has not occurred in early 2019, the participants under the programs have a right and an obligation to sell all Shares held by the participants to us or a purchaser designated by us. The Shares subscribed for carry the same rights as other Shares and the participants may receive dividend on the Shares on terms equal to the other shareholders.

Members of our Group Executive Management who are, as of the date of this Offering Circular holding Shares, have agreed with the Joint Global Coordinators that, for a period of 365 days from the date of this Offering Circular, they will be subject to materially the same lock-up restrictions as the Selling Shareholders in respect of any Shares held prior to the Offering and any matching shares to be received under the Leader Share Program. See Section 27 "Plan of Distribution" for further information about the applicable lock-up restrictions.

Matching shares under our Employee Share Program and leaver mechanism

Under our Employee Share Program, the participants have been granted a right to receive so-called matching shares free of charge. The rights to matching shares granted to each participant amount to 125% of the number of Shares that each participant originally subscribed for. The number of rights to matching shares that each participant will be entitled to exercise depends on our performance (measured as set forth below) compared to a peer group of 10 energy companies in the period November 29, 2013, and until an initial public offering and listing of our Shares.

In the event that (i) a participant under the Employee Share Program resigns and such resignation is not caused by our material breach, or (ii) we terminate the employment relationship because of the participant's breach, or (iii) we summarily dismiss the participant for cause, the participant's right to

exercise granted rights to matching shares that have not been exercised on the date of expiry of the employment relationship will be cancelled.

If a participant otherwise leaves, for example if we dismiss the participant without the dismissal being caused by the participant's breach, the right to exercise granted rights to matching shares will be upheld on unchanged terms and conditions.

Matching shares under our Leader Share Program and leaver mechanism

The rights to receive matching shares under our Leader Share Program are granted over time:

- The participants in the Leader Share Program obtained a right to receive matching shares equal to 50% of the number of Shares originally subscribed for on January 1, 2015.
- The participants in the Leader Share Program obtained and will obtain, as the case may be a right to receive matching shares equal to 25% of the number of Shares originally subscribed for on each of January 1, 2016, 2017 and 2018.

The granting of rights to matching shares on each of these dates is subject to continued employment. If an initial public offering and listing of our Shares takes place before January 1, 2018, the granting of not yet granted rights to matching shares will be brought forward.

The number of rights to matching shares that each participant will be entitled to exercise depends on our performance (measured as set forth below) compared to a peer group of 10 energy companies in the period November 29, 2013 and until an initial public offering and listing of our Shares.

In the event that (i) a participant under the Leader Share Program resigns and such resignation is not caused by our material breach, or (ii) we terminate the employment relationship because of the participant's breach, or (iii) we summarily dismiss the participant for cause, the participant's right to exercise granted rights to matching shares that have not been exercised on the date of expiry of the employment relationship will be cancelled.

If a participant otherwise leaves, for example if we dismiss the participant without the dismissal being caused by the participant's breach, the right to exercise granted rights to matching shares will be upheld on unchanged terms and conditions. In respect of the rights to matching shares not yet granted, the participant is entitled to receive a proportionate part of the rights to matching shares earned in one or several vesting periods where the employment relationship still exists.

Calculation of the number of matching shares under both programs

The number of matching shares that the participants in the two programs will eventually receive is dependent on our performance, measured as our Total Shareholder Return ("TSR") compared to a peer group. The peer group consist of the following 10 companies: E.ON, RWE, Fortum, Centrica, Scottish & Southern Energy, Electricite de France, Iberdrola, GDF Suez, Enel and Gas Natural (the "Peer Group").

Our TSR is calculated as follows:

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Market value on Exit + Paid dividends in the Period + share buy-backs in the Period - equity injections after June 30, 2014

Market value on November 29, 2013 + equity injections up to and including June 30, 2014
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where:

- "Market value on Exit" is the average closing price of our Shares on the first 10 days of trading (including the first day of trading) after completion of an initial public offering and listing of our Shares, such as the Offering. Thus, for the purpose of the Offering and based on the currently expected timetable, the Market value on Exit will be calculated for the period June 9–22, 2016, both days inclusive.
- "Paid dividends" is dividends paid to our shareholders.
- "Period" is the period from November 29, 2013 until the first trading day of our shares after completion of an initial public offering and listing of our Shares, such as the Offering. Thus, for the

purpose of the Offering and based on the currently expected timetable, the Period will end on June 8, 2016.

• "Market value on November 29, 2013" is a price of DKK 107.2486831 per Share.

The TSR for the companies in the Peer Group is calculated as follows:

Adjusted Closing Price on Exit

Adjusted Closing Price on November 29, 2013

where

- "Adjusted Closing Price" is the closing price for the shares of each of the companies in the Peer Group, adjusted for share splits, paid dividends, share options and demergers on basis of data obtained from a reputable supplier of financial data.
- "Exit" is the first trading day of our Shares after completion of an initial public offering and listing of our Shares, such as the Offering. Thus, for the purpose of the Offering and based on the currently expected timetable, Exit will be on June 9, 2016.

% of granted rights

The final number of matching shares will be calculated as shown in this table:

Rank compared to Peer Group	to matching shares that can be exercised
Rank 1 or 2	100%
Rank 3 or 4	80%
Rank 5 or 6	60%
Rank 7 or 8	40%
Rank 9 or 10	20%
Rank 11	None

Assuming that the Market value on Exit is DKK 227.5 (an average closing price of our Shares during the first 10 days of trading after completion of the Offering equal to a price in the mid-point in the Offer Price Range) and assuming that our ranking compared to the Peer Group is number 1 or 2, the theoretical value of the Leader Share Program would be as follows for the members of our Group Executive Management taking part in the Leader Share Program.

Member of Group Executive Management	Number of Shares owned	Number of matching shares	value of matching shares (DKK)
Henrik Poulsen	58,000	72,500	16,493,750
Marianne Wiinholt	37,296	46,620	10,606,050
Other members of Group Executive Management (all together)	63,963	79,953	18,189,308
Total		199,073	45,289,108

2/5 of the theoretical value relates to grants in 2015 and 3/5 relates to grants in 2016 (including grants brought forward due to the Offering).

Exercise of granted rights to matching shares and settlement under both programs

The granted rights to receive matching shares under both the Employee Share Program and the Leader Share Program will be exercised automatically no later than 15 business days after the first trading day of the Offer Shares currently expected to occur on June 9, 2016, and the exercise of the granted rights to receive matching shares is expected to occur on or around the 12th trading day of the Offer Shares. Thus, for the purpose of the Offering and based on the currently expected timetable, the exercise is expected to occur on June 24, 2016.

The programs are expected to be settled by the Company's issuance and delivery of bonus Shares to the participants in each of the programs. We expect to issue the bonus Shares to the participants by the Board of Directors' decision to utilize the authorisation granted by the Company's general meeting to the Board of Directors, see Article 4.4 of the Articles of Association as set forth in Annex A to this Offering Circular. As a result of such resolution by the Board of Directors to issue the bonus Shares, the Company's share

capital will be increased and the Articles of Association will be amended accordingly, see Article 4.4 of the Articles of Association as set forth in Annex A to this Offering Circular. The bonus Shares issued will carry the same rights as the existing Shares.

As for the Company's share capital, the maximum number of bonus Shares to be issued and delivered if our performance is ranked as number one or two compared to the Peer Group will be 2,686,884 Shares resulting in a potential increase of the Company's share capital by DKK 26,868,840 to DKK 4,204,132,570. Immediately following the issuance of the bonus Shares, the Shares will be admitted for trading and official listing on Nasdaq Copenhagen.

The Company's issuance of bonus Shares will dilute the existing shareholders in the Company, including but not limited to shareholders who will acquire Offer Shares as part of the Offering. For an overview of the maximum dilution effect resulting from the Company's issuance of bonus Shares reference is made to the table in Section 20 "Ownership Structure" of this Offering Circular and to Section 23 "Description of the Shares and Share Capital" of this Offering Circular.

19.5.8 Other long-term incentive programs, including UK Long-Term Incentive Plan

We have three different long-term incentive programs, two of which are one-off programs, relating to the Employee Share Program and Leader Share Program, see Section 19.5.7 "Employee Share Program and Leader Share Program":

- A minor group of employees who due to their positions are not eligible to participate in the Leader Share Program or the Employee Share Program were offered to participate in a long-term incentive program. Subject to fulfilment of certain individual KPIs, participants who are members of our Leadership Forum can receive a maximum bonus of 6–8 months' base salary and other participants can receive a maximum bonus of DKK 60,000. Bonus will be paid to the participants after an initial public offering and listing of our Shares or, in the absence of an initial offering and listing of our Shares, in February 2019. The bonus will be triggered on account of completion of the Offering.
- We have offered a few key employees who joined us after the introduction of the Leader Share Program and the Employee Share Program a long-term incentive program where the participants can accrue a right to bonus. The maximum bonus that can be earned is 30–40% of the participant's annual base salary. The bonus amount paid to the participants is calculated on the basis of the our performance relative to a peer group in line with the Leader Share Program and the Employee Share Program, see Section 19.5.7 "Employee Share Program and Leader Share Program." The total amount of bonus paid to a participant is between 0 and 125% of the accrued right to bonus. Bonus will be paid to the participants after an initial public offering and listing of our Shares or, in the absence of an initial offering and listing of our Shares, in February 2019. The bonus will be triggered on account of completion of the Offering.
- We offer employees in certain business-critical positions in the UK a long-term incentive plan. The long-term incentive plan is aimed at improving retention and increasing loyalty. The amount of the bonus is based on performance targets and the maximum bonus is 15% of the participant's annual base salary. The bonus is paid in three portions over a three-year period: for example 5% after 12 months, 5% after 24 months and 5% after 36 months.

19.5.9 DONG Energy Share Program

We will introduce a new share program (the "DSP") after completion of the Offering. Participants under the DSP will have the opportunity to be granted restricted performance share units ("PSUs") each year.

Our Group Executive Management, our Senior Vice Presidents, our Vice Presidents and our Senior Directors (93 in total with current population as at May 10, 2016, excluding those who are not allowed to hold Shares), will be offered to participate in the DSP.

It is a condition for being granted PSUs under the DSP that the participant at the time of the grant holds a number of our Shares representing a value equal to the following levels of each participant's annual base salary:

Participant	Level of Annual Base Salary
CEO	75% of base salary
CFO and Executive Vice Presidents	50% of base salary
Senior Vice Presidents	25% of base salary
Vice Presidents and Senior Directors	15% of base salary

Following the introduction of the DSP, participants in the program must invest in our Shares up-front prior to the first grant. Our CEO, CFO and the Executive Vice Presidents are, however, offered the opportunity to invest over time, so that they can invest 1/3 up-front, 1/3 after one year and 1/3 after two years. The same may potentially apply to Senior Vice Presidents at the discretionary decision of our CEO, except in connection with the first grant of PSUs under the DSP.

Participants can fulfill the shareholding requirement by using Shares already held by them or by buying new Shares in the market. The Shares used to fulfill the shareholding requirement will be subject to a lock-up.

Conditional upon fulfilling the shareholding requirement at the time of the grant of the PSUs, the participants will each year be granted a number of PSUs that represent a value equal to a certain percentage of the participant's annual base salary in line with the below levels. Each PSU will represent a right to receive free of charge one Share upon vesting. The target and maximum number of PSUs for each participant will be based on the market value of our Shares at the time of the grant:

Participant	Target	Maximum
CEO, CFO and Executive Vice Presidents	20% of base salary	40% of base salary
Senior Vice Presidents, Vice Presidents and Senior Directors	15% of base salary	30% of base salary

In case of any dividend payments from the Company before the granted PSUs have vested, each participant will be granted a number of PSUs ("Dividend PSUs") to compensate for such dividend payments. Dividend PSUs will be granted on the basis of the total number of PSUs held by each participant (including already granted Dividend PSUs). The Dividend PSUs will vest at the same time as the PSUs that they relate to.

The granted PSUs will vest after 3 years. However, the first grant of PSU's will vest after 2 years and approximately 7 months.

The final number of PSUs for each participant will be determined based on our performance compared to a peer group of 10 energy companies. We expect that this peer group will consist of the following 10 companies when introducing the DSP: E.ON, RWE, Fortum, Centrica, Scottish & Southern Energy, Electricite de France, Iberdrola, EDP, Enel and EDP Renewables.

Performance will be measured as our TSR compared to the TSR of the companies in the above peer group in the 3-year performance period as shown below:

Ranking	Payout	CEO/CFO/Executive Vice Presidents	Senior Vice Presidents/Vice Presidents/Senior Directors
		(% of annual base s	salary)
1	200% (max)	40%	30%
2	180%	36%	27%
3	160%	32%	24%
4	140%	28%	21%
5	120%	24%	18%
6	100% (target)	20%	15%
7	80%	16%	12%
8	60%	12%	9%
9	40%	8%	6%
10	20%	4%	3%
11	0%	0%	0%

Upon vesting, we will deliver Shares to the participants. However, we will reserve the right to settle in cash instead.

The shareholding requirement is assessed once every year based on the market value of our Shares and the base salary of the participant. Grant of PSUs in each year is conditional on the participant fulfilling the shareholding requirement at assessment date. In case of shareholding below the shareholding requirement, the participant must top-up with new Shares acquired in the market and in case of shareholding above the shareholding requirement, the surplus of Shares will be released from the lock-up and may be sold by the participant. Shares fulfilling the shareholding requirement are subject to lock-up in the following year and then assessed again.

Vesting of PSUs will be conditional upon continued employment and bad leavers will forfeit their right to PSUs (both granted and non-granted).

The theoretical market value of the DSP

The theoretical market value of the PSUs to be granted under the DSP in 2016 after the completion of the Offering is calculated using a Monte Carlo simulation. The calculation of the theoretical market value and the number of Shares is based on the following assumptions:

Share price equal to price in the mid-point of the Offer Price Range	DKK 227.5
Average volatility, peers	31.5%
Volatility DONG Energy	
Risk-free interest rate per annum	
Expected term at time of grant	2 years and 7 months

Furthermore, the calculation is based on the assumption that all potential participants fulfil the shareholding requirement under the DSP and that none of them become bad leavers before the vesting date of the first grant. The base salary used for the calculation is the base salary as per May 10, 2016.

The calculation has been made for the first grant under the DSP. The DSP is an ongoing program with annual grants and will continue until terminated or altered by the Board of Directors.

Participant	Theoretical value of first grant (DKK)	Corresponding number of Shares
Henrik Poulsen	2,199,135	9,667
Marianne Wiinholt	1,147,505	5,044
Other members of Group Executive Management	3,907,689	17,177
Other participants in DSP	22,592,935	99,310
Total	29,847,264	131,198

Providing for the Shares to be delivered under the program

The Selling Shareholders have agreed to reserve and sell to the Company such number of Offer Shares as is up to a maximum of the DSP Shares, subject to, at the discretion of the Board of Directors, (i) satisfaction of the statutory requirements for the repurchase of shares and (ii) the Offer Price representing a fair market price for the DSP Shares, at the Offer Price with effect from the date of completion of the Offering for the purpose of ensuring that we hold the maximum number of Shares that we may be required to deliver to the participants upon vesting of the first grant of PSUs after the first performance period. At the extra ordinary general meeting held on May 20, 2016, our Board of Directors was authorized to repurchase Shares of up to 10% of the share capital of the Company, subject to the Company's holding of treasury shares after such acquisition not exceeding 10% of the Company's share capital. By resolution of May 24, 2016, our Board of Directors has used this authorization to authorize the repurchase of Shares described herein.

The completion of our repurchase of Shares is only contingent upon, at the discretion of the Board of Directors, (i) the statutory requirements applicable to repurchase of shares under Danish law being satisfied, and (ii) the Offer Price representing a fair market price for the DSP Shares.

We expect to provide the Shares needed to honor future obligations to deliver Shares for future grants of PSUs or for Dividend PSUs by way of repurchasing Shares in the market in accordance with the Safe Harbor Regulation (2273/2003/EC).

19.5.10 IPO Executive Retention Bonus

We will introduce an IPO Executive Retention Bonus after completion of the Offering. Employees eligible for the DSP will be awarded retention bonus in line with the below levels corresponding to the target levels of the DSP. Employees already subject to a retention agreement will not be eligible for IPO Executive Retention Bonus for any period where there is a significant overlap with the existing retention agreement. The retention bonus will be paid out in two installments, after 14 months in 2017 and after 26 months in 2018 respectively.

	% of annual base salary first installment (2017)	% of annual base salary second installment (2018)
CEO, CFO and Executive Vice Presidents Senior Vice Presidents, Vice Presidents and Senior	20%	20%
Directors	15%	15%

Payment of each installment of the retention bonus will be conditional upon continued employment and bad leavers will forfeit their right to upcoming installments.

19.5.11 IPO Bonus

Following completion of the Offering, we expect to grant a special performance bonus ("**IPO Bonus**") of up to 4 months' base salary to certain employees as a reward for the extraordinary efforts in connection with the Offering. Members of the Group Executive Management will not be eligible for IPO Bonus.

19.6 Statement on past records

During the past five years, none of the members of our Board of Directors or our Group Executive Management have been (i) convicted of fraudulent offenses; (ii) directors or officers of companies that have entered into bankruptcy, receivership or liquidation, other than as set out in Section 19 "Board of Directors and Group Executive Management" above; or (iii) subject to any public incrimination and/or sanctions by statutory regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of an issuer's board of directors, executive board or supervisory body or being in charge of an issuer's management or other affairs.

19.7 Statement on conflicts of interest

Under the Danish Companies Act and the Rules of Procedure of our Board of Directors, a member of our Board of Directors or the Executive Board may not participate in the consideration of matters relating to agreements between the Company and himself/herself or relating to lawsuits against himself/herself or agreements between the Company and a third party or lawsuits against a third party, if he /she has a material interest therein that may conflict with that of the Company. Members of our Board of Directors or the Executive Board shall, on their own initiative, disclose any matter which may raise doubts about their impartiality, and on an ongoing basis provide information on companies in which they have material interests. The Board of Directors can decide that a board member is disqualified.

Given the nature of our business, where we within all lines of our business continuously enter into a large number of contracts with multiple suppliers, customers and other third parties, as well as our position in the Danish and other geographic markets where we operate, combined with our desire to have diversified international as well as Danish competences represented on our Board of Directors, in our Group Executive Management and elsewhere in our organization, it is unavoidable that we from time to time enter into agreements or have relationships with third parties in which one or more of our directors, officers or employees is or subsequently becomes involved e.g. due to directorships or due to ordinary investments in listed securities. In such situations, as otherwise, we take all precautionary measures to ensure that decisions made in our Group are not influenced by undue conflicting interest or otherwise unrelated interests. This includes, in particular, decisions rendered by our Board of Directors and our Group Executive Management.

There are no family ties among the members of our Board of Directors or the Group Executive Management. The members of our Board of Directors elected by the general meeting have been elected based on recommendations from our Nomination Committee. For further information please see Section 19.2.3.3 "Nomination Committee." As stated in Section 19.2 "Board of Directors," certain of our shareholders have a right under the 2013 Shareholders Agreement and the 2014 Shareholders Agreement

to nominate board members. Accordingly, Martin Hintze, Poul Arne Nielsen and Claus Wiinblad have been elected by the general meeting upon nomination of NEI, SEAS-NVE Holding A/S and ATP, respectively, in accordance with the terms of the 2013 Shareholders Agreement (Martin Hintze and Claus Wiinblad) and the 2014 Shareholders Agreement (Poul Arne Nielsen). Except for certain customary provisions surviving termination, both shareholders agreements will terminate upon completion of the Offering, assuming the put option included in the 2013 Shareholders Agreement is not exercised prior to completion of the Offering, in which case the rights and obligations for such exercised put option shall only terminate upon settlement. NEI, SEAS-NVE Holding A/S and ATP may be able to influence the strategy, direction of operations and other affairs of the Company through the representation on the Board of Directors. For further information, see Section 20.3 "Selling Shareholders." The other members of our Board of Directors have been elected upon nomination by our Majority Shareholder. As stated in Section 21 "DONG Energy's relationship with the Kingdom of Denmark," it follows from the State Ownership Policy that, as a main rule, the Kingdom of Denmark will not elect civil servants from the central administration to serve as board members.

Except for Thomas Thune Andersen, Martin Hintze, Poul Arne Nielsen, Claus Wiinblad and Marianne Wiinholt, none of the members of our Board of Directors or Group Executive Management has affiliations with other companies that could result in a conflict of interest, either because we have an equity interest in such company or because we and the company concerned have a material business relationship.

Thomas Thune Andersen is senior independent director at Petrofac Limited, member of the board of directors of Arcon-Sunmark A/S and minority shareholder of and former chairman of the board of DeepOcean Group Holding BV. Petrofac is a service provider to the oil and gas production and processing industry. Arcon-Sunmark A/S is active in the solar heat industry. As such, Arcon-Sunmark A/S, to some extent, operates within the same fields as we do. DeepOcean Group is a provider of services and technologies for the subsea industry. Petrofac and DeepOcean Group are currently suppliers to the Group. The scope of work to be performed by Petrofac is expected to be fully completed in Q2 2016.

Martin Hintze holds the position as Managing Director of Goldman Sachs International, which is a related party with a significant influence over us. We have ongoing business relations with Goldman Sachs. For further information, please see Section 22 "Related Party Transactions."

Poul Arne Nielsen holds the position of chairman of the Board of Directors of SEAS-NVE Holding A/S, which is a Danish utility company and one of our competitors in the Danish utility market. Furthermore, SEAS-NVE Holding A/S has interests via shareholdings in one of the claimants in the legal proceedings described in Section 15.12.2 "Competition Disputes relating to Danish Wholesale Power Prices" that conflict with our interests.

Claus Wiinblad holds the position as Head of Danish Equities at ATP. We lease our offices at Nesa Allé in Denmark from ATP. For further information on the lease agreement, see Section 15.13 "*Material Contracts*." ATP is a sizeable investor in companies having significant business relations with the Group or competing with us.

Marianne Wiinholt is expected to be elected as a member of the board of directors of Norsk Hydro ASA on May 26, 2016. Norsk Hydro ASA is, among other things, Norway's second largest producer of hydroelectric power and trades hydro-power on the Nord Pool Spot. As such, Norsk Hydro ASA, to some extent, operates within the same fields as we do.

19.8 Corporate governance

It is important to us to exercise good corporate governance and in that regard to comply with statutory requirements and the Corporate Governance Recommendations. Our statutory report on corporate governance and our voluntary supplementary information on corporate governance, which describe the corporate governance practices we have adopted, are available on our website at www.dongenergy.com. Information included on our website does not form part of and is not incorporated by reference into this Offering Circular.

We comply with the Corporate Governance Recommendations in all material respects, however, with the following exceptions:

• as an age limit is deemed to reduce the number of eligible candidates and thereby potentially the expertise of the Board of Directors, we do not comply with the recommendation to stipulate a retirement age for members of the Board of Directors in our Articles of Association;

- our general meeting has appointed a Nomination Committee consisting of representatives of our Board of Directors and our largest shareholders. The committee will contribute to structuring the dialogue between our shareholders on the composition of the Board of Directors. The committee is, thus, composed differently (the committee does not only have members of the Board of Directors as there are up to four shareholder representatives) and has fewer areas of responsibility (the committee focuses on nomination of members to the Board of Directors only) than what is assumed in the Corporate Governance Recommendations;
- under our existing Leader Share Program, see Section 19.5.7 "Employee Share Program and Leader Share Program", the rights to matching shares are granted on January 1, 2015, January 1, 2016, January 1, 2017 and January 1, 2018. If an initial public offering and listing of our Shares takes place before January 1, 2018, the granting of not yet granted rights to matching shares will be brought forward and all granted rights to receive matching shares will vest no later than 15 business days after the first trading day of the Offer Shares. Thus, the requirement of a maturity of at least 3 years from the date of each grant in the Corporate Governance Recommendations is not fulfilled; and
- our new DONG Energy Share Program, see Section 19.5.9 "DONG Energy Share Program", will comply with the Corporate Governance Recommendations with the exemption that the first vesting period will run for 2 years and approximately 7 months and thus not fulfil the requirement of a maturity of at least 3 years from the date of the grant.

The exceptions as described above are also accounted for in our statutory report on corporate governance and our voluntary supplementary information on corporate governance, which are available on our website at www.dongenergy.com. Information included on the Company's website does not form part of and is not incorporated by reference into this Offering Circular.

19.8.1 Our communication and interaction with our investors and other stakeholders

We are committed to maintaining a constructive dialogue and a high level of transparency when communicating with investors and other stakeholders.

The Board of Directors has adopted an investor relations' policy.

Our Board of Directors has also approved a set of internal rules aimed at ensuring that the disclosure of information complies with the applicable stock exchange regulations and rules relating to our listed securities. All Company announcements are published through Nasdaq Copenhagen and can subsequently be accessed from our website at www.dongenergy.com. All Company announcements are published in Danish and English.

We take corporate responsibility seriously and we constantly seek to create business value while ensuring proper working conditions for our employees, conducting our business in a lawful manner and seeking to make a positive impact on society. Accordingly, our Board of Directors has adopted a corporate responsibility policy.

Our investor relations policy and our corporate responsibility policy can be found on our website at www.dongenergy.com. Information included on our website does not form part of and is not incorporated into this Offering Circular.

We publish quarterly and annual reports. Investor presentations and telephone conferences are expected to be held following the publication of each interim and annual report to provide participants the opportunity to ask questions to members of our Executive Board. Webcasts of such presentations are available on our website, www.dongenergy.com. Investors may also contact our investor relations department to obtain additional information.

In accordance with our Articles of Association, general meetings shall be convened by our Board of Directors with at least three weeks' and no more than five weeks' notice. Notices convening general meetings will be published on our website at www.dongenergy.com and, where requested, by e-mail to shareholders registered in the register of shareholders. Our Board of Directors will strive to plan the general meetings in a manner that encourages active ownership of shareholders.

No later than eight weeks before the contemplated date of our annual general meeting, we shall publish the date of the general meeting and the deadline for submitting requests for specific proposals to be included on the agenda. Every shareholder shall be entitled to have specific business considered at our annual general meeting, provided that a written request to that effect is submitted to our Board of Directors no later than six weeks prior to the general meeting. At general meetings, the attending shareholders shall be able to ask questions to our Board of Directors and our Executive Board concerning the items on the agenda.

19.8.2 Role of our Board of Directors and our Executive Board

As is current practice in Denmark, powers are distributed between our Board of Directors and our Executive Board, which are independent from one another. Eight of the members of our Board of Directors are elected by our general meeting for a term of one year. The remaining four members of our Board of Directors were elected by the employees of the Group and/or Company in 2014 pursuant to mandatory Danish regulation and their current term expires in 2018. The members of our Executive Board are appointed by our Board of Directors. Our Executive Board handles day-to-day management, while our Board of Directors supervises the work of the Executive Board and is responsible for the general strategic direction. The primary tasks for our Board of Directors are to ensure that we have a strong management team, an adequate organizational structure, efficient business processes, optimal capital structure, transparent bookkeeping and practices, and responsible asset management.

The composition of our Board of Directors must be such that, at any time, the consolidated competencies of our Board of Directors enable it to supervise our development and diligently address the specific opportunities and challenges faced by us. Our Board of Directors, together with our Executive Board, develops our overall strategies and oversees that the competencies and resources are in place to maximize the likelihood of us achieving our objectives. Furthermore, our Board of Directors oversees the financial development of the Company and the related planning and reporting system.

Every year, our Board of Directors carries out a structured self-evaluation, which is organized and managed by the 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 of Directors' tasks. In addition, there is focus on the working climate and the cooperation between the members of the Board of Directors and on the planning and performance of the duties of the Board of Directors.

19.8.3 Principles for remuneration of our Board of Directors and Executive Board

Pursuant to the Company's remuneration policy, each member of the Board of Directors and the Executive Board is entitled to receive an annual remuneration. The remuneration policy lays down the principles governing remuneration of the members of the Board of Directors and Executive Board as required under the Danish Companies Act and the Corporate Governance Recommendations. On May 20, 2016, the general meeting has approved the remuneration policy, including the general guidelines for the incentive pay for the members of the Executive Board in accordance with section 139(2) of the Danish Companies Act. The remuneration policy can be found on our website at www.dongenergy.com. Information included on the Company's website does not form part of and is not incorporated by reference into this Offering Circular.

The overall objective of the remuneration policy is to attract, motivate and retain qualified members of the Board of Directors and the Executive Board and to align the interests between the Company's shareholders on one side and the Board of Directors and the Executive Board on the other side.

The remuneration for the Board of Directors for each financial year is to be approved at the annual general meeting held in such year.

Each member of the Board of Directors receives a fixed annual remuneration, while the Chairmanship receives a multiple thereof. The Chairman of the Board of Directors receives 3 times the fixed annual remuneration. The Deputy Chairman of the Board of Directors receives 2 times the fixed annual remuneration.

Each member of the Audit & Risk Committee receives in addition to the fixed annual remuneration, an additional annual fee. Ordinary members of the Audit & Risk Committee receive 0.3 times the fixed annual remuneration. The Chairman of Audit & Risk Committee receives 0.6 times the fixed annual remuneration. Each member of the Remuneration Committee receives in addition to the fixed annual remuneration, an additional annual fee. Ordinary members of the Remuneration Committee receive 0.25 times the fixed annual remuneration. The Chairman of the Remuneration Committee receives 0.40 times the fixed annual remuneration.

Members of the Board of Directors elected by the general meeting do not receive incentive pay.

The Remuneration Committee makes proposals for remuneration for the Executive Board which are subsequently to be approved by the Board of Directors. The remuneration level should be competitive compared to the remuneration level in similar major Danish listed companies with international activities, but in a manner such that the Company does not appear as a market leader when it comes to remuneration.

The remuneration of the Executive Board consists of (i) a fixed annual remuneration, (ii) cash-based incentive schemes, (iii) a long-term share-based incentive scheme and (iv) other benefits in kind.

The remuneration serves the purpose of ensuring an appropriate balance between (i) fixed remuneration and (ii) incentive-based remuneration focusing on the creation of value on the one hand and the performance of the individual Executive Board member on the other hand.

The members of the Executive Board are not entitled to any pension contributions in addition to their fixed annual remuneration. The members of the Executive Board has the option of participating in the Company's employer-operated pension scheme which has been set up as a defined benefit scheme.

A number of work-related benefits are available to the Executive Board, including company car, free telephone, domestic broadband access and relevant business magazines. The extent/size of the individual benefits is subject to negotiation with the individual member of the Executive Board. Moreover, the Executive Board is covered by the Company's insurance schemes.

19.8.4 Financial reporting, risk management and internal control

Based on our activities and operations, our Board of Directors regularly considers whether it would be expedient to include additional financial and non-financial information in our financial reports.

Our Board of Directors regularly assesses the material risks associated with our operations and the realization of our strategy, as well as the risks associated with our financial reporting, and seeks to ensure that such risks are managed in a proactive and efficient manner. As part of our risk management, we have established various internal control systems, which will be reviewed regularly by our Board of Directors upon recommendation from our Audit & Risk Committee to ensure that such systems are appropriate and sufficient in the context of our business and operations. Our annual report will contain information about our management of operational risks. See also Section 19.8.6 "Description of Internal Controls and Financial Reporting Procedures" below.

19.8.5 Audit

Our independent auditor is appointed for a term of one year by our shareholders at our annual general meeting upon recommendation from our Audit & Risk Committee. Our Board of Directors assesses the independence and competencies and other matters pertaining to the auditor. The framework for the auditor's compensation and duties, including audit and non-audit tasks, is agreed annually between our Board of Directors and our auditor based on recommendation from our Audit & Risk Committee. We have regular dialogue and exchange of information with our auditor.

19.8.6 Description of internal controls and financial reporting procedures

The Company'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. The Board of Directors, the Audit & Risk Committee and the Group Executive Management are ultimately responsible for the Company's risk management and internal controls in relation to its financial reporting, and approve the Company's general policies.

The Audit & Risk Committee assists the Board of Directors in overseeing the reporting process and the most important risks involved in this. Furthermore, the Audit & Risk Committee oversees developments in the internal control and risk management systems as well as the business' ongoing reporting on assessed risks and internal controls. The Group Executive Management and the individual businesses 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 reporting. This division of responsibilities results in an effective control environment in the Company.

The Company uses the Committee of Sponsoring Organizations' framework as a basis for its work on risk management, and the determination of internal controls in relation to the financial reporting. The internal control framework consists of a risk assessment, flowchart descriptions of significant financial processes and description of internal key controls. The control environment is continuously reviewed and updated. The work to improve the documentation of the relationship between the identified risks associated with the reporting and the Company's key controls is supported by a reporting tool.

Key elements in the Company's control environments are:

- Monthly reporting including key performance indicators covering specifications and analyses against
 the current forecast of EBITDA (BP), net profit, cash flow from operations, net investments, net
 interest-bearing debt and ROCE are reported to the Board of Directors and Group Executive
 Management;
- Monthly Business Review Meetings among the members of the Group Executive Management where
 operational and financial performance of the business is discussed and possible deficiencies and
 corrective actions are agreed and monitored;
- The Monthly Reporting process is supported by reporting instructions, accounting manual and guidelines on internal controls to ensure that the reporting is carried out on a uniform basis and is of a high quality;
- The Company's short-term forecast is updated on a quarterly basis and the long-term forecast is updated on a bi-annually basis taken latest development and new information into account. The forecasts are controlled by our Executive Board;
- Investment and divestment decisions must be approved by the Investment Committee that includes our Executive Board based on recommendations prepared by the businesses and controlled by group functions in relation to capital structure, accounting and tax;
- A financial risk assessment is carried out focusing on the accounting items and areas, which are
 associated with highest risk of material errors in the reporting. As risks vary between the different
 businesses, an assessment is performed for each of these, and an assessment is then carried out to
 establish which risks are material to the Company's consolidated internal and external reporting;
- Quarterly control self-assessment performed by each business and selected group functions. Significant changes or weaknesses are reported to the Audit & Risk Committee;
- Internal Audit provides independent and objective assurance and consulting services designed to add value, and improve the Company's processes and control environment, including IT. Internal Audit performs an annual risk-based planning process where relevant audit projects are identified. Internal Audit functionally reports to the Chairman of the Audit & Risk Committee and in daily administrative matters to the Chief Executive Officer;
- The Company's policies and procedures, including our Policy on Good Business Conduct;
- Whistleblower hotline, which makes it possible for employees, business partners, customers and other stakeholders to report serious concerns in a secure and confidential way. Internal Audit reports on a quarterly basis to the Audit & Risk Committee regarding investigations initiated and concluded by the reported concerns; and
- Litigation etc. reporting—all businesses are required to report on a quarterly basis guarantees, other contingent liabilities and capital commitments.

20. OWNERSHIP STRUCTURE

20.1 Ownership structure

As at the date of this Offering Circular, our share capital is DKK 4,177,263,730 divided into 417,726,373 Shares with a nominal value of DKK 10 each.

Our Shares are owned by the Kingdom of Denmark, NEI, SEAS-NVE Holding A/S, ATP, SE a.m.b.a., PFA Pension, Forsikringsaktieselskab, Nyfors Entreprise A/S, Aura Energi A.M.B.A. Insero Horsens, members of our Group Executive Management and certain other of our current and former employees (the "Employee Shareholders"). As at the date of this Offering Circular, the Kingdom of Denmark owns 58.76% of our share capital and voting rights, NEI owns 17.86% of our share capital and voting rights, SEAS-NVE

Holding A/S owns 10.82% of our share capital and voting rights, ATP owns 4.91% of our share capital and voting rights, SE a.m.b.a. owns 3.45% of our share capital and voting rights, PFA Pension, Forsikringsaktieselskab owns 1.79% of our share capital and voting rights, Nyfors Entreprise A/S (an indirect subsidiary of SE a.m.b.a.) owns 1.04% of our share capital and voting rights, Aura Energi A.M.B.A. owns 0.64% of our share capital and voting rights, Insero Horsens owns 0.18% of our share capital and voting rights and the Employee Shareholders own 0.52% of our share capital and voting rights.

We do not have any specific measures to ensure that the control of our majority shareholder is not abused.

The Company has been notified by certain of the Selling Shareholders that they have currently pledged all or part of their Shares. We have been informed by the relevant Selling Shareholders that the Offer Shares offered for sale by them in the Offering will be released in connection with completion of the Offering.

20.2 Table of shareholders

The following table sets forth information regarding our ownership structure based on our current shareholders' shareholdings in the Company (i) as at the date of this Offering Circular; (ii) immediately following the completion of the Offering where there is (a) no exercise of the Overallotment Option and (b) full exercise of the Overallotment Option, in each case assuming the maximum number of Offer Shares (other than the Option Shares) are being sold in the Offering; and (iii) immediately after issuance of bonus Shares in relation to the settlement of our Employee Share Program and our Leader Share Program—assuming that none of the Employee Shareholders have sold or acquired Shares during the period in between the completion of the Offering and the issuance of bonus Shares and assuming the maximum number of Offer Shares (other than the Option Shares) are being sold in the Offering—in each of the scenarios where there is (a) no exercise of the Overallotment Option and (b) full exercise of the

Overallotment Option. See Section 19.5.7 "Employee Share Program and Leader Share Program" of this Offering Circular for a description of our Employee Share Program and our Leader Share Program.

			Shares owned immediately following the completion of the Offering ⁽⁴⁾				Shares owned immediately after the issuance of bonus Shares (5)(6)			
	Shares owned as at the date of this Offering Circular		Assuming no exercise of the Overallotment Option		Assuming full exercise of the Overallotment Option		Assuming no exercise of the Overallotment Option		Assuming full exercise of the Overallotment Option	
Shareholders	Number of Shares	Approx. percent	Number of Shares	Approx. percent	Number of Shares	Approx. percent	Number of Shares	Approx percent	Number of Shares	Approx percent
The Kingdom of Denmark NEI ⁽¹⁾	74,592,990	58.76 17.86 10.82 4.91 3.45	210,710,343 61,320,555 40,125,120 16,863,153 5,578,605	50.44 14.68 9.61 4.04 1.34	210,710,343 55,944,742 40,125,120 15,384,804 3,601,089	50.44 13.39 9.61 3.68 0.86	210,710,343 61,320,555 40,125,120 16,863,153 5,578,605	50.12 14.59 9.54 4.01 1.33	210,710,343 55,944,742 40,125,120 15,384,804 3,601,089	50.12 13.31 9.54 3.66 0.86
PFA Pension, Forsikringsaktieselskab Nyfors Entreprise A/S ⁽²⁾ Aura Energi A.M.B.A Insero Horsens	7,459,299 4,351,212 2,660,500 743,866	1.79 1.04 0.64 0.18	6,132,055 739,248 956,273 126,379	1.47 0.18 0.23 0.03	5,594,474 — 266,000 —	1.34 0.00 0.06 0.00	6,132,055 739,248 956,273 126,379	1.46 0.18 0.23 0.03	5,594,474 — 266,000 —	1.33 0.00 0.06 0.00
Board of Directors Thomas Thune Andersen	_	_	_	_	_	_	_	_	_	_
Lene Skole	_	_	_	_	_ _	_	_ _	_	_	_
Pia Gjellerup	_ _ _	_ _	 	_	_	_	_	_	_ _ _	_
Poul Arne Nielsen	_	_	_ _	_	_	_	_ _	_	_ _ _	_
Hanne Sten Andersen Poul Dreyer	372 372	0.000089 0.000089	372	$0.000089 \\ 0.000089$	372	$\begin{array}{c} 0.000089 \\ 0.000089 \end{array}$	372		372	$0.000088 \\ 0.000088$
Benny Gøbel Jens Nybo Sørensen	372 372 372	0.000089 0.000089 0.000089	372	0.000089 0.000089 0.000089	372	0.000089 0.000089 0.000089	372	0.000088 0.000088 0.000088	372	0.000088 0.000088 0.000088
Dorte Hessellund Iversen Claus Madsen	372 372 372	0.000089 0.000089	372	0.000089 0.000089	372	0.000089 0.000089	372	0.000088 0.000088	372	0.000088 0.000088
Ida Jacobsen	2,976	$\frac{0.000089}{0.000712}$		$\frac{0.000089}{0.000712}$		$\frac{0.000089}{0.000712}$		$\frac{0.000088}{0.000708}$		$\frac{0.000088}{0.000708}$
•				0.000712		0.0007.12				
Group Executive Management Henrik Poulsen	58,000 37,296 15,000 19,580 0 29,383	0.0139 0.0089 0.0036 0.0047 0.0000 0.0070	58,000 37,296 15,000 19,580 0 29,383	0.0139 0.0089 0.0036 0.0047 0.0000 0.0070	58,000 37,296 15,000 19,580 0 29,383	0.0139 0.0089 0.0036 0.0047 0.0000 0.0070	130,500 83,916 33,750 44,055 0 66,111	0.0310 0.0200 0.0080 0.0105 0.0000 0.0157	130,500 83,916 33,750 44,055 0 66,111	0.0310 0.0200 0.0080 0.0105 0.0000 0.0157
Total, Group Executive Management	159,259	0.0381	159,259	0.0381	159,259	0.0381	358,332	0.0852	358,332	0.0852
Other employee shareholders ⁽³⁾	2,177,642	0.5213	2,177,642	0.5213	2,177,642	0.5213	4,665,453	1.1097	4,665,453	1.1097
The Company (treasury shares) ⁽⁴⁾	372	0.000089	372	0.000089	372	0.000089	372	0.000088	372	0.000088

⁽¹⁾ See Section 20.3 "Selling Shareholders" of this Offering Circular.

20.3 Selling Shareholders

All shareholding and voting rights upon completion of the Offering discussed in this Section 20.3 "Selling Shareholders" are stated without taking into account (i) the potential redelivery and transfer of Shares to us by certain Selling Shareholders to settle the Siri Compensation (see Section 20.4 "Investment Agreement").

⁽²⁾ Nyfors Entreprise A/S is an indirect subsidiary of SE a.m.b.a.

⁽³⁾ Number of Shares held by our other employee shareholders does not include Shares held by our Group Executive Management.

⁽⁴⁾ The Selling Shareholders have agreed to reserve and sell to the Company such number of Offer Shares as is up to a maximum of the DSP Shares, subject to, at the discretion of the Board of Directors, (i) satisfaction of the statutory requirements for the repurchase of shares and (ii) the Offer Price representing a fair market price for the DSP Shares, at the Offer Price with effect from the date of completion of the Offering. See Section 19.5.9 "DONG Energy Share Program" of this Offering Circular for a more detailed description of this repurchase of Shares.

⁽⁵⁾ The stated number of Shares held by each of NEI, SEAS-NVE Holding A/S, ATP, PFA Pension, Forsikringsaktieselskab, Insero Horsens, Nyfors Entreprise A/S and SE a.m.b.a. are stated assuming that the maximum number of Offer Shares (other than the Option Shares) are being sold in the Offering and that such parties will (i) not exercise the put option contained in the 2013 Shareholders Agreement and (ii) choose to settle the Siri Compensation by cash payment and not by transferring Shares to us. See Section 20.3 "Selling Shareholders—Shareholders Agreements" and Section 20.4 "Investment Agreement and Siri Compensation," for a description of the number of Shares with which, subject to certain assumptions, such Selling Shareholders' shareholdings in the Company would be lowered in case they choose to settle the Siri Compensation by way of redelivering and transferring Shares to us.

⁽⁶⁾ Assuming that the maximum number of matching shares will be granted and, thus, issued as bonus shares under our Employee Share Program and Leader Share Program. See Section 19.5.7 "Employee Share Program and Leader Share Program" of this Offering Circular for a more detailed description of this issuance of bonus Shares.

and Siri Compensation"), (ii) our issuance of bonus Shares to settle our obligations pursuant to the Employee Share Program and the Leader Share Program, see Section 19.5.7 "Employee Share Program and Leader Share Program", (iii) the potential exercise of the put option contained in the 2013 Shareholders Agreement (see the subsection "—Shareholders Agreements" below) or (iv) any Shares acquired by any of the Selling Shareholders in the Offering. Furthermore, the voting rights upon completion of the Offering discussed in this Section 20.3 "Selling Shareholders" are stated assuming that we will repurchase a total of 265,000 Shares at completion of the Offering, see Section 19.5.9 "DONG Energy Share Program." For further information with regard to how the shareholdings of each Selling Shareholder upon completion of the Offering may be adjusted based on the number of Offer Shares (other than the Option Shares) being sold in the Offering, see Section 25.2 "The Offering".

The Kingdom of Denmark

The Kingdom of Denmark exercises its shareholder rights through the Danish Ministry of Finance. The address of the Danish Ministry of Finance, is Christiansborg Slotsplads 1, DK-1218 Copenhagen K, Denmark.

As at the date of this Offering Circular, the Kingdom of Denmark owns 245,465,600 Shares, corresponding to 58.76% of the Company's share capital and voting rights. The Kingdom of Denmark is offering 34,755,257 Shares in the Offering. Upon the completion of the Offering, the Kingdom of Denmark will own 210,710,343 Shares, corresponding to 50.44% of the Company's share capital and voting rights. The number of Shares held by the Kingdom of Denmark upon completion of the Offering is not dependent on the number of Offer Shares being sold in the Offering.

For further information about the Kingdom of Denmark, see Section 21 "DONG Energy's Relationship with the Kingdom of Denmark."

NEI

NEI is a limited liability company organized under the laws of Luxembourg under reg. no. B181487. The address of NEI is 2 Rue du Fossé, L-1536 Luxembourg, Grand Duchy of Luxembourg.

As at the date of this Offering Circular, NEI owns 74,592,990 Shares, corresponding to 17.86% of the Company's share capital and voting rights. NEI is offering 18,648,248 Shares in the Offering. Upon the completion of the Offering, NEI will own 61,320,555 Shares, corresponding to 14.68% of the Company's share capital and voting rights, assuming no exercise of the Overallotment Option and assuming the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering. Assuming the Overallotment Option is exercised in full and assuming the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, NEI will own 55,944,742 Shares, corresponding to 13.39% of the Company's share capital and voting rights upon the completion of the Offering. The number of Shares held by the NEI upon completion of the Offering is not dependent on the number of Offer Shares (other than the Option Shares) being sold in the Offering.

As at the date hereof, NEI is controlled by New Energy I S.à r.l. ("NE I") and New Energy II S.à r.l. ("NE II"). NE I, which possesses the majority of voting rights in NEI, and NE II are limited liability companies organized under the laws of Luxembourg and are controlled by entities which are under the control of the Merchant Banking Division of Goldman Sachs ("MBD"). These entities include Danish Energy Investors B, L.P., a Cayman Islands limited partnership, which possesses the majority of voting rights in NE I.

MBD is the primary center for Goldman Sachs' long-term principal investing activity, and Goldman Sachs has operated this business as an integral part of the firm for more than 25 years. The group invests in equity and credit across corporate, real estate and infrastructure strategies and has raised over \$145 billion of levered fund capital to invest across a number of geographies, industries and transaction types since 1986. With nine offices in seven countries around the world, MBD is one of the largest managers of private capital globally, offering deep expertise and long-standing relationships with companies, investors, entrepreneurs and financial intermediaries around the globe.

Goldman Sachs is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in all major financial centers around the world.

SEAS-NVE Holding A/S

SEAS-NVE Holding A/S is a public limited liability company incorporated under the laws of Denmark under reg. no. 25784413. The registered address of SEAS-NVE Holding A/S is Hovedgaden 36, DK-4520 Svinninge, Denmark. As at the date of this Offering Circular, SEAS-NVE Holding A/S owns 45,195,230 Shares, corresponding to 10.82% of the Company's share capital and voting rights. SEAS-NVE Holding A/S is offering 5,070,110 Shares in the Offering. Upon the completion of the Offering SEAS-NVE Holding A/S will own 40,125,120 Shares, corresponding to 9.61% of the Company's share capital and voting rights. The number of Shares held by the SEAS-NVE Holding A/S upon completion of the Offering is not dependent on the number of Offer Shares being sold in the Offering.

SEAS-NVE Holding A/S is a wholly owned subsidiary of SEAS-NVE A.M.B.A., which is a registered cooperative society with limited liability organized under the laws of Denmark, having its registered address at Hovedgaden 36, DK-4520 Svinninge, Denmark. SEAS-NVE A.M.B.A. is an energy provider owned by its 386.000 customers, as all customers are automatically also members of the cooperative society.

ATP

ATP is an independent self-governing regulated pension fund organized under the laws of Denmark under reg. no. 43405810. The registered address of ATP is Kongens Vænge 8, DK-3400 Hillerød, Denmark. As at the date of this Offering Circular, ATP owns 20,513,072 Shares, corresponding to 4.91% of the Company's share capital and voting rights.

ATP is offering 5,128,268 Shares in the Offering. Upon the completion of the Offering, ATP will own 16,863,153 Shares, corresponding to 4.04% of the Company's share capital and voting rights, assuming no exercise of the Overallotment Option and assuming the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering. Assuming the Overallotment Option is exercised in full and assuming the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, ATP will own 15,384,804 Shares, corresponding to 3.68% of the Company's share capital and voting rights upon the completion of the Offering. The number of Shares held by ATP upon completion of the Offering is not dependent on the number of Offer Shares (other than the Option Shares) being sold in the Offering.

ATP was established under its own act in 1964 with a view to ensuring a larger basic pension for large portions of the Danish population—a supplement to the state retirement pension. ATP is funded by mandatory contributions, and ATP manages assets of more than DKK 700 billion.

SE a.m.b.a.

SE a.m.b.a. (formerly Syd Energi a.m.b.a.) is a registered cooperative society with limited liability organized under the laws of Denmark under reg. no. 38476114. The registered address of SE a.m.b.a. is Edison Park 1, DK-6715 Esbjerg N, Denmark. As at the date of this Offering Circular, SE a.m.b.a. owns 14,404,355 Shares, corresponding to 3.45% of the Company's share capital and voting rights, and together with its wholly owned subsidiary Nyfors Entreprise A/S, holds 18,755,567 Shares, corresponding to 4.49% of the Company's share capital and voting rights.

SE a.m.b.a. is offering up to 10,803,266 Shares in the Offering and, together with its wholly owned subsidiary Nyfors Entreprise A/S, 15,154,478 Shares. Upon the completion of the Offering, SE a.m.b.a. will own 5,578,605 Shares, corresponding to 1.34% of the Company's share capital and voting rights, assuming no exercise of the Overallotment Option and assuming the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, and will together with its wholly owned subsidiary Nyfors Entreprise A/S, own 6,317,853 Shares, corresponding to 1.51% of the Company's share capital and voting rights, assuming no exercise of the Overallotment Option and assuming the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering. Assuming the Overallotment Option is exercised in full and assuming the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, SE a.m.b.a. will own 3,601,089 Shares, corresponding to 0.86% of the Company's share capital and voting rights upon the completion of the Offering and, together with its wholly owned

subsidiary Nyfors Entreprise A/S, own 3,601,089 Shares, corresponding to 0.86% of the Company's share capital and voting rights upon the completion of the Offering. For a discussion of the number of Shares to be held by SE a.m.b.a., including Nyfors Entreprise A/S upon completion of the Offering if less than the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, see Section 25.2 "The Offering".

SE a.m.b.a. is one of Denmark's largest energy and telecommunications companies, owned by its 316,000 members, and having around 725,000 customers.

PFA Pension, Forsikringsaktieselskab

PFA Pension, Forsikringsaktieselskab is a public limited liability company organized under the laws of Denmark under reg. no. 13594376. The registered address of PFA Pension, Forsikringsaktieselskab is Sundkrogsgade 4, DK-2100 Copenhagen, Denmark. As at the date of this Offering Circular, PFA Pension, Forsikringsaktieselskab owns 7,459,299 Shares, corresponding to 1.79% of the Company's share capital and voting rights.

PFA Pension, Forsikringsaktieselskab is offering 1,864,825 Shares in the Offering. Upon the completion of the Offering, PFA Pension, Forsikringsaktieselskab will own 6,132,055 Shares, corresponding to 1.47% of the Company's share capital and voting rights, assuming no exercise of the Overallotment Option and assuming the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering. Assuming the Overallotment Option is exercised in full and assuming the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, PFA Pension, Forsikringsaktieselskab will own 5,594,474 Shares, corresponding to 1.34% of the Company's share capital and voting rights upon the completion of the Offering. The number of Shares held by PFA Pension, Forsikringsaktieselskab upon completion of the Offering is not dependent on the number of Offer Shares (other than the Option Shares) being sold in the Offering.

PFA Pension, Forsikringsaktieselskab was founded in 1917 by several organizations of employers and employee associations. The purpose of the company is to establish a solid financial foundation for its customer's employees and their families. PFA Pension, Forsikringsaktieselskab provides pension and insurance products to around 1.1 million people. PFA Pension, Forsikringsaktieselskab achieved a positive return of investments of DKK 13.6 billion in 2015.

PFA Pension, Forsikringsaktieselskab is a wholly owned subsidiary of PFA Holding A/S which is a public limited company incorporated under the laws of Denmark, having its registered address at Sundkrogsgade 4, DK-2100 Copenhagen, Denmark. With its subsidiaries PFA Holding A/S forms the largest commercial pension fund in Denmark, managing over 500 billion DKK.

Nyfors Entreprise A/S

Nyfors Entreprise A/S is a public limited liability company incorporated under the laws of Denmark under reg. no. 30545788. The registered address of Nyfors Entreprise A/S is Saltumvej 22, DK-9700 Brønderslev, Denmark. As at the date of this Offering Circular, Nyfors Entreprise A/S owns 4,351,212 Shares, corresponding to 1.04% of the Company's share capital and voting rights.

Nyfors Entreprise A/S is offering up to 4,351,212 Shares in the Offering. Upon the completion of the Offering, Nyfors Entreprise A/S will own 739,248 Shares, corresponding to 0.18% of the Company's share capital and voting rights, assuming no exercise of the Overallotment Option and assuming the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering. Assuming the Overallotment Option is exercised in full and assuming the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, Nyfors Entreprise A/S will own 0 Shares, corresponding to 0.00% of the Company's share capital and voting rights upon the completion of the Offering. For a discussion of the number of Shares to be held by Nyfors Entreprise A/S upon completion of the Offering if less than the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, see Section 25.2 "The Offering".

Nyfors Entreprise A/S is a wholly owned subsidiary of Nyfors Holding A/S, which, following a recent merger between Nyfors a.m.b.a. and SE a.m.b.a., is a wholly owned subsidiary of SE a.m.b.a. (see above).

Aura Energi A.M.B.A.

Aura Energi A.M.B.A. is a registered cooperative society with limited liability organized under the laws of Denmark under reg. no. 35861564. The registered address of Aura Energi A.M.B.A. is Smedeskovvej 55, DK-8464 Galten, Denmark. As at the date of this Offering Circular, Aura Energi A.M.B.A. owns 2,660,500 Shares, corresponding to 0.64% of the Company's share capital and voting rights.

Aura Energi A.M.B.A. is offering 2,394,500 Shares in the Offering. Upon the completion of the Offering, Aura Energi A.M.B.A. will own 956,273 Shares, corresponding to 0.23% of the Company's share capital and voting rights, assuming no exercise of the Overallotment Option and assuming the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering. Assuming the Overallotment Option is exercised in full and assuming the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, Aura Energi A.M.B.A. will own 266,000 Shares, corresponding to 0.06% of the Company's share capital and voting rights upon the completion of the Offering. The number of Shares held by Aura Energi A.M.B.A. upon completion of the Offering is not dependent on the number of Offer Shares (other than the Option Shares) being sold in the Offering.

Aura Energi A.M.B.A. is an energy provider founded in 2014 by taking over all assets and liabilities of Østjysk Energi, Galten Elværk a.m.b.a., Viby El-værk A.m.b.a. and Andelsselskabet af den 30. Juli 2014 (former Brabrand El-selskab A.m.b.a.). Aura Energi A.M.B.A's investments amounted to DKK 208 million in 2014.

Insero Horsens

Insero Horsens is an association organized under the laws of Denmark under reg. no. 31103843. The registered address of Insero Horsens is Chr M Østergaards Vej 4, DK-8700 Horsens, Denmark. As at the date of this Offering Circular, Insero Horsens owns 743,866 Shares, corresponding to 0.18% of the Company's share capital and voting rights.

Insero Horsens is offering up to 743,866 Shares in the Offering. Upon the completion of the Offering, Insero Horsens will own 126,379 Shares, corresponding to 0.03% of the Company's share capital and voting rights, assuming no exercise of the Overallotment Option and assuming the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering. Assuming the Overallotment Option is exercised in full and assuming the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, Insero Horsens will own 0 Shares, corresponding to 0.00% of the Company's share capital and voting rights upon the completion of the Offering. For a discussion of the number of Shares to be held by Insero Horsens upon completion of the Offering if less than the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, see Section 25.2 "The Offering".

Insero Horsens invests in companies start-up companies and development projects within the areas of energy and it, as well in and local initiatives within education culture, and sports.

Shareholders Agreements

Our Majority Shareholder has entered into two separate shareholders agreements with the Minority Shareholders.

Except for certain customary provisions surviving termination relating, for example, to confidentiality and applicable law, both shareholders agreements will terminate upon completion of the Offering, assuming that the put option included in the 2013 Shareholders Agreement is not exercised, in which case the rights and obligations for such exercised put option shall only terminate upon settlement.

The first shareholders agreement was entered into in November 2013 by our Majority Shareholder, ATP, NEI and PFA Pension, Forsikringsaktieselskab, and subsequently acceded to by Insero Horsens, Nyfors Entreprise A/S, SEAS-NVE Holding A/S, and SE a.m.b.a. in connection with an investment in the Company by new and existing shareholders and covers the Majority Shareholder's Shares and the Shares subscribed for in connection with such investment by the relevant Minority Shareholders (the "2013 Shareholders Agreement").

The second shareholders agreement comprises the Majority Shareholder, Aura Energi A.M.B.A. (previously Galten Elværk A.M.B.A.), Insero Horsens, Nyfors Entreprise A/S, SEAS-NVE Holding A/S and SE a.m.b.a. and was entered into in February 2014 and covers the Majority Shareholder's Shares and Shares owned by the Minority Shareholders prior to the investment in 2014 (the "2014 Shareholders Agreement").

Both shareholders agreements contain provisions whereby certain Minority Shareholders have rights and/or obligations, subject to certain conditions, to take part in the Offering on the same terms as those applicable to the Majority Shareholder.

Under the 2013 Shareholders' Agreement, each of NEI, SEAS-NVE Holding A/S, ATP, SE a.m.b.a., PFA Pension, Forsikringsaktieselskab, Nyfors Entreprise A/S, and Insero Horsens has the right, exercisable at any time until settlement of the Offering, including for settlement after the Offering, to sell to the Kingdom of Denmark, at an agreed price that is lower than the bottom end of the Offer Price Range per Share, all or part of its Shares covered by the 2013 Shareholders' Agreement acquired pursuant to the Investment Agreement, representing 17.86% (NEI), 3.17% (SEAS-NVE), 4.91% (ATP), 1.00% (SE a.m.b.a.), 1.79% (PFA Pension, Forsikringsaktieselskab), 0.22% (Nyfors Entreprise A/S), and 0.18% (Insero Horsens), respectively of the Shares in the Company, without prejudice to the obligations assumed by each such Selling Shareholder to sell up to their respective Offer Shares as set out in the Underwriting Agreement.

Further, pursuant to the 2013 Shareholders Agreement, NEI and SEAS-NVE Holding A/S have entered into an agreement with the Majority Shareholder effective as from expiry of the lock-up undertaken by such Selling Shareholders pursuant to the Underwriting Agreement whereby each of NEI and SEAS-NVE Holding A/S agreed, for so long as it holds at least 5% of the shares in the Company, to consult with the Majority Shareholder prior to any further sale of its Shares.

20.4 Investment Agreement and Siri Compensation

On November 29, 2013, we entered into an Investment Agreement with the Majority Shareholder, NEI, ATP and PFA Pension, Forsikringsaktieselskab (the "Investment Agreement"). The Investment Agreement was subsequently acceded to by SEAS-NVE Holding A/S, Insero Horsens, Nyfors Entreprise A/S and SE a.m.b.a. (the foregoing, except for the Company and the Majority Shareholder, the "2013 Investors").

Pursuant to the Investment Agreement, we issued a total of 121,676,224 Shares to the 2013 Investors against cash payment. We undertook certain customary representations and warranties and other obligations towards the 2013 Investors, all substantive parts of which, except for certain customary fundamental warranties which we consider fulfilled, have expired or will terminate automatically upon completion of the Offering. As part of the Investment Agreement, it was agreed that we could fulfil our obligations to satisfy certain claims for breach of the warranties and other obligations by issuing new shares to the 2013 Investors. For that reason an authorization to our Board of Directors was inserted in article 4.2 of our Articles of Association to increase the share capital of the Company in one or more issues without pre-emption rights for the existing shareholders of the Company by up to a nominal amount of DKK 490,000,000 by way of conversion of debt in exchange for issuance of compensation shares to the shareholders (or their permitted assignees) that subscribed for shares in connection with the capital increase in the Company adopted on February 20, 2014. See Section 23.3 "Authorization to increase share capital." Given the outcome of the process with regard to Siri, as discussed just below, and that all substantive parts of our obligations undertaken under the Investment Agreement towards the 2013 Investors have expired or will terminate upon completion of the Offering and given that we are allowed to satisfy any claims the 2013 Investors might nevertheless have against us against payment in cash, we are of the opinion that upon completion of the Offering there will be no situation where such authorization will be exercised.

Pursuant to the Investment Agreement, the parties agreed to a mechanism whereby the Company would be obliged to indemnify the 2013 Investors or the 2013 Investors would be obliged to compensate the Company in respect of certain then identified issues related to the Siri platform. This mechanism is separate from the outcome of other legal proceedings related to the Siri platform. The process was finally decided upon by an expert panel on April 11, 2016 and resulted in the 2013 Investors being obliged to compensate us, subject to completion of the Offering, for a total amount of DKK 87 million plus interest from September 30, 2015 until the date of payment (the "Siri Compensation"), divided (exclusive of interest) among the 2013 Investors as follows: NEI DKK 53,334,907, ATP DKK 14,667,099, PFA Pension, Forsikringsaktieselskab DKK 5,333,491, SEAS-NVE Holding A/S DKK 9,465,855, Insero Horsens DKK 531,873, Nyfors Entreprise A/S DKK 666,686 and SE a.m.b.a. DKK 3,000,088.

According to the Investment Agreement, no later than 10 business days after completion of the Offering, the Siri Compensation shall be settled, at the choice of each 2013 Investor, by way of either (i) a cash payment to us of the amount set forth above in respect of each 2013 Investor plus interest from the date of determination of the Siri Compensation until payment is made, or (ii) such 2013 Investor transferring and

redelivering to us free of charge such number of Shares that equals (as determined in accordance with the Investment Agreement) a value corresponding to the amount which each Investor is obliged to compensate us for. As of the date of this Offering Circular, we have received no indications from the 2013 Investors as to which of the two options each of them will use to satisfy the Siri Compensation.

Assuming that all 2013 Investors choose to satisfy the Siri Compensation by way of transferring and redelivering Shares to us, and assuming such transfer would be made at a price of DKK 227.5 per Share (equal to a price in the middle of the Offer Price Range) this would entail that we would receive a total of 382,418 Shares from the 2013 Investors (exclusive of Shares redelivered and transferred to us to settle the interest to which we are entitled), divided among the 2013 Investors as follows: NEI 234,439 Shares, ATP 64,471 Shares, PFA Pension, Forsikringsaktieselskab 23,444 Shares, SEAS-NVE Holding A/S 41,608 Shares, Insero Horsens 2,338 Shares, Nyfors Entreprise A/S 2,930 Shares and SE a.m.b.a 13,187 Shares. The shareholding of each Investor, in addition to the Offer Shares sold by each 2013 Investor, would decrease accordingly.

We would hold the Shares so received as treasury shares for the purpose of, *inter alia*, using such Shares in connection with settlement of our obligations under the DSP.

21. DONG ENERGY'S RELATIONSHIP WITH THE KINGDOM OF DENMARK

21.1 The Kingdom of Denmark as Majority Shareholder

The Kingdom of Denmark exercises its shareholder rights through the Danish Ministry of Finance.

The Shares owned by the Kingdom of Denmark have the same voting rights as all other Shares. See Section 23 "Description of the Shares and Share Capital." As the Kingdom of Denmark will own more than 50% of Shares upon completion of the Offering, the Kingdom of Denmark will continue to be our majority Shareholder after completion of the Offering and will have corresponding influence on matters submitted to a vote at our general meeting of shareholders, such as adoption of the annual financial statements, distribution of dividends, election or dismissal of members of the Board of Directors, and the ability to block any amendment of the Articles of Association or increases of our share capital.

By decision of April 27, 2016, the European Commission approved the acquisition by the Kingdom of Denmark through the Ministry of Finance of the sole control of the Company and it will have sole control following completion of the Offering.

The Danish Ministry of Finance has in April 2015 adopted a policy which sets outs a number of recommendations regarding state ownership ("State Ownership Policy").

Pursuant to the State Ownership Policy, as a general rule, the majority of the board members, including the chairman, in state-owned companies shall be independent. The independency criteria of the Corporate Governance Recommendations will be applied as the starting point for determining whether the independency requirement is met. Moreover, it follows from the State Ownership Policy that, as a main rule, the Kingdom of Denmark will not elect civil servants from the central administration to serve as board members.

After the Offering, all disclosures to and communications with our shareholders, including the Kingdom of Denmark, will be made in accordance with applicable regulation and article 10.9 of our Articles of Association. See further Section 26 "The Danish Securities Market—Disclosure Obligations," and Section 23 "Description of the Shares and Share Capital."

21.2 The Political Agreement; transfer of gas infrastructure assets to the Kingdom of Denmark

By the Political Agreement dated October 7, 2004 the Danish Government and parties representing a majority in the Danish Parliament, agreed on the main terms and conditions for the sale of the Kingdom of Denmark's shares in the Company. The Political Agreement was re-confirmed in October 2007 and February 2013 and latest in September 2015 by the Confirmation Political Agreement which allows for the sale of the Kingdom of Denmark's Shares through an initial public offering, however, provided that the Kingdom of Denmark shall retain a majority interest in the Company at least until 2020, unless the parties to the Confirmation Political Agreement agree otherwise. Any subsequent changes in the ownership interest of the Kingdom of Denmark also require agreement among the parties to the Confirmation Political Agreement. The Confirmation Political Agreement further states the Kingdom of Denmark's wish to secure the continued state-control over the Gas Infrastructure Assets and the Oil Pipeline Business, in

both cases by seeking a sale of our Gas Infrastructure Assets and Oil Pipeline Business to the state-owned Energinet.dk on commercial terms.

On this background, an agreement with Energinet.dk regarding the sale of the Gas Distribution Network has been entered into, see Section 21.5.1 "*Energinet.dk*" for a description hereof.

In case a transfer of the Gas Distribution Network is not completed, Section 34 of the Danish Gas Supply Act provides that a direct or indirect change of control (as defined in the Act) of us triggers an obligation for us to sell our interest in the Gas Distribution Network to the Kingdom of Denmark following the change of control. A reduction by the Kingdom of Denmark of its ownership interest in the Company to less than a majority interest would constitute a change of control under Section 34 of the Danish Gas Supply Act.

Section 34 of the Danish Gas Supply Act also contains provisions on the procedure to be followed if the parties are unable to reach an agreement as to price. In this event, the price will be set based on a determination of market value by the permanent expropriation commission, a commission which is established under the Danish Act on the Procedure for Compulsory Purchases to determine the market value of property to be expropriated by the Kingdom of Denmark. Under the Danish Constitution, property can only be expropriated by the Kingdom of Denmark against full compensation of the value of the property. Any decision by the permanent expropriation commission may be challenged and is subject to review by the Danish courts.

No rules or procedures similar to Section 34 of the Danish Gas Supply Act apply in respect of the other parts of our Gas Infrastructure Assets or in respect of our Oil Pipeline Business.

Pursuant to Article 14 of our Articles of Association, any transfer or imposition of liens on the Gas Infrastructure Assets or our Oil Pipeline Business may only be made to the Kingdom of Denmark or legal persons controlled by the Kingdom of Denmark.

21.3 The Kingdom of Denmark as participant in exploration licenses

Until the sixth licensing round in 2006, we were the vehicle for the Kingdom of Denmark's participation in all Danish exploration licenses awarded in connection with the partial relinquishment of acreage from the Sole Concession in 1981, whereby we were compulsorily assigned a share (typically 20%) in such Danish exploration licenses by the Kingdom of Denmark. Today, the Kingdom of Denmark participates in exploration licenses through Nordsøfonden, and while we have retained the license shares compulsorily assigned to us, we have renounced all special rights obtained in our previous role as state participating company. See Section 18.5.1.4 "State Participation by the Kingdom of Denmark."

21.4 The Kingdom of Denmark as regulator

As a company incorporated and with activities in Denmark, we are subject to the laws and regulations of or applicable in the Kingdom of Denmark. Changes to relevant laws and regulations could have a material impact on our operations. The Kingdom of Denmark has a variety of administrative agencies that exercise regulatory oversight and guidance over our activities. These agencies include The Danish Ministry of Energy, Utilities and Climate, the DEA and DERA which exercise regulatory authority over energy companies operating in Denmark. See Section 18 "Regulation."

In addition, a number of other administrative agencies, such as the Danish Ministry of Environment and Food, the Danish Competition and Consumer Authority and the Danish Financial Supervisory Authority have regulatory authority over certain aspects of our operations.

Furthermore, we pay a significant portion of our taxes directly to the Kingdom of Denmark, including excise duties imposed by the Kingdom of Denmark in connection with our power and heat generation activities. See Section 18.6.1 "*Taxation*."

We hold a number of licenses and permits related to our activities in Denmark which have been granted to us by the Kingdom of Denmark. See Section 18 "Regulation" and Section 22 "Related Party Transactions."

It is in the State Ownership Policy emphasized that the Kingdom of Denmark both has a role as shareholder in the state-owned company as well as regulatory and administrative authority. Pursuant to the recommendations of the State Ownership Policy, state-owned companies shall not be treated better or worse in relation to applicable legislation than similar private companies. It also follows from the State Ownership Policy that the Kingdom of Denmark's roles as owner and as regulator and administrative

authority shall be organized so as to ensure that the Kingdom of Denmark's ownership role on the one hand is handled professionally so that ownership supports the efficient operation of the state-owned company while one the other hand, the Kingdom of Denmark's role as authority shall be exercised on a just and fair basis without regard to whether the Kingdom of Denmark has an ownership interest in a company or not.

21.5 Transactions with the Kingdom of Denmark and entities controlled by the Kingdom of Denmark

21.5.1 Energinet.dk

In 2006, as part of the European Commission's approval of our acquisition of five regional Danish energy companies (Elsam, NESA, Energi E2, KE Holding, and Frederiksberg Elnet Group), we entered into a sale and purchase agreement with Energinet.dk, which is owned by the Kingdom of Denmark, for the sale of the Ll. Torup gas storage facility to Energinet.dk. The sale was completed on May 1, 2007.

Our acquisition of Elsam, which was also the majority owner of Nesa, triggered a right and obligation for Energinet.dk pursuant to Section 35 of the Electricity Supply Act to acquire the 132 kV regional power transmission network covering Northern Zealand that formed part of Nesa. We sold our 132 kV regional power transmission network to Energinet.dk in 2008.

In 2014, we entered into a sale and purchase agreement with Energinet.dk for the sale of the Stenlille gas storage facility to Energinet.dk. The sale was completed on December 31, 2014.

On May 10, 2016 we entered into an agreement with Energinet.dk for the divestment to Energinet.dk of our gas distribution activities, including the Gas Distribution Network, for a price of DKK 2.3 billion which has been fixed in accordance with the principles applicable pursuant to Section 34 of the Danish Natural Gas Supply Act. Completion of divestment is conditional upon obtaining approval by the Ministry of Energy, Utilities and Climate, by the Kingdom of Denmark (as required by Exhibit 1 of our Articles of Association) and by the Finance Committee of the Danish Parliament, and upon obtaining merger approval by the Danish Competition and Consumer Authority. For Energinet.dk it is also a condition that prior to completion of the divestment, the Gas Distribution Network does not suffer from damage that prevents unchanged continued operations of the entire or major parts of the gas distribution activities in Jutland and/or at Zealand. We currently anticipate that completion of the divestment will occur in September 2016. See Section 15.13.3 "Gas Distribution."

We have other significant dealings with Energinet.dk on a daily basis in its capacity as the Danish TSO. As the Danish TSO, it operates the 132/150 kV and 400 kV power transmission networks in Denmark and the Danish gas transmission network which we use to carry power and gas. Energinet.dk is also the owner of the two Danish gas storage facilities in Ll. Torup and Stenlille. When the divestment of our Gas Distribution Network is completed, Energinet.dk will also operate such gas distribution networks, which we use to carry gas. In addition, we sell power system services to Energinet.dk to enable it to meet its requirements for system integrity and emergency supplies for the Danish power supply system.

21.5.2 Nordsøfonden

Nordsøfonden is an entity under the Danish Ministry of Business and Growth and is administered by the Danish North Sea Partner. In 2005, Nordsøfonden was established to hold responsibility for the Kingdom of Denmark's participation in new hydrocarbon licenses. We have been a partner with Nordsøfonden in certain of the licenses that have recently been awarded by the Kingdom of Denmark and we also have Nordsøfonden as counterparty on certain of our long-term gas purchase contracts. See Section 18.5.1.4 "State Participation by the Kingdom of Denmark."

21.5.3 Other

The Kingdom of Denmark controls a number of entities with which we conduct business in the ordinary course, inter alia by delivery of power and gas to state institutions. The financial value of most of these transactions is not material and the ownership interest of the Kingdom of Denmark in these state-controlled entities has not had any effect on the arm's length nature of these transactions.

21.6 Regulation of state-owned companies

Pursuant to the Danish Companies Act, state-owned companies are Danish companies controlled by the Kingdom of Denmark. State-owned companies are subject to special rules in the Danish Companies Act, most importantly, an obligation to notify the Danish Business Agency immediately of any significant matters which relate to the company or the group, and which may be expected to affect the future of the company or the group, or its employees, shareholders and creditors. Further, general meetings of state-owned companies are open to the press. The special rules in the Danish Companies Act applicable to state-owned companies do not apply to companies with shares listed on a stock exchange or to subsidiaries of the state-owned companies.

22. RELATED PARTY TRANSACTIONS

Related parties that have control over us comprise our Majority Shareholder, the Kingdom of Denmark, through the Danish Ministry of Finance, which owns 58.76% of us. Related parties with a significant influence over us include Goldman Sachs. Other related parties are our associates and joint ventures, members of the Board of Directors and the Executive Board and other senior executives.

We have engaged, and will continue to engage, in transactions with the Kingdom of Denmark, and with other entities controlled by the Kingdom of Denmark. Our relationships with and transactions with the Kingdom of Denmark are described in Section 21 "Dong Energy's relationship with the Kingdom of Denmark" and our transactions with entities controlled by the Kingdom of Denmark are described in Section 21.5 "Transactions with the Kingdom of Denmark and other entities controlled by the Kingdom of Denmark." Transactions with Goldman Sachs predominantly consist of power, gas, crude and coal trade transactions. Goldman Sachs is one of the 14 banks having provided to us a syndicated revolving credit facility of approximately EUR 1.75 billion (See Section 16.8.3.1 "Revolving credit facility") and is currently providing advisory services in respect of one of our Wind Power investment projects. Set forth below is a summary of our transactions with Goldman Sachs, associates and joint ventures. For additional information on related party transactions, see Note 8.7 to the audited consolidated financial statements as at December 31, 2015.

	Joint ventures			Associates				Goldman Sachs				
	Q1 2016	2015	2014	2013	Q1 2016	2015	2014	2013	Q1 2016	2015	2014	2013
					(I	OKK mi	llion)					
Dividends received and												
capital reductions		53	20			5	2	74				
Capital transactions, net .			(53)	(41)			(50)	(29)			8,000	
Sales of goods and												
services			23	33	4	36	92	49	299	954	965	
Purchase of goods and												
services	(32)	(72)	(91)	(110)	(5)	(24)	(29)	(42)				
Interest, net	6	28	40	38	, ,	(201)	1	1				
Receivables	797	883	879	1,202		5	239	238	66	256	102	
Payables	276	344	261				3					

Remuneration to the Board of Directors, the Executive Board and other senior executives is described in Section 19.2.3.4 "Compensation of our Board of Directors", Section 19.3.2 "Compensation of our Executive Board", Section 19.4.2 "Compensation of Other Members of Group Executive Management" and Section 19.8.3 "Principles for remuneration of our Board of Directors and Executive Board."

For a description of the Investment Agreement, see Section 20.4 "Investment Agreement and Siri Compensation."

There were no other related-party transactions during FY 2013, FY 2014, FY 2015 and Q1 2016.

23. DESCRIPTION OF THE SHARES AND SHARE CAPITAL

The following is a summary of material information relating to our share capital, including a summary of certain provisions of our Articles of Association dated May 20, 2016 as well as a brief description of certain provisions of the Danish Companies Act. This summary does not purport to be exhaustive and should be read in conjunction with the full text of our Articles of Association as well as in the context of applicable Danish law. See "Annex A—Articles of Association of DONG Energy A/S." We are a public limited company incorporated on March 27, 1972 and are organized under the laws of Denmark under the name DONG Energy A/S with our registered office at Kraftværksvej 53, DK-7000 Fredericia, Denmark. We are registered with the Danish Business Authority under CVR no. 36 21 37 28. We also carry on business under the secondary name: Dansk Olie og Naturgas A/S.

23.1 Registered share capital

As at the date of this Offering Circular, our share capital is DKK 4,177,263,730, divided into 417,726,373 Shares with a nominal value of DKK 10 each. The Shares are denominated in Danish Kroner. The Shares are not divided into share classes and all Shares have equal rights in respect of voting rights, pre-emption rights, redemption, conversion and restrictions or limitations according to the Articles of Association of eligibility to receive dividend or proceeds in the event of dissolution and liquidation. No Shares carry special rights. All Shares are issued and fully paid up. Each Share entitles its holder to one vote at general meetings and to receive distributed dividends.

Based on the currently expected timetable for the Offering, we expect that our Board of Directors will, on or around June 24, 2016, decide to increase our share capital by issuing a maximum of 2,686,884 bonus Shares to the participants in the Employee Share Program and the Leader Share Program pursuant to the authorization given to the Board of Directors at the extraordinary general meeting held on February 20, 2014, and amended at an extraordinary general meeting held on May 20, 2016. See Section 23.3 "Authorization to Increase Share Capital" and Section 4.4 of the Articles of Association. For a description of our Employee Share Program and Leader Share Program, see Section 19.5.7 "Employee Share Program and Leader Share Program" of this Offering Circular.

Accordingly, the Shares at the date of this Offering Circular will be diluted by the issuance of up to 2,686,884 bonus Shares with a total nominal value of DKK 26,868,840. Following the issuance of bonus Shares, the existing Shares will represent 99.36% of the Company's share capital assuming that the maximum number of bonus Shares are issued and delivered. For an overview of the maximum dilution effect resulting from the Company's issuance of bonus Shares reference is made to Section 20.2 "Table of Shareholders" of this Offering Circular.

23.2 Historical movement in share capital

The following table sets forth the development of the Company's share capital from its incorporation to the date of this Offering Circular:

Date of approval	Transaction type	Share capital before change (DKK)	Share capital change (DKK)	Share capital after change (DKK)	Price (DKK) ⁽¹⁾	Number of Shares after change
March 27, 1972	Incorporation of	_	$2,\!013,\!600,\!000^{(2)}$	2,013,600,000	100.00	201,360,000
	the Company					
December 19, 1986	Capital increase	2,013,600,000	35,000,000	2,048,600,000	100.00	204,860,000
December 18, 1987	Capital increase	2,048,600,000	35,000,000	2,083,600,000	100.00	208,360,000
December 22, 1988	Capital increase	2,083,600,000	10,000,000	2,093,600,000	100.00	209,360,000
December 22, 1989	Capital increase	2,093,600,000	20,000,000	2,113,600,000	100.00	211,360,000
February 15, 1991	Capital increase	2,113,600,000	20,000,000	2,133,600,000	100.00	213,360,000
December 23, 1991	Capital increase	2,133,600,000	10,000,000	2,143,600,000	100.00	214,360,000
April 19, 2006	Capital increase	2,143,600,000	793,499,000(3)	2,937,099,000	1,265.39	293,709,900
February 20, 2014	Capital increase	2,937,099,000	1,216,762,240	4,153,861,240	1,072.48	415,386,124
May 14, 2014	Capital increase	4,153,861,240	12,439,650	4,166,300,890	1,072.48	416,630,890
May 14, 2014	Capital increase	4,166,300,890	10,962,840	4,177,263,730	804.36	417,726,373

⁽¹⁾ Calculated in accordance with the practice of the Danish Business Authority whereby payment of an amount equivalent to the nominal value of a share is set at index price 100.

⁽²⁾ The shares were subscribed by payment in cash and contribution in kind.

⁽³⁾ The shares were subscribed by contribution in kind.

23.3 Authorization to increase share capital

The Board of Directors has pursuant to our Articles of Association been granted authorization to increase our share capital.

In accordance with article 4.2 of our Articles of Association, the Board of Directors is, until February 19, 2019, authorized to increase the share capital of the Company in one or more issues without pre-emption rights for the existing shareholders of the Company by up to a nominal amount of DKK 490,000,000 by way of conversion of debt (if and to the extent debt were to arise) in exchange for issuance of compensation shares to the shareholders (or their permitted assignees) that subscribed for shares in connection with the capital increase in the Company adopted on February 20, 2014. The shareholders which subscribed for shares in connection with the capital increase were NEI, ATP, PFA Pension, Forsikringsaktieselskab, SEAS-NVE, SE a.m.b.a., Insero Horsens and Nyfors Entreprise. Any capital increase shall occur at market price. In connection with any single or aggregate exercise of the authorization in article 4.2, the Board of Directors shall ensure that the total number of shares and voting rights in the Company owned by the Kingdom of Denmark shall always represent more than 50% of the total shares and voting rights of the Company following any such increase in the Company's share capital. For the impact of this authorization following completion of the Offering and a description of the potential debt obligations of the Company, see Section 20.4 "Investment Agreement and Siri Compensation."

Further, in accordance with article 4.4 of our Articles of Association, the Board of Directors is, until February 19, 2019, authorized to increase the share capital of the Company in one or more issues without pre-emption rights for the existing shareholders of the Company by up to a nominal amount of DKK 26,868,840 in connection with an issue of bonus shares for the benefit of the employees, including executive employees and leaders, of the Company and of a number of its (directly and/or indirectly) wholly-owned subsidiaries.

Shares issued pursuant to the Board of Directors' authorizations shall be issued in the name of the holder and shall be registered in the holder's name in our register of shareholders, shall be negotiable instruments, no restrictions shall apply to the transferability of the new shares, shall be registered with VP securities and will thus be subject to the rules of VP Securities and shall in every respect carry the same rights as the existing Shares.

23.4 Authorization to acquire treasury shares

The Board of Directors is authorized in the period until May 19, 2021 to purchase treasury Shares to the extent that the Company's holding of treasury Shares at no time exceeds 10% of the Company's share capital. From the time the Company's Shares are listed, the purchase price may not deviate by more than 10% from the quoted price on Nasdaq Copenhagen at the time of the purchase. Prior to the listing, the purchase price shall be either (i) the price at which Shares are sold in connection with the listing of the Company's Shares on Nasdaq Copenhagen with a deviation of up to 10% or (ii) not less than DKK 1 and not more than DKK 225 per Share.

We hold 372 treasury shares as of the date of this Offering Circular, corresponding to Shares with an aggregate nominal value of DKK 3,720.

By resolution of May 24, 2016, our Board of Directors has used the above-mentioned authorization to authorize the repurchase of Shares and the Selling Shareholders have agreed to reserve and sell to the Company such number of Offer Shares as is up to a maximum of the DSP Shares, subject to fulfilment of certain conditions, at the Offer Price with effect from the date of completion of the Offering. See Section 19.5.9 "DONG Energy Share Program" of this Offering Circular for a more detailed description of this repurchase of Shares.

23.5 Authorization to distribute interim dividends

As of the date of this Offering Circular, the Board of Directors has been authorized by our general meeting to distribute interim dividends, but currently has no plan to do so in the near future. The authorization is not limited (by an amount or otherwise) except as set out in the Danish Companies Act.

For further details on dividends and our dividend policy, see Section 12 "Dividends and Dividend Policy."

23.6 General meetings and voting rights

Our general meetings of shareholders shall be held in the municipality of Fredericia or in the greater Copenhagen area.

Our annual general meeting shall be held in due time for the annual report to be received by the Danish Business Authority before the applicable time limit. Not later than eight weeks before the contemplated date of the annual general meeting, we shall publish the date of the general meeting and the deadline for submitting requests for specific business to be included in the agenda.

Extraordinary general meetings shall be held when resolved by the general meeting or determined by the Board of Directors or when requested by one of our auditors. Furthermore, the Board of Directors shall convene an extraordinary general meeting within two weeks of receipt of a written request from shareholders representing at least 5% of the share capital containing specific proposals for the business to be transacted at such extraordinary general meeting.

General meetings shall be convened by the Board of Directors with at least three weeks' and not more than five weeks' notice by publishing a notice on our website. Furthermore, a notice of the general meeting shall be sent by way of electronic communication or by ordinary post, as decided by the Company, to all shareholders recorded in our register of shareholders who have requested such notice.

The notice shall specify the time and place of the general meeting and the agenda containing the business to be transacted at the general meeting. If a proposal to amend the Articles of Association is to be considered at the general meeting, the main contents of the proposal shall be specified in the notice.

General meetings shall be held in Danish but the Board of Directors may decide to offer simultaneous interpretation into English. Documents prepared in connection with the general meeting shall be in Danish and, if decided by the Board of Directors, in English.

Each shareholder is entitled to have specific business transacted at the annual general meeting. If a proposal for a specific agenda item is received no later than six weeks prior to the annual general meeting, the shareholder is entitled to have the proposed item included in the agenda for the annual general meeting in question.

The right of a shareholder to attend a general meeting and to vote is determined relative to the Shares held by the shareholder at the date of registration. The date of registration is one week before the general meeting. The Shares held by each shareholder are determined at the date of registration based on the number of shares held by that shareholder as registered in our register of shareholders and on any notification of ownership received by us for the purpose of registration in our register of shareholders, which have not yet been registered.

At the general meeting each Share of the nominal value of DKK 10 shall entitle the holder thereof to one vote. The Shares are issued with a nominal value of DKK 10 each and, accordingly, each Share gives the holder the right to one vote at our general meetings.

Any shareholder who is entitled to attend the general meeting pursuant to our Articles of Association and who wishes to attend the general meeting shall request an admission card no later than three days before the date of the general meeting is held. A shareholder may, subject to having requested an admission card in accordance with our Articles of Association, attend in person or by proxy, and the shareholder or the proxy may attend together with an adviser.

The right to vote may be exercised by a written and dated instrument of proxy in accordance with applicable laws. The Board of Directors of the Company may be appointed as proxy. A shareholder who is entitled to participate in the general meeting according to our Articles of Associations is further entitled to vote by correspondence according to the Danish Companies Act's provisions thereon. Such votes by correspondence shall be received by us no later than by 12:00 on the last business day before the general meeting at the latest. Votes by correspondence cannot be withdrawn.

23.7 Resolutions by the general meetings and amendments to the Articles of Association

Our Articles of Association were adopted at an extraordinary general meeting held on May 20, 2016.

Resolutions at general meetings must be passed by a simple majority of votes cast unless otherwise prescribed by the Danish Companies Act or by our Articles of Association.

Resolutions to amend our Articles of Association or to dissolve the Company require that the resolution is passed by at least two-thirds of the votes cast as well as of the share capital represented at the general meeting unless otherwise stipulated by legislation or by our Articles of Association. Furthermore, resolutions to amend the Articles of Association or to dissolve the Company require that at least 50% of the share capital is represented at the general meeting. If 50% of the share capital is not represented at the general meeting but at least two-thirds of the votes cast as well as of the share capital represented at the general meeting have adopted the resolution, the Board of Directors shall call a new general meeting within 2 weeks, at which meeting the proposed resolution may be adopted by two-thirds of both the votes cast and the share capital represented, irrespective of the proportion of share capital represented.

The provisions in our Articles of Association relating to a change of the rights of shareholders or a change to the capital are no more stringent than required by the Danish Companies Act, other than the quorum requirement above. With respect to the Kingdom of Denmark voting in favor of changes in our share capital resulting in the Kingdom of Denmark losing a majority ownership interest in the Company, the Confirmation Political Agreement states that the Kingdom of Denmark is to retain majority ownership until at least 2020, unless the political parties behind this agreement, agree otherwise. See Section 21.1 "The Kingdom of Denmark as Majority Shareholder".

23.8 Registration of Shares

The Shares will be delivered in book-entry form through allocation to accounts with VP Securities through a Danish bank or other institution authorized as custodian.

The Shares are issued in dematerialized form through VP Securities. The address of VP Securities is Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S, Denmark.

The Shares are issued in the name of the holder and shall be recorded in the holder's name in our register of shareholders through the holder's custodian bank. Our register of shareholders is kept by Computershare A/S, CVR. no. 27088899.

23.9 Transfer of Shares

The Shares are negotiable instruments and no restrictions under our Articles of Association or Danish law apply to the transferability of the Shares. See Section 27.9 "Selling Restrictions" and Section 28 "Transfer Restrictions" for certain restrictions applicable to the Offer Shares.

The Company has been notified by certain of the Selling Shareholders that they have currently pledged all or part of their Shares. We have been informed by the relevant Selling Shareholders that the Offer Shares offered for sale by them in the Offering will be released in connection with completion of the Offering.

23.10 Pre-emption rights

Under Danish law, our shareholders generally have pre-emption rights if the general meeting of the Company resolves to increase the share capital by cash payment. However, the pre-emption rights of the shareholders may be derogated from by a majority comprising at least 2/3 of the votes cast and of the share capital represented at the general meeting if the share capital increase is made at market price. The Board of Directors is authorized to increase our share capital in one or more issues at market price without pre-emption rights to our shareholders. See Section 23.3 "Authorization to Increase Share Capital."

The exercise of pre-emption rights may be restricted for shareholders resident in certain jurisdictions, including but not limited to the United States, Canada, Japan and Australia, unless we decide to comply with applicable local requirements. Consequently, US holders and certain other holders of Shares may not be able to exercise their pre-emption rights or participate in a rights offer, as the case may be, unless a registration statement under the US Securities Act is effective with respect to such rights or an exemption from the registration requirements is available.

We intend to evaluate at the time of any issue of Shares subject to pre-emption rights or in a rights offer, as the case may be, the cost and potential liabilities associated with complying with any local requirements, including any registration statement in the US, as well as the indirect benefits to us of enabling the exercise of non-Danish shareholders of their pre-emption rights to Shares or participation in any rights offer, as the case may be, and any other factors considered appropriate at the time, and then to make a decision as to whether to comply with any local requirements, including filing any registration statement in the US. No assurances are given that local requirements will be complied with or that any registration statement would

be filed in the US so as to enable the exercise of such holders' pre-emption rights or participation in any rights offer.

23.11 Redemption and conversion provisions

Except as provided for in the Danish Companies Act (see Section 26.8 "Mandatory Redemption of Shares" of this Offering Circular), no shareholder is under an obligation to have his or her Shares redeemed in whole or in part by the Company or by any third party, and none of the Shares carry any redemption or conversion rights or any other special rights. However, reference is made to Section 19.5 "Incentive Programs" of this Offering Circular for a description of the right and obligation of our Employee Shareholders to sell all their Shares to us or a designated third party in case an initial public offering of our Shares has not occurred by early 2019.

23.12 Dissolution and liquidation

In the event of dissolution and liquidation of the Company, the shareholders are entitled to participate in the distribution of assets in proportion to their nominal shareholdings after payment of the Company's creditors.

23.13 Takeover bids

No public mandatory or voluntary takeover offers have been made by any third party pursuant to the Danish Securities Trading Act in respect of the Shares during the past or current financial year.

Pursuant to the Political Agreement the Gas Infrastructure Assets shall remain publicly-owned which is fulfilled as long as the Kingdom of Denmark retains a majority ownership of our Shares. Pursuant to Article 14 of our Articles of Association, any transfer of or imposition of liens on the Gas Infrastructure Assets may only be made to the Kingdom of Denmark or legal persons controlled by the Kingdom of Denmark.

If the Kingdom of Denmark wishes to relinquish its majority ownership interest, the Political Agreement further requires that the Kingdom of Denmark shall purchase certain gas infrastructure assets from us in advance of such relinquishment. Pursuant to the Confirmation Political Agreement, the Kingdom of Denmark shall retain a majority interest in DONG Energy at least until 2020, unless the parties to the Confirmation Political Agreement agree otherwise. Any subsequent changes in the ownership interest of the Kingdom of Denmark also require agreement among the parties to the Confirmation Political Agreement. See Section 21.2 "The Political Agreement; Transfer of Gas Infrastructure Assets to the Kingdom of Denmark."

Consistent with the Corporate Governance Recommendations, the Board of Directors has adopted a set of guidelines for the handling of takeover bids.

24. TAXATION

24.1 Danish tax considerations

The following is a summary of certain Danish income tax considerations relating to an investment in the Offer Shares.

The summary is for general information only and does not purport to constitute exhaustive tax or legal advice. It is specifically noted that the summary does not address all possible tax consequences relating to an investment in the Shares. The summary is based solely upon the tax laws of Denmark in effect on the date of this Offering Circular. Danish tax laws may be subject to change, possibly with retroactive effect.

The summary does not cover investors to whom special tax rules apply, and, therefore, may not be relevant, for example, to investors subject to the Danish Tax on Pension Yields Act (*i.e.*, pension savings), professional investors, certain institutional investors, insurance companies, pension companies, banks, stockbrokers and investors with tax liability on return on pension investments. The summary does not cover taxation of individuals and companies who carry on a business of purchasing and selling shares. Sales are assumed to be sales to a third party. For non-Danish tax residents, this summary further assumes that the investor does not have a permanent establishment in Denmark.

Potential investors in the Shares are advised to consult their tax advisers regarding the applicable tax consequences of acquiring, holding and disposing of the Shares based on their particular circumstances. Investors who may be affected by the tax laws of other jurisdictions should consult their tax advisers with respect to the tax consequences applicable to their particular circumstances as such consequences may differ significantly from those described herein.

24.2 Taxation of Danish tax resident shareholders

24.2.1 Sale of Shares (individuals)

Gains from the sale of shares are taxed as share income at a rate of 27% on the first DKK 50,600 in 2016 (for cohabiting spouses, a total of DKK 101,200) and at a rate of 42% on share income exceeding DKK 50,600 (for cohabiting spouses, income exceeding DKK 101,200). Such amounts are subject to annual adjustments and include all share income (*i.e.*, all capital gains and dividends derived by the individual or cohabiting spouses, respectively).

Gains and losses on the sale of shares admitted to trading on a regulated market are calculated as the difference between the purchase price and the sales price. The purchase price is generally determined using the average method, which means that each share is considered acquired for a price equivalent to the average acquisition price of all the shareholders' shares in the issuing company.

Losses on the sale of shares admitted to trading on a regulated market can only be offset against other share income deriving from shares admitted to trading on a regulated market, (*i.e.*, received dividends and capital gains on the sale of shares admitted to trading on a regulated market). Unused losses will automatically be offset against a cohabiting spouse's share income deriving from shares admitted to trading on a regulated market and additional losses after the above deduction can be carried forward indefinitely and offset against future share income deriving from shares admitted to trading on a regulated market.

Losses on shares admitted to trading on a regulated market may only be set off against gains and dividends on other shares admitted to trading on a regulated market if the Danish tax authorities have received certain information concerning the ownership of the shares. This information is normally provided to the Danish tax authorities by the securities dealer.

24.2.2 Sale of Shares (companies)

For the purpose of taxation of sales of shares made by corporate shareholders, a distinction is made between Subsidiary Shares, Group Shares, Tax-Exempt Portfolio Shares and Taxable Portfolio Shares:

"Subsidiary Shares" are generally defined as shares owned by a shareholder holding at least 10% of the nominal share capital of the issuing company.

"Group Shares" are generally defined as shares in a company in which the shareholder of the company and the issuing company are subject to Danish joint taxation or fulfil the requirements for international joint taxation under Danish law.

"Tax-Exempt Portfolio Shares" are generally defined as shares not admitted to trading on a regulated market owned by a shareholder holding less than 10% of the nominal share capital of the issuing company.

"Taxable Portfolio Shares" are defined as shares that do not qualify as Subsidiary Shares, Group Shares or Tax-Exempt Portfolio Shares.

Gains or losses on disposal of Subsidiary Shares and Group Shares and Tax-Exempt Portfolio Shares are not included in the taxable income of the shareholder.

Special rules apply with respect to Subsidiary Shares and Group Shares in order to prevent exemption through certain holding company structures just as other anti-avoidance rules may apply. These rules will not be described in further detail.

Capital gains from the sale of Taxable Portfolio Shares admitted to trading on a regulated market are taxable at a rate of 22% irrespective of ownership period. Losses on such shares are generally deductible.

Gains and losses on Taxable Portfolio Shares admitted to trading on a regulated market are taxable according to the mark-to-market principle. According to the mark-to-market principle, each year's taxable gain or loss is calculated as the difference between the market value of the shares at the beginning and end of the tax year. Thus, taxation will take place on an accrual basis even if no shares have been disposed of and no gains or losses have been realized. If the Taxable Portfolio Shares are sold or otherwise disposed of before the end of the income year, the taxable income of that income year equals the difference between the value of the Taxable Portfolio Shares at the beginning of the income year and the value of the Taxable Portfolio Shares are acquired and realized in the same income year, the taxable income equals the difference between the acquisition sum and the realization sum. If the Taxable Portfolio Shares are acquired in the income year and not realized in the same income year, the taxable income equals the difference between the acquisition sum and the value of the shares at the end of the income years.

A change of status from Subsidiary Shares/Group Shares/Tax-Exempt Portfolio Shares to Taxable Portfolio Shares (or vice versa) is for tax purposes deemed to be a disposal of the shares and a reacquisition of the shares at market value at the time of change of status.

24.2.3 Dividends (individuals)

Dividends paid to individuals who are tax residents of Denmark are taxed as share income, as described above. All share income must be included when calculating whether the amounts mentioned above are exceeded.

Dividends paid to individuals are generally subject to 27% withholding tax.

24.2.4 Dividends (companies)

Dividends paid on Taxable Portfolio Shares are subject to the standard corporation tax rate of 22% irrespective of ownership period.

The withholding tax rate is 22%. If the distributing company withholds a higher amount, the shareholder can claim a refund of the excess tax. A claim for repayment must be filed within two months. Otherwise, the excess tax will be credited in the corporate income tax for the year.

Dividends received on Subsidiary Shares and Group Shares are tax-exempt irrespective of ownership period.

24.2.5 Taxation of shareholders residing outside Denmark

24.2.5.1 Sale of Shares (individuals and companies)

Shareholders not resident in Denmark are normally not subject to Danish taxation on any gains realized on the sale of shares, irrespective of the ownership period, subject to certain anti avoidance rules that will not be described in further detail.

24.2.5.2 Dividends (individuals)

Under Danish law, dividends paid in respect of shares are generally subject to Danish withholding tax at a rate of 27%. If the withholding tax rate applied is higher than the applicable final tax rate for the

shareholder, a request for a refund of Danish tax in excess hereof can be made by the shareholder in the following situations:

(a) Double taxation treaty

In the event that the shareholder is a resident of a state with which Denmark has entered into a double taxation treaty and the shareholder is entitled to the benefits under such treaty, the shareholder may generally, through certain certification procedures, seek a refund from the Danish tax authorities of the tax withheld in excess of the applicable treaty rate (Danish tax treaties typically provide for a 15% tax rate). Denmark has entered into tax treaties with approximately 75 countries, including the United States and almost all members of the EU. The treaty between Denmark and the United States generally provides for a 15% tax rate.

(b) Credit under Danish tax law

If the shareholder holds less than 10% of the nominal share capital of the company and the shareholder is tax resident in a state which has a double tax treaty or an international agreement, convention or other administrative agreement on assistance in tax matters according to which the competent authority in the state of the shareholder is obligated to exchange information with Denmark, dividends are subject to tax at a rate of 15%. If the shareholder is tax resident outside the EU, it is an additional requirement for eligibility for the 15% tax rate that the shareholder together with related shareholders holds less than 10% of the nominal share capital of the company. Note that the reduced tax rate does not affect the withholding rate. Therefore, in this situation, the shareholder must claim a refund as described above in order to benefit from the reduced rate.

As a general rule, a refund of tax withheld in excess of the applicable treaty rate shall be paid within six months following the Danish tax authorities' receipt of the refund claim. If the refund is paid later than six months after the receipt of the claim, interest will be calculated on the amount of refund. For 2016 and subsequent years, the rate per month will be 0.4% plus a premium fixed annually. The six-month deadline can be suspended, if the Danish tax authorities are unable to determine whether the taxpayer is entitled to a refund based on the taxpayer's affairs. If the deadline is suspended accordingly, computation of interest is also suspended.

24.2.5.3 Dividends (companies)

Dividends received on Subsidiary Shares are exempt from Danish withholding tax provided the taxation of the dividends is to be waived or reduced in accordance with the Parent-Subsidiary Directive (2011/96/EU) or in accordance with a tax treaty with the jurisdiction in which the company investor is resident. Further, dividends received on Group Shares—not being Subsidiary Shares—are exempt from Danish withholding tax provided the company investor is a resident of the EU or the EEA and provided the taxation of dividends should have been waived or reduced in accordance with the Parent Subsidiary Directive (2011/96/EU) or in accordance with a tax treaty with the country in which the company investor is resident had the shares been Subsidiary Shares.

Dividend payments on Taxable Portfolio Shares will generally be subject to withholding tax at a rate of 27% irrespective of ownership period. On February 23, 2016, the Danish government introduced a bill which, if passed in the proposed current form, will reduce the tax rate (but not the withholding rate) from 27% to 22% effective for dividends distributed on or after January 1, 2007 for shareholders resident in the EU/EEA and, for non-EU/EEA resident shareholders, effective for dividends distributed on or after July 1, 2016. According to the bill, however, the tax rate will be 25% from 2007 to 2013, 24.5% for 2014 and 23.5% for 2015. If the bill is passed unchanged, all foreign corporate shareholders receiving taxable dividends from Danish companies will thus be able to ask for a refund of at least 5%. If the withholding tax rate applied is higher than the applicable final tax rate for the shareholder, a request for a refund of Danish tax in excess hereof can be made by the shareholder in the following situations:

(a) Double taxation treaty

In the event that the shareholder is a resident of a state with which Denmark has entered into a double taxation treaty and the shareholder is entitled to the benefits under such tax treaty, the shareholder may generally, through certain certification procedures, seek a refund from the Danish tax authorities of the tax withheld in excess of the applicable treaty rate (Danish tax treaties typically provide for a 15% tax rate). Denmark has entered into tax treaties with approximately 75 countries, including the United States and

almost all members of the EU. The treaty between Denmark and the United States generally provides for a 15% rate.

(b) Credit under Danish tax law

If the shareholder holds less than 10% of the nominal share capital in the company and the shareholder is resident in a jurisdiction which has a double taxation treaty or an international agreement, convention or other administrative agreement on assistance in tax according to which the competent authority in the state of the shareholder is obligated to exchange information with Denmark, dividends are generally subject to a tax rate of 15%. If the shareholder is tax resident outside the EU, it is an additional requirement for eligibility for the 15% tax rate that the shareholder together with related shareholders holds less than 10% of the nominal share capital of the company. Note that the reduced tax rate does not affect the withholding rate. Therefore, in this situation, the shareholder must claim a refund as described above in order to benefit from the reduced rate.

A refund of tax withheld in excess of the applicable treaty rate shall generally be paid within six months following the Danish tax authorities' receipt of the refund claim. Reference is made to the description refund in the Section 24.2.3 "Dividends (Individuals)," which equally applies to non-Danish resident corporate shareholders.

24.2.6 Share transfer tax and stamp duties

No Danish share transfer tax or stamp duties are payable on transfer of the Shares.

24.2.7 Withholding tax obligations

An issuer of shares is subject to Danish withholding tax obligations in accordance with applicable Danish laws.

24.3 US federal income tax considerations

Certain United States federal income tax considerations

The following is a description of certain US federal income tax consequences to the US Holders described below of owning and disposing of Offer Shares, but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to acquire Offer Shares. This discussion applies only to a US Holder that owns Offer Shares as capital assets for US federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of the US Holder's particular circumstances, including alternative minimum tax consequences, the potential application of the provisions of the Internal Revenue Code of 1986, as amended (the "Code") known as the Medicare contribution tax and tax consequences applicable to US Holders subject to special rules, such as:

- certain financial institutions;
- dealers or certain traders in securities;
- persons holding Offer Shares as part of a straddle, wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to the Offer Shares;
- persons whose functional currency for US federal income tax purposes is not the US dollar;
- entities or arrangements classified as partnerships for US federal income tax purposes;
- tax-exempt entities;
- persons that own or are deemed to own 10% or more of the Company's voting stock; or
- persons holding Offer Shares in connection with a trade or business conducted outside of the United States.

If an entity or arrangement that is classified as a partnership for US federal income tax purposes owns Offer Shares, the US federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning Offer Shares and partners in such partnerships should consult their tax advisers as to the particular US federal income tax consequences of owning and disposing of the Offer Shares.

This discussion is based on the Code, administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the income tax treaty between Denmark and the United States (the "Treaty"), all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

A "US Holder" is a person that, for US federal income tax purposes, is a beneficial owner of Offer Shares, is eligible for the benefits of the Treaty and is:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to US federal income taxation regardless of its source.

US Holders should consult their tax advisers concerning the US federal, state, local and non-US tax consequences of owning and disposing of Offer Shares in their particular circumstances.

This discussion assumes that the Company is not, and will not become, a "passive foreign investment company" ("PFIC"), as described below.

24.3.1 Taxation of distributions

Distributions paid with respect to Offer Shares, other than certain pro rata distributions of ordinary shares, will be treated as dividends to the extent paid out of the Company's current or accumulated earnings and profits (as determined under US federal income tax principles). Because the Company does not maintain calculations of its earnings and profits under US federal income tax principles, it is expected that distributions generally will be reported to US Holders as dividends. Subject to applicable limitations, dividends paid to certain non-corporate US Holders may be taxable at rates lower than the rates applicable to ordinary income. Non-corporate US Holders should consult their tax advisers regarding the availability of the reduced tax rates on dividends in their particular circumstances.

The amount of a dividend will include any amounts withheld by the Company in respect of Danish income taxes. Dividends will be treated as foreign-source income to US Holders for foreign tax credit limitation purposes and will not be eligible for the dividends-received deduction generally allowed to US corporations under the Code. Dividends will generally be included in a US Holder's income on the date of the US Holder's receipt of the dividend. The amount of any dividend paid in Danish kroner will be the US dollar amount calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into US dollars at that time. If the dividend is converted into US dollars on the date of receipt, a US Holder should not be required to recognize foreign currency gain or loss in respect of the amount received. A US Holder may have foreign currency gain or loss if the dividend is converted into US dollars after the date of receipt, and any such gain or loss will be US-source ordinary income or loss.

Subject to applicable limitations, some of which vary depending upon the US Holder's circumstances, non-refundable Danish income taxes withheld from dividends on Offer Shares at a rate not exceeding the rate applicable under the Treaty will be creditable against the US Holder's US federal income tax liability. Danish income taxes withheld in excess of the rate applicable under the Treaty will not be eligible for credit against a US Holder's federal income tax liability. See Section 24.2.5.2 "Dividends (Individuals)" and Section 24.2.5.3 "Dividends (Companies)" for a discussion of how to obtain a refund of Danish taxes withheld in excess of the applicable Treaty rate. Foreign taxes eligible for credit are calculated separately with respect to specific classes of foreign source income. For this purpose, dividends paid by the Company on the Offer Shares generally will constitute "passive category income" or in certain cases "general category income." In lieu of claiming a foreign tax credit, US Holders may, at their election, deduct foreign taxes, including the Danish tax, in computing their taxable income, subject to generally applicable limitations under US law. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year. The rules governing foreign tax credits are complex, and US Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances.

24.3.2 Sale or other taxable disposition of offer shares

For US federal income tax purposes, gain or loss realized on the sale or other taxable disposition of Offer Shares will be capital gain or loss, and will be long-term capital gain or loss if the US Holder has held the Offer Shares for more than one year. The amount of the gain or loss will equal the difference between the

US Holder's tax basis in the Offer Shares disposed of and the amount realized on the disposition, in each case as determined in US dollars. Certain US Holders may recognize foreign currency gain or loss as a result of fluctuations in the foreign exchange rate between the date of sale of the Offer Shares and the settlement date. Non-corporate US Holders (including individuals) generally will be subject to US federal income tax on long-term capital gain at preferential rates. This gain or loss will generally be US-source gain or loss for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations.

24.3.3 Passive foreign investment company considerations

In general, a foreign corporation will be a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average quarterly value of its assets is attributable to assets that produce, or are held for the production of, passive income. If a corporation owns, directly or indirectly, at least 25% (by value) of the stock of another corporation, the corporation will be treated, for purposes of the PFIC tests, as owning its proportionate share of the 25%-owned corporation's assets and receiving its proportionate share of the 25%-owned corporation's income. "Passive income" generally includes interest, dividends, rents, royalties and certain gains from transactions relating to commodities (other than certain active business gains). Based on the manner in which the Company currently operates its business and the current and anticipated composition of the income and assets of the Company and its subsidiaries, the Company believes that it was not a PFIC for US federal income tax purposes for its most recent taxable year and does not expect to be a PFIC for its current taxable year or in the foreseeable future. However, because the Company's PFIC status is a factual determination that is made on an annual basis after the close of each taxable year and will depend on the manner in which the Company operates its business and on the composition of the Company's and its subsidiaries income and assets and the value of its assets from time to time, there can be no assurance that the Company will not be a PFIC for any taxable year.

If the Company were a PFIC for any taxable year during which a US Holder held Offer Shares, gain recognized by the US Holder on a sale or other disposition (including certain pledges) of Offer Shares, and income from certain "excess distributions," would be allocated ratably over the US Holder's holding period for the Offer Shares. The amounts allocated to the taxable year of the sale or other disposition or the receipt of the excess distribution and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as applicable, for that taxable year, and an interest charge would be imposed on the resulting tax liability with respect to each such taxable year. Certain elections may be available that would result in alternative treatments (such as a mark-to-market treatment) of the Offer Shares. US Holders should consult their tax advisers to determine whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in their particular circumstances.

If the Company were a PFIC for the taxable year in which it paid a dividend or the prior taxable year, the reduced rates discussed above with respect to dividends paid to certain non-corporate US Holders would not apply. If the Company were a PFIC for any taxable year during which a US Holder held the Offer Shares, such US Holder would generally be subject to annual information reporting requirements, subject to certain exceptions.

US Holders should consult their tax advisers regarding the application of the PFIC rules to their investment in the Offer Shares.

24.3.4 Information reporting and backup withholding

Payments of dividends and proceeds from the sale or other taxable disposition of Offer Shares that are made within the United States or through certain US-related financial intermediaries may be subject to information reporting and backup withholding, unless (i) the US Holder is a corporation or other "exempt recipient" who establishes an exemption or (ii) in the case of backup withholding, the US Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against US federal income tax liability and may entitle the US Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

24.3.5 Foreign financial assets reporting

Certain US Holders who are individuals (and certain entities controlled by individuals) may be required to report information relating to the Offer Shares or the accounts through which the Offer Shares are held, unless the Offer Shares are held in accounts at certain US financial institutions. Penalties can apply if US Holders fail to satisfy such reporting requirements. US Holders should consult their tax advisers regarding their reporting obligations with respect to their ownership and disposition of the Offer Shares.

25. THE OFFERING

25.1 Managers

The Offering is being arranged by J.P. Morgan Securities plc, Morgan Stanley & Co. International plc and Nordea Markets (division of Nordea Bank Danmark A/S) in their capacity as Joint Global Coordinators and Citigroup Global Markets Limited, Danske Bank A/S and UBS Limited as Joint Bookrunners and ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, Coöperatieve Rabobank U.A. and RBC Europe Limited (trading as RBC Capital Markets) as Co-Lead Managers.

25.2 The Offering

The Offering consists of (i) a public offering to retail and institutional investors in Denmark, (ii) a private placement in the United States only to persons who are qualified institutional buyers or QIBs in reliance on Rule 144A under the US Securities Act and (iii) private placements to institutional investors in the rest of the world. The Offering outside the United States will be made in compliance with Regulation S.

The Selling Shareholders are offering in aggregate up to 72,834,393 Offer Shares, excluding the Option Shares. However, the number of Offer Shares, excluding the Option Shares, being sold in the Offering will not be less than 63,248,753 Offer Shares. Following the book-building process, the number of Offer Shares (other than the Option Shares) being sold in the Offering will be determined by the Selling Shareholders in consultation with the Board of Directors and the Joint Global Coordinators and the number of Option Shares will be adjusted if less than the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, such that the number of Option Shares will equal 15% of the number of Offer Shares (other than Option Shares).

The Selling Shareholders other than the Majority Shareholder and SEAS-NVE Holding A/S have agreed, pursuant to a share lending agreement entered into with the Stabilizing Manager and Nordea Bank Danmark A/S as the Settlement Agent, in each case acting for the account of the Managers, that they will make available up to 10,925,159 Option Shares for purposes of delivery of the Option Shares to investors in connection with the overallotment of Shares in the Offering.

The Selling Shareholders have informed us that if less than the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, this would entail that the number of Offer Shares sold by each of SE a.m.b.a., Nyfors Entreprise A/S and Insero Horsens would be reduced. The reduction of the number of Offer Shares (other than the Option Shares) being sold by each such Selling Shareholder would be proportionally reduced. The number of Offer Shares (other than the Option Shares) being sold by each of the other Selling Shareholders, including the Kingdom of Denmark, would not be affected by less than the maximum number of Offer Shares (other than the Option Shares) being sold in the Offering.

The Company has no knowledge of the Selling Shareholders, the members of the Board of Directors, or the members of the Group Executive Management intending to acquire Shares in the Offering, or whether any person intends to acquire more than 5% of the Offer Shares.

25.3 Offer Price

The Offer Price will be determined through a book-building process. Book-building is a process in which the Joint Global Coordinators, prior to the final pricing of the Offering, collect expressions of interest in the Offer Shares from potential institutional investors. The Offer Price is free of brokerage charges and is expected to be between DKK 200 and DKK 255 per Offer Share. This indicative Offer Price Range has been set by the Selling Shareholders in consultation with the Board of Directors and the Joint Global Coordinators taking our historic and projected revenues and earnings into account, our objective to establish an orderly aftermarket in the Offer Shares and prevailing market conditions. Following the book-building process, the Offer Price will be determined by the Selling Shareholders in consultation with the Board of Directors and the Joint Global Coordinators. The Offer Price and the number of Offer Shares (other than the number of Option Shares) being sold in the Offering is expected to be announced together with the number of Option Shares through Nasdaq Copenhagen no later than 8:00 a.m. (CET) on June 9, 2016.

It is currently expected that the Offer Price will be set within the Offer Price Range. If the Offer Price Range is amended, the Company will make an announcement through Nasdaq Copenhagen and publish a supplement to this Offering Circular. Following the publication of the relevant supplement, investors who have submitted orders to purchase Offer Shares in the Offering will have two trading days to withdraw

their order, in its entirety. See also Section 25.13 "*Investors' Withdrawal Rights*." If the Offer Price Range is amended, the announcement of the Offer Price will not be published until the period for exercising such withdrawal rights has ended.

25.4 Offer Period

The Offer Period will commence on May 26, 2016 and will close no later than June 8, 2016 at 4:00 p.m. (CET). The Offer Period may be closed prior to June 8, 2016; however, the Offer Period will not be closed in whole or in part before June 4, 2016 at 00:01 a.m. (CET). If the Offering is closed before June 8, 2016, the first day of trading in and official listing of the Shares on Nasdaq Copenhagen and the date of payment and settlement will be moved forward accordingly. The Offer Period in respect of applications for purchases of amounts up to, and including, DKK 3 million may be closed before the remainder of the Offering is closed, if it is deemed that the orders received are sufficient to close the book-building process. Any such earlier closing, in whole or in part, will be announced through Nasdaq Copenhagen.

25.5 Submission of bids

25.5.1 Applications to purchase amounts of up to and including DKK 3 million

Applications by investors to purchase amounts of up to and including DKK 3 million should be made by submitting the application form enclosed in the English Language Offering Circular or the Danish Offering Circular to the investor's own account holding bank during the Offer Period or such shorter period as may be announced through Nasdaq Copenhagen. Applications are binding and cannot be altered or cancelled. Applications may specify a maximum price per Offer Share in Danish Kroner. If the Offer Price exceeds the maximum price per Offer Share specified in the application form, then no Offer Shares will be allocated to the investor. Where no maximum price per Offer Share has been indicated, applications will be deemed to be made at the Offer Price. All applications made at a price equivalent to the Offer Price, or a higher price, will be settled at the Offer Price following allotment, if any. Applications should be made for a number of Offer Shares or for an aggregate amount rounded to the nearest DKK amount. Only one application will be accepted from each account in VP Securities. For binding orders, the application form must be submitted to the investor's own account holding bank in complete and executed form in due time to allow the investor's own account holding bank to process and forward the application to ensure that it is in the possession of Nordea Bank Danmark A/S or Danske Bank A/S, no later than 4:00 p.m. (CET) on June 8, 2016, or such earlier time at which the Offering is closed.

25.5.2 Applications to purchase amounts of more than DKK 3 million

Investors who wish to apply to purchase amounts of more than DKK 3 million can indicate their interest to one or more of the Managers during the Offer Period. During the Offer Period, such investors can continuously change or withdraw their declarations of interest, but these declarations of interest become binding applications at the end of the Offer Period. Immediately following the determination of the Offer Price, investors will be allocated a number of Offer Shares at the Offer Price within the limits of the investor's most recently submitted or adjusted declaration of interest. All applications made at a price equivalent to the Offer Price, or a higher price, will be settled at the Offer Price following allotment, if any.

25.6 Minimum and maximum purchase amounts

The minimum purchase amount is one Offer Share. No maximum purchase amount applies to the Offering. However, the number of shares is limited to the number of Offer Shares in the Offering.

25.7 Allocation and reduction

Following the book-building process, the number of Offer Shares (other than the Option Shares) being sold in the Offering will be determined by the Selling Shareholders in consultation with the Board of Directors and the Joint Global Coordinators and the number of Option Shares will be adjusted if less than the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, such that the number of Option Shares will equal 15% of the number of Offer Shares (other than Option Shares). In the event that the total number of Shares applied for in the Offering exceeds the number of Offer Shares sold in the Offering , reductions will be made as follows:

 With respect to applications for amounts of up to and including DKK 3 million reductions will be made mathematically.

- With respect to applications for amounts of more than DKK 3 million, individual allocations will be made. The Joint Global Coordinators will allocate the Offer Shares as determined by the Selling Shareholders, in consultation with the Joint Global Coordinators and the Company's Board of Directors. Subject to the overall objectives of achieving a balanced and large institutional investor base with an appropriate mix of institutional investors (including type, style and geographical location) and an orderly secondary market in the Shares, and without prejudice to the first sentence of this paragraph, it is the intention that orders to purchase Offer Shares for amounts of more than DKK 3 million from institutional investors with the following characteristics, among other things, will be given key consideration in the allocation process: timeliness of submission of orders, price leadership, consistency of order size during the Offer Period, interest in the Company, and detail and quality of feedback including granular views on the valuation of the Company. Notwithstanding the foregoing, the Selling Shareholders reserve the right to exercise full discretion as to whether or not and how to allot the Offer Shares and may, without stating the grounds therefor, reject any such applications wholly or partly, even if any or all of the abovementioned criteria are met.
- Up to a maximum of 265,000 Offer Shares (the exact number of Offer Shares will correspond to an aggregate value of DKK 53,000.000, divided by the Offer Price) will be reserved for, and subject to fulfilment of certain conditions, repurchased by, the Company as part of the Offering for the purpose of ensuring that we hold the maximum number of Shares that we may be required to deliver to the participants in the DSP upon vesting of the first grant of PSUs after the first performance period, see Section 19.5.9 "DONG Energy Share Program" of this Offering Circular.

It is expected that the result of the Offering, the number of Offer Shares being sold in the Offering (other than the number of Option Shares), the Offer Price and the basis of the allocation will be announced together with the number of Option Shares through Nasdaq Copenhagen no later than 8:00 a.m. (CET) on June 9, 2016. If the Offer Period is closed before June 8, 2016, the announcement of the Offer Price and allocation will be brought forward accordingly.

Following the expiration of the Offer Period, investors will receive a statement indicating the number of Offer Shares allocated, if any, and the equivalent value at the Offer Price, unless otherwise agreed between the investor and the relevant account holding bank.

Orders and indications of interest may not result in an allocation of Offer Shares.

If the total applications in the Offering exceed the number of Offer Shares sold in the Offering, as determined in accordance with the foregoing, a reduction will be made. In such event, the Joint Global Coordinators reserve the right to require documentation to verify that each application relates to a single account in VP Securities. Further, the Joint Global Coordinators reserve the right to require documentation to verify the authenticity of all orders, to demand the name of each purchaser, to pass on such information to the Company and the Selling Shareholders, and to make individual allocations if there are several orders that are determined to have originated from the same investor or group of investors.

25.8 Trading and official listing on Nasdaq Copenhagen

Application has been made for the Shares to be admitted to trading and official listing on Nasdaq Copenhagen. Subject to approval of Nasdaq Copenhagen, the first day of trading in and official listing of the Shares registered in the permanent ISIN on Nasdaq Copenhagen is expected to be on June 9, 2016. The admission to trading and official listing of the Shares is subject to, among other things, Nasdaq Copenhagen's approval of the distribution of the Offer Shares on the first day of trading (expected to be June 9, 2016), to the Offering not being withdrawn prior to settlement (expected to be June 13, 2016) and to us making an announcement to such effect. If the Offering is closed prior to June 8, 2016, the first day of trading in and official listing of the Shares on Nasdaq Copenhagen and the date of payment and settlement will be moved forward accordingly.

If the Offering is terminated or withdrawn, the Offering and any associated arrangements will lapse, all submitted orders will be automatically cancelled, no Offer Shares will be delivered against payment therefor to investors and admission to trading and official listing of the Shares on Nasdaq Copenhagen will be cancelled. Consequently, any trades in the Shares effected on or off the market before the Offer Shares have been delivered to investors may subject investors to liability for not being able to deliver the Shares sold, and investors who have sold or acquired Shares on or off the market may incur a loss. All dealings in the Offer Shares prior to settlement are for the account of, and at the sole risk of, the parties concerned and investors that acquire Shares prior to the lapsing of the aforesaid termination rights risk losing all or part of their investment.

25.9 ISIN/identification

Permanent ISIN: DK0060094928

Nasdaq Copenhagen Symbol: "DENERG"

25.10 Share Lending Agreement

The Selling Shareholders other than the Majority Shareholder and SEAS-NVE Holding A/S have agreed, pursuant to a share lending agreement entered into with the Stabilizing Manager and Nordea Bank Danmark A/S as the Settlement Agent, in each case acting for the account of the Managers, that they will make available up to 10,925,159 Option Shares for purposes of delivery of the Option Shares to investors in connection with the overallotment of Shares in the Offering.

25.11 Registrations and settlement

The Offer Shares will be registered in book-entry form electronically with VP Securities, Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S, Denmark. All Shares are registered on accounts with account holding banks in VP Securities. Investors that are not residents of Denmark may use a VP securities member directly or their own bank's correspondent bank as their account holding bank or arrange for registration and settlement through Clearstream, 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg, or Euroclear, 1, Boulevard du Roi Albert II, B-1210 Brussels, Belgium.

Settlement is expected to take place within two business days after the announcement of the Offer Price and allocation, and is expected to be on June 13, 2016. The account holding bank will normally send a statement to the name and address registered in VP Securities showing the number of Offer Shares purchased by the investor unless otherwise agreed between the investor and the relevant account holding bank. This statement also constitutes evidence of the investor's holding.

The Offer Shares are expected to be delivered in book-entry form through the facilities of VP Securities, Euroclear and Clearstream on or around June 13, 2016 against payment in immediately available funds in Danish Kroner. If pricing and allocation of the Offering takes place before June 8, 2016, the first date of trading in and official listing of the Shares on Nasdaq Copenhagen and the date of payment and settlement will be brought forward accordingly. All dealings in the Offer Shares prior to settlement will be for the account of and at the sole risk of the parties involved.

25.12 Withdrawal of the Offering

The Underwriting Agreement (as defined in "Glossary") contains provisions entitling the Joint Global Coordinators, subject to certain limitations and under certain exceptional circumstances outside their control, to terminate the Offering (and the arrangements associated with it) prior to pricing and after pricing and prior to settlement of the Offering, including on or after the first day of trading in the Offer Shares, including among others, force majeure events, among others the occurrence of: (i) a material adverse change in the condition or the earnings, business affairs or prospects of the Company and its material subsidiaries, taken as a whole, (ii) certain material breaches of the obligations of the parties to the Underwriting Agreement, and (iii) disruption of the financial or trading markets generally or for our securities.

Each of the Kingdom of Denmark (including on behalf of all Selling Shareholders, except for NEI), NEI and the Company has the right to terminate the Offering with or without cause prior to pricing. Furthermore, the Kingdom of Denmark (including on behalf of all Selling Shareholders, except for NEI) acting jointly with NEI and after consultation with the Company and the Joint Global Coordinators has the right, subject to certain limitations and under certain exceptional circumstances outside their control, to terminate the Offering (and the arrangements associated with it) after pricing and prior to settlement of the Offering, including on or after the first day of trading in Offer Shares. Such circumstances include force majeure events, among others the occurrence of: (i) a material adverse change in the condition or the earnings, business affairs or prospects of the Company and its material subsidiaries, taken as a whole, (ii) certain material breaches of the obligations of the parties to the Underwriting Agreement, and (iii) disruption of the financial or trading markets generally or for our securities.

The termination rights of the parties to the Underwriting Agreement will lapse upon settlement of the Offering, currently expected to take place on June 13, 2016, except in respect of the Option Shares. The

termination rights of the parties to the Underwriting Agreement shall lapse, in respect of the Option Shares, upon settlement of the sale of the Option Shares, if the Overallotment Option is exercised.

Nasdaq Copenhagen's approval of the Shares being admitted to trading and official listing on Nasdaq Copenhagen is subject to such terminations rights not being exercised after pricing and prior to settlement of the Offering (excluding any termination rights in respect of the Overallotment Option).

The Underwriting Agreement contains closing conditions which we believe are customary for offerings such as the Offering. Completion of the Offering is subject to such conditions being fulfilled at the settlement of the Offering. In addition, we and each of the Selling Shareholders, respectively, have given usual representations and warranties to the Joint Global Coordinators and the Joint Bookrunners. The completion of the Offering is dependent on the satisfaction or waiver of all of the closing conditions set forth in the Underwriting Agreement. If one or more closing conditions are not met at completion of the Offering or at all, or with respect to the Option Shares, at completion of any exercise of the Overallotment Option or at all, the Offering, or the related exercise of the Overallotment Option, respectively, may be withdrawn.

If the Offering is terminated or withdrawn prior to or at settlement of the Offering (excluding settlement of the Overallotment Option), the Offering and any associated arrangements will lapse, all submitted orders will be automatically cancelled, no Offer Shares will be delivered to investors and admission to trading and official listing of the Shares on Nasdaq Copenhagen against payment therefor will be cancelled. Consequently, any trades in the Shares effected on or off the market before the Offer Shares have been delivered to investors may subject investors to liability for not being able to deliver the Shares sold, and investors who have sold or acquired Shares on or off the market may incur a loss. All dealings in the Offer Shares prior to settlement are for the account of, and at the sole risk of, the parties concerned and investors that acquire Shares prior to the lapsing of the aforesaid termination rights risk losing all or part of their investment.

If the Offering is withdrawn, it will be announced immediately through Nasdaq Copenhagen.

25.13 Investor's withdrawal rights

In the event that we are required to publish a supplement to this Offering Circular, between the date of publication of this Offering Circular and the first day of trading of the Shares on Nasdaq Copenhagen, investors who have submitted orders to purchase Offer Shares in the Offering shall have two trading days following the publication of the relevant supplement within which the investors can withdraw their offer to purchase Offer Shares in the Offering in its entirety. The right to withdraw an application to purchase Offer Shares in the Offering in these circumstances will be available to all investors in the Offering provided the obligation to publish a supplement to this Offering Circular was triggered before completion of the Offering and provided no Offer Shares have been delivered. Furthermore, if the Offer Price announced exceeds the Offer Price Range, investors who have submitted orders to purchase Offer Shares in the Offering will have two trading days following announcement of the Offer Price to withdraw their offer in its entirety. If the order is not withdrawn within the stipulated period any order to purchase Offer Shares in the Offering will remain valid and binding.

25.14 Costs of the Offering

Certain expenses in relation to the Offering, including commissions and fees (fixed and discretionary) to be paid to the Managers, are payable by the Selling Shareholders. Each Danish account (excluding the Option Shares) holding institution that is not a Manager, will receive a commission of 0.125% of the Offer Price of any Offer Shares allocated to retail investors in respect of orders submitted through that account holding institution.

In addition, certain expenses in relation to the Offering, admission to trading and official listing of the Shares on Nasdaq Copenhagen are payable by the Company. The expenses payable by the Company in connection with the Offering are estimated to amount to approximately DKK 103 million of which DKK 23 million was recorded on the Company's consolidated income statement for the three months ended March 31, 2016.

None of the Company, the Selling Shareholders or the Managers will charge expenses to investors. Investors will have to bear customary transaction and handling fees charged by their account-keeping financial institution.

25.15 Selling agents for the Danish Offering

Nordea Markets (division of Nordea Bank Danmark A/S) Strandgade 3, PO Box 850 DK-0900 Copenhagen C Denmark

Danske Bank A/S CVR no. 61 12 62 28 Holmens Kanal 2–12 DK-1092 Copenhagen K Denmark

A request for copies of the English Language Offering Circular and the Danish Offering Circular may be submitted by persons who satisfy the requirements of the applicable selling restrictions from:

Nordea Markets (division of Nordea Bank Danmark A/S) Strandgade 3, PO Box 850 DK-0900 Copenhagen C Denmark

Email: prospekt.ca@nordea.com

Danske Bank A/S CVR no. 61 12 62 28 Holmens Kanal 2–12 DK-1092 Copenhagen K Denmark

Email: prospekter@danskebank.dk

In addition, the English Language Offering Circular and the Danish Offering Circular are available, subject to certain restrictions, on the Company's website at www.dongenergy.com.

The distribution of this Offering Circular and the offer or sale of the Offer Shares in certain jurisdictions is restricted by law. Persons possessing this Offering Circular are required by the Company, the Selling Shareholders and the Managers to inform themselves about and to observe any restrictions. This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy any of the Offer Shares in any jurisdiction to any person to whom it would be unlawful to make such an offer in such jurisdiction.

25.16 Interests of natural and legal persons involved in the Offering

See Section 27 "Plan of Distribution" for a description of certain interests of the Managers in the Offering. The Company is not aware of any other potential interest of natural or legal persons involved in the Offering who may have a material interest in the Offering.

For an overview of the Shares and other equity interests held by members of our Board of Directors and the Group Executive Management, please see Section 20.2 "Table of Shareholders."

25.17 Governing law

The Shares are issued in accordance with Danish law.

26. THE DANISH SECURITIES MARKET

Set forth below is a summary of certain information concerning the Danish securities market, including information on certain provisions of Danish law and Danish securities market regulations in effect on the date of the Offering Circular. Such summary is qualified in its entirety by reference to the applicable Danish law and securities market regulations.

26.1 Nasdaq Copenhagen

Nasdaq Copenhagen is a company incorporated and organized under the laws of Denmark. Trading on Nasdaq Copenhagen is conducted by authorized firms, which include major banks and other securities brokers, as well as certain mortgage credit institutions and the Danish Central Bank.

The trading system for equities trading in Denmark on Nasdaq Copenhagen operates between 9:00 a.m. and 4:55 p.m. (CET) weekdays. After the end of the continuous trading there is a pre-closing call between 4:55 p.m. to 5:00 p.m. (CET). An after trade "post trade" session exists from 5:00 p.m. to 5:20 p.m. (CET). Before the continuous trading begins, there is a second after trade "pre-open" session from 8:00 a.m. to 8:45 a.m. (CET) and a morning call session from 8:45 a.m. to 9:00 a.m. (CET) for the purpose of establishing fair opening prices. After the opening prices have been presented, the continuous trading begins.

26.2 Registration process

In connection with an initial public offering, a company's shares are registered in book-entry form on accounts maintained in the computer system of VP Securities, which acts as an electronic central record of ownership and as the clearing center for all transactions in Denmark. The address of VP Securities is Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S, Denmark.

Financial institutions, such as banks, are authorized to keep accounts for each specific investor with VP Securities, including for Euroclear and Clearstream. All Danish shares listed on Nasdaq Copenhagen are dematerialized, "non-certificated" and registered at VP Securities. The account is maintained through an account holding bank.

The account holding bank has the exclusive right to make transactions and registrations on these accounts on behalf of its customers.

Shares may be registered in the name of the holder through the account holding bank.

26.3 Nominees

An account with VP Securities may be kept on behalf of one or more owners, meaning that a shareholder may appoint a nominee.

A nominee shareholder is entitled to receive dividends and to exercise all subscription and other financial and administrative rights attached to the shares held in its name with VP Securities. The relationship between the nominee shareholder and the beneficial owner is regulated solely by an agreement between the parties, and the beneficial owner must disclose its identity, if any of the aforementioned rights are to be exercised directly by the beneficial owner.

The right to appoint a nominee does not eliminate a shareholder's obligation to notify the Company and the Danish FSA of a major shareholding. See Section 26.5 "Disclosure of Major Shareholdings" below.

26.4 Settlement process

Settlement in connection with trading on Nasdaq Copenhagen normally takes place on the second business day after effecting a sale or purchase transaction. On behalf of VP Securities, the account holding bank sends a statement to the name and address recorded in VP Securities, showing the amount of shares held in that name, which provides the holder with evidence of its rights. Settlement can also take place through the clearing facilities of Euroclear and Clearstream.

26.5 Disclosure of major shareholdings

Holders of shares in Danish companies with shares admitted to trading and official listing on Nasdaq Copenhagen are, pursuant to the Danish Securities Trading Act Section 29, required to give simultaneous notice to the company and the Danish FSA of the shareholdings in the company immediately, when the

shareholding reaches, exceeds or falls below thresholds at intervals of 5, 10, 15, 20, 25, 50 or 90% and limits of 1/3 or 2/3 of the voting rights or nominal value of the total share capital.

Holders of shares in a company mean a natural or legal person who, directly or indirectly, holds (i) shares in the company on behalf of himself and for his own account, (ii) shares in the company on behalf of himself, but for the account of another natural or legal person, or (iii) share certificates, where such holder is considered a shareholder in relation to the underlying securities represented by the certificate.

The duty to notify set forth above further applies to natural and legal persons who are entitled to acquire, sell or exercise voting rights which are:

- (a) held by a third party with whom that natural or legal person has concluded an agreement, which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the issuer in question (common duty to inform for all parties to the agreement);
- (b) held by a third party under an agreement concluded with that natural or legal person providing for the temporary transfer of the voting rights in question in return for consideration;
- (c) attached to shares which are lodged as collateral for that natural or legal person, provided the person controls the voting rights and declares an intention of exercising them;
- (d) attached to shares in which that natural or legal person has a lifelong right of disposal;
- (e) held, or may be exercised within the meaning of (a) to (d), by an undertaking controlled by that person or entity;
- (f) attached to shares deposited with that natural or legal person and which the person can exercise at his own discretion in the absence of specific instructions from the shareholders;
- (g) held by a third party in its own name on behalf of that person; or
- (h) exercisable by that person through a proxy where that person may exercise the voting rights at his discretion in the absence of specific instructions of the shareholder.

The duty to notify set forth above also applies to anyone, who directly or indirectly holds (a) financial instruments that afford the holder a right to purchase existing shares (e.g., share options); and/or (b) financial instruments based on existing shares and with an economic effect equal to that of the financial instruments mentioned in (a), regardless of them not affording the right to purchase existing shares (e.g., cash-settled derivatives linked to the value of the shares in question). Holding of these kinds of financial instruments counts towards the thresholds mentioned above and may, thus, trigger a duty to notify by themselves or when accumulated with a shareholding.

The notification must be made immediately and within the same trading day (before midnight) of the transaction and in accordance with the provisions of the Executive Order no. 1256 of November 4, 2015 and must disclose the number of voting rights and shares held directly or indirectly following the transaction. The notification must further state the transaction date on which the threshold was reached or no longer reached and the identity of the shareholder as well as the identity of any natural or legal person with the right to vote on behalf of the shareholder and, in the case of a group structure, the chain of controlled undertakings through which voting rights are effectively held. The information must be notified to the company and simultaneously submitted electronically to the Danish FSA. Failure to comply with the notification requirements is punishable by fine.

When an obligation to notify rests on more than one natural or legal person, the notification may be made through a joint notification. However, use of a joint notification does not exempt the individual shareholders or natural or legal persons from their responsibilities in connection with the obligation to notify or the contents of the notification.

After receipt of the notification, the company must publish the contents of the notification. Furthermore, the general duty of notification under the Danish Companies Act Section 55 in respect of notification of significant holdings applies, namely when the limit of 100% of the share capital's voting rights or nominal value of the company are reached or are no longer reached. Section 58 of the Danish Companies Act provides that a company must publish information related to major shareholdings received pursuant to Section 55 of the Danish Companies Act in an electronic public register of shareholders, which is kept by the Danish Business Authority.

26.6 Short-selling

The Short Selling Regulation (236/2012/EU) includes certain notification requirements in connection with short selling and imposes restrictions on uncovered short selling of shares admitted to trading on a trading venue (including Nasdaq Copenhagen).

When a natural or legal person reaches or falls below a net short position of 0.2% of the issued share capital of a company that has shares admitted to trading on a trading venue, such person must notify the relevant competent authority, which in Denmark is the Danish FSA. The obligation to notify, moreover, applies in each case where the short position reaches 0.1% above the 0.2% threshold. In addition, when a natural or legal person reaches or falls below a net short position of 0.5% of the issued share capital of a company that has shares admitted to trading on a trading venue and each 0.1% above that, such person must make a public announcement of its net short position.

A natural or legal person is prohibited from entering into a short sale of a share admitted to trading on a trading venue unless one of the following conditions is satisfied: (i) the natural or legal person has borrowed the share or has made alternative provisions resulting in a similar legal effect, (ii) the natural or legal person has entered into an agreement to borrow the share or has another absolutely enforceable claim under contract or property law to be transferred ownership of a corresponding number of securities of the same class so that settlement can be effected when it is due or (iii) the natural or legal person has an arrangement with a third party under which that third party has confirmed that the share has been located and has taken measures vis-à-vis third parties necessary for the natural or legal person to have reasonable expectation that settlement can be effected when it is due. Certain exemptions apply to the prohibition, such as in the case of market-makers or in relation to the carrying out of a stabilization permitted under the Safe Harbor Regulation (2273/2003/EC).

26.7 Mandatory tender offers

The Danish Securities Trading Act (Part 8) and the Executive Order no. 562 of June 2, 2014 include rules concerning public offers for the acquisition of shares admitted to trading on a regulated market (including Nasdaq Copenhagen).

If a shareholding is transferred, directly or indirectly, in a company with one or more share classes admitted to trading on a regulated market or an alternative market place, to an acquirer or to persons acting in concert with such acquirer, the acquirer must give all shareholders of the company the option to dispose of their shares on identical terms, if the acquirer gains a controlling interest as a result of the transfer.

A controlling interest exists if the acquirer, directly or indirectly, holds more than one third of the voting rights in the company, unless it can be clearly proven in special cases that such ownership does not constitute a controlling interest. An acquirer who does not hold more than one third of the voting rights in a company nevertheless has a controlling interest when the acquirer has:

- (a) the right to control more than one third of the voting rights in the company according to an agreement with other investors;
- (b) the right to control the financial and operational affairs of the company according to the articles of association or agreement; or
- (c) the right to appoint or dismiss a majority of the members of the supervisory body and this body has controlling influence over the company.

Warrants, call options and other potential voting rights, which may currently be exercised or converted, must be taken into account in the assessment of whether the acquirer holds a controlling interest. Voting rights attached to treasury shares must be included in the calculation of voting rights.

Exemptions from the mandatory tender offer rules may be granted under special circumstances by the Danish FSA.

26.8 Mandatory redemption of shares

Where a shareholder holds more than 90% of the shares in a company and a corresponding proportion of the voting rights, such shareholder may, pursuant to the Danish Companies Act, Section 70, decide that the other shareholders have their shares redeemed by that shareholder. In this case, the other shareholders must be requested, under the rules governing notices for general meeting, to transfer their shares to the shareholder within four weeks. If the redemption price cannot be agreed upon, the redemption price must be determined by an independent expert appointed by the court in the jurisdiction of the company's registered office in accordance with the provisions of the Danish Companies Act. Specific requirements apply to the contents of the notice to the other shareholders regarding the redemption. If not all minority shareholders have transferred their shares to the acquiring shareholder within the four-week deadline, as soon as possible the acquiring shareholder shall unconditionally deposit in favor of the relevant minority shareholders an amount corresponding to the redemption price for those shares not transferred in accordance with the Danish Act on the right for debtors to release themselves from obligations by way of deposit.

Furthermore, where a shareholder holds more than 90% of the shares in a company and a corresponding proportion of the voting rights, the other shareholders may require such shareholder to acquire their shares pursuant to Section 73 of the Danish Companies Act. If the redemption price cannot be agreed upon, the redemption price is determined by an independent expert appointed by the court in the jurisdiction of the company's registered office in accordance with the provisions of the Danish Companies Act. The redemption offer is, *inter alia*, required to be communicated through the Danish Business Authority's IT system at the time of notification of the four-week period. Redemption of the remaining shareholders will be carried out at the time of the expiry of the four-week period even if the redemption price remains subject to final determination by an expert, provided that funds representing the redemption price have been deposited by the majority shareholder.

26.9 Disclosure requirements for companies admitted to trading and official listing on Nasdaq Copenhagen

As a company admitted to trading and official listing on Nasdaq Copenhagen, the Company will, under the Danish Securities Trading Act, the Danish Executive Order no. 1258 of November 9, 2015 on Issuer's Duty to Provide Information and the issuer rules of Nasdaq Copenhagen, be obliged to inform the public and the Danish FSA as soon as possible of inside information (in Danish: "intern viden"), as defined in Section 34(2) of the Danish Securities Trading Act, if such information directly relates to its business. Inside information must be disclosed as soon as possible upon the coming into existence of the relevant circumstances or the occurrence of the relevant event. The Company is also obliged to disclose any significant changes concerning already publicly disclosed inside information.

In addition, the Company must ensure that all market participants simultaneously have access to any material information about the Company pursuant to the Danish Securities Trading Act and the rules of Nasdaq Copenhagen, if such information is assumed to affect the pricing of its securities. The Company is also required to ensure that no unauthorized person gains access to such inside information prior to its publication to the market. Inside information includes, for example, (i) changes to the Board of Directors, Executive Management and auditors, (ii) decisions to introduce share-based incentive schemes, (iii) substantial changes in business activities, (iv) material acquisitions and divestments, (v) significant deviations in the Company's financial results or position, (vi) proposed changes in the Company's capital structure, (vii) interim reports and accounts and (viii) annual reports and accounts.

On July 3, 2016, the disclosure requirements applicable to the Company pursuant to the Danish Securities Trading Act will be repealed and replaced by the Market Abuse Regulation.

27. PLAN OF DISTRIBUTION

27.1 The Offering

J.P. Morgan Securities plc, Morgan Stanley & Co. International plc and Nordea Markets (division of Nordea Bank Danmark A/S), which are the Joint Global Coordinators and Joint Bookrunners, are acting as representatives of the other Managers named below. Under the terms and subject to the conditions set forth in an underwriting agreement, dated May 26, 2016, among us, the Selling Shareholders and the Managers named below (the "Underwriting Agreement"), the Managers have severally agreed to purchase the number of Offer Shares indicated below opposite the name of each such Manager, and the Selling Shareholders have severally agreed to sell to the Managers, up to the number of Offer Shares indicated below opposite the name of each such Manager, in each case assuming the maximum number of Offer Shares (excluding the Option Shares) are sold in the Offering and assuming the Overallotment Option is not exercised:

Managers	Number of Offer Shares (assuming the maximum number of Offer Shares are sold and before the exercise, if any, of the Overallotment Option)
J.P. Morgan Securities plc	15,295,223
Morgan Stanley & Co. International plc	15,295,223
Nordea Markets (division of Nordea Bank Danmark A/S)	15,295,223
Citigroup Global Markets Limited	6,555,095
Danske Bank A/S	6,555,095
UBS Limited	6,555,095
ABG Sundal Collier Denmark ASA, filial af ABG Sundal Collier	
ASA, Norge	2,427,813
Coöperatieve Rabobank U.A	2,427,813
RBC Europe Limited (trading as RBC Capital Markets)	2,427,813
Total	72,834,393

The Selling Shareholders will pay the Managers certain underwriting, selling and management commissions in connection with the Offering and we and/or the Selling Shareholders will reimburse the Managers for certain expenses related thereto. In addition, at the discretion of the Danish Ministry of Finance and NEI, the Selling Shareholders may pay one or more Managers an additional fee.

The Underwriting Agreement provides that the obligations of the several Managers are subject to certain conditions. The Underwriting Agreement may be terminated under certain circumstances.

In connection with the Offering, each of the Managers and any affiliate acting as an investor for its own account may take up the Offer Shares and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the Offering. Accordingly, references in this Offering Circular to the Offer Shares being offered or placed should be read as including any offering or placement of securities to any of the Managers and any affiliate acting in such capacity. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Prior to this Offering, there has been no public market for the Shares. The Offer Price and the number of Offer Shares (other than the Option Shares) being sold in the Offering will be determined by the Selling Shareholders in consultation with the Company's Board of Directors and the Joint Global Coordinators. The indicative Offer Price range set forth on the cover page of this Offering Circular is subject to change as a result of market conditions and other factors. There can be no assurance that an active market will develop for the Offer Shares or that the Offer Shares will trade in the public market after the Offering at or above the Offer Price.

Purchasers of the Offer Shares may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the Offer Price.

27.2 Indemnification

We have agreed to indemnify the Managers in respect of certain expenses and to indemnify them against certain losses and liabilities arising out of, or in connection with, the Offering.

27.3 Overallotment Option

The Selling Shareholders other than the Majority Shareholder and SEAS-NVE Holding A/S have agreed to grant to the Managers an Overallotment Option exercisable in whole or in part by the Stabilizing Manager, to purchase up to 10,925,159 additional Shares at the Offer Price, from the first day of trading in, and official listing of, the Shares until the day 30 calendar days thereafter, solely to cover over-allotments or other short positions, if any, incurred in connection with the Offering and the Managers will receive certain selling commissions and may receive certain additional discretionary fees. The number of Option Shares will be adjusted if less than the maximum number of Offer Shares (other than the Option Shares) are sold in the Offering, such that the number of Option Shares will equal 15% of the number of Offer Shares (other than Option Shares). To the extent such Overallotment Option is exercised, each Manager will become severally obligated, subject to certain conditions, to purchase approximately the same percentage of such additional Shares as the percentage of the Offer Shares (excluding the Overallotment Option) purchased by each Manager in accordance with the terms of the Underwriting Agreement.

27.4 Price stabilization and short positions

In order to facilitate the Offering, Morgan Stanley & Co. International plc as the Stabilizing Manager, or its agents, on behalf of the Managers, may engage in transactions that stabilize, maintain or otherwise affect the price of the Offer Shares at any time during the period beginning on the date of commencement of trading of the Shares on the Nasdaq Copenhagen and ending 30 days thereafter.

Specifically, the Managers and the Selling Shareholders have agreed that the Managers may accept offers to purchase a greater number of Offer Shares than that for which they are obligated to purchase under the Underwriting Agreement, creating a short position. A short sale is covered if the short position is no greater than the number of Offer Shares available for purchase by the Managers under the Overallotment Option. The Managers can close out a covered short sale by exercising the Overallotment Option or purchasing Shares in the open market. In determining the source of Shares to close out a covered short sale, the Managers will consider, among other things, the open market price of Shares compared to the price available under the Overallotment Option.

The Managers may also sell Offer Shares in excess of the Overallotment Option, creating a naked short position. The Managers must close out any naked short position by purchasing Shares in the open market. A naked short position is more likely to be created if the Stabilizing Manager is concerned that there may be downward pressure on the price of the Shares in the open market after pricing that could adversely affect investors who purchase in the Offering. Any naked short position will not exceed an amount equal to five% of the original number of Offer Shares offered.

As an additional means of facilitating the Offering, the Stabilizing Manager or its agents may effect transactions to stabilize the price of the Shares. These activities may raise or maintain the market price of the Shares above independent market levels or prevent or retard a decline in the market price of the Shares. Such transactions may be effected on the Nasdaq Copenhagen, in the over-the-counter markets or otherwise.

The Stabilizing Manager and its agents are not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken; if undertaken, the Stabilizing Manager or its agents may end any of these activities at any time and they must be brought to an end at the end of the 30-day period mentioned above. Save as required by law or regulation, the Stabilizing Manager does not intend to disclose the extent of any stabilization transactions under the Offering.

27.5 Employee Share Program and Leader Share Program

In connection with the Employee Share Program and Leader Share Program (see Section 19.5.7 "Employee Share Program and Leader Share Program" of this Offering Circular), we expect to settle the programs by issuing and delivering bonus Shares to the participants in each of the programs. The bonus Shares issued will carry the same rights as the existing Shares.

As for the Company's share capital, the maximum number of bonus Shares to be issued and delivered if our performance is ranked as number one or two compared to the Peer Group will be 2,686,884 Shares resulting in a potential increase of the Company's share capital by DKK 26,868,840 to DKK 4,204,132,570.

The Company's issuance of bonus Shares will dilute the existing shareholders in the Company, including but not limited to shareholders who will acquire Offer Shares as part of the Offering. For an overview of

the maximum dilution effect resulting from the Company's issuance of bonus Shares reference is made to the table in Section 20 "Ownership structure" of this Offering Circular and to Section 23 "Description of the Shares and Share Capital" of this Offering Circular.

27.6 Lock-up arrangements

The Selling Shareholders have agreed with the Joint Global Coordinators that, subject to certain exceptions, for a period of 180 days from the date of this Offering Circular, they will not, except for the Shares to be sold in the Offering and subject to certain other exceptions, without the prior written consent of a majority of the Joint Global Coordinators, offer, pledge, sell, contract to sell, sell any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transactions are to be settled by delivery of the Shares or such other securities, in cash or otherwise.

The exceptions applicable to the Selling Shareholders include *inter alia* disposals in connection with takeover offers, rights issues and other corporate actions; disposals of securities acquired after initial settlement of the Offering (subject to certain exceptions); the grant of certain security interests on any Shares including disposals following enforcement of such security interests; disposals pursuant to trading, brokerage or asset management activities of affiliates of Selling Shareholders; disposals to the Majority Shareholder pursuant to the exercise of the put option contained in the 2013 Shareholders' Agreement; and transfer of Shares in settlement of the Siri Compensation.

Further, pursuant to the 2013 Shareholders Agreement, NEI and SEAS-NVE Holding A/S have entered into an agreement with the Majority Shareholder effective as from expiry of the lock-up undertaken by such Selling Shareholders pursuant to the Underwriting Agreement whereby each of NEI and SEAS-NVE Holding A/S agreed, for so long as it holds at least 5% of the shares in the Company, to consult with the Majority Shareholder prior to any further sale of its Shares.

We have agreed with the Joint Global Coordinators to substantially the same restrictions set forth above for a period of 180 days from the date of this Offering Circular, subject to certain exceptions. The exceptions applicable to us include *inter alia* that we are entitled to undertake certain corporate actions and issue bonus Shares to settle our obligations under the Employee Share Program and the Leader Share Program.

The members of our Group Executive Management, who as of the date of this Offering Circular own Shares, have agreed with the Joint Global Coordinators to substantially the same restrictions set forth above for a period of 365 days from the date of the date of this Offering Circular, subject to certain exceptions. The exceptions applicable to the Group Executive Management include *inter alia* that the restricted persons are allowed to sell shares to settle any tax liabilities incurred in connection with settlement of the Leader Share Program.

27.7 Other relationships

Certain of the Managers have in the past provided, and may in the future from time to time provide, investment banking and related advisory services and credit and other lending arrangements to us and certain of the Selling Shareholders for which they have in the past received, and may in the future receive, fees and commissions, and may come to have interests that potentially may conflict with your and our interests. Certain of the Selling Shareholders have provided security, including Shares, under their lending arrangements with certain Managers that may become subject to enforcement under the terms of such lending arrangements. In addition, certain of our Selling Shareholders may, upon completion of Offering, use funds made available to them from proceeds received from the sale of Offer Shares, to repay loans together with accrued interest thereon to certain Managers and their respective affiliates acting as lenders under such Selling Shareholders' lending arrangements.

27.8 Addresses of Managers

The addresses of the Managers are:

J.P. Morgan Securities plc 25 Bank Street, Canary Wharf London E14 5JP United Kingdom Morgan Stanley & Co. International plc 25 Cabot Square Canary Wharf London E14 4QA United Kingdom

Nordea Markets (division of Nordea Bank Danmark A/S) Strandgade 3 0900 Copenhagen C Denmark

Citigroup Global Markets Limited Citigroup Centre Canada Square, Canary Wharf London E14 5LB United Kingdom

Danske Bank A/S 2–12 Holmens Kanal DK-1092 Copenhagen K Denmark

UBS Limited 1 Finsbury Avenue London EC2M 2PP United Kingdom

ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge Forbindelsevej 12 DK-2100 Copenhagen Denmark

Coöperatieve Rabobank U.A. Croeselaan 18 3521 CB Utrecht The Netherlands

RBC Europe Limited (trading as RBC Capital Markets) Riverbank House 2 Swan Lane London EC4R 3BF United Kingdom

27.9 Selling restrictions

27.9.1 General

Except for the public offering of the Offer Shares in Denmark, no action has been or will be taken in any country or jurisdiction by any Manager, us or any Selling Shareholder that would or is intended to permit a public offering of the Shares or the possession, circulation or distribution of this Offering Circular or any other offering material relating to the Company or the Offer Shares offered hereby in any jurisdiction where action for any such purpose may be required. Accordingly, the Offer Shares offered hereby may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Offer Shares offered hereby may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

27.9.2 United States

The Offer Shares have not been and will not be registered under the US Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Accordingly, the Offer Shares are being offered and sold (i) in the United States, only to QIBs in reliance upon the exemption from the registration

requirements of the US Securities Act provided by Rule 144A and (ii) outside the United States, pursuant to and in accordance with Regulation S.

Any offer and sale in the United States will be made by affiliates of the Managers who are broker-dealers registered under the US Exchange Act. In addition, until 40 days after the commencement of this Offering, an offer or sale of Offer Shares within the United States by a dealer that is not participating in this Offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

27.9.3 European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (as defined below), excluding Denmark (a "Relevant Member State"), no offer of the Offer Shares may be made to the public in that Relevant Member State, except that offers of the Offer Shares may be made under the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer;
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Offer Shares shall result in a requirement for the publication by the Company or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this paragraph, the expression an "offer of the Offer Shares may be made to the public" in relation to any of the Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto), and includes any relevant implementing measure in the Relevant Member State.

27.9.4 United Kingdom

Offers of the Offer Shares pursuant to the Offering are only being made to persons in the UK who are "qualified investors" or otherwise in circumstances which do not require publication by the Company of a prospectus pursuant to section 85(1) of the UK Financial Services and Markets Act 2000.

Any investment or investment activity to which the Offering Circular relates is available only to, and will be engaged in only with persons who: (i) are investment professionals falling within Article 19(5); or (ii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc."), of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available (together, "**relevant persons**"). Persons who are not relevant persons should not take any action on the basis of the Offering Circular and should not act or rely on it.

27.9.5 Canada

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45–106 Offering Circular Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31–103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The

purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33–105 Underwriting Conflicts ("NI 33–105"), the Managers are not required to comply with the disclosure requirements of NI 33–105 regarding underwriter conflicts of interest in connection with this Offering.

27.9.6 Australia

This Prospectus does not constitute a prospectus or other disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia (the "Corporations Act") and will not be lodged with the Australian Securities and Investment Commission. The Shares will be offered to persons in Australia only to the extent that such offers of shares for issue or sale do not need disclosure to investors under Part 6D.2 of the Corporations Act. Any offer of Shares received in Australia is void to the extent that it needs disclosure to investors under the Corporations Act. In particular, offers for the issue or sale of Shares will only be made in Australia in reliance on various exemptions from such disclosure to investors provided by section 708 of the Corporations Act. Any person to whom Shares are issued or sold pursuant to an exemption provided by section 708 of the Corporations Act must not within 12 months after the issue or sale of those Shares offer those Shares for sale in Australia unless that offer is itself made in reliance on an exemption from disclosure provided by that section.

28. TRANSFER RESTRICTIONS

The Offer Shares have not been and will not be registered under the US Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the US Securities Act and applicable state securities laws.

Each purchaser of the Offer Shares outside the United States in compliance with Regulation S will be deemed to have represented and agreed that it has received a copy of this Offering Circular and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Offer Shares have not been, and will not be, registered under the US Securities Act, or with any securities regulatory authority of any state of the United States, and, subject to certain exceptions, may not be offered or sold within the United States;
- (3) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares, was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares or any economic interest therein to any person in the United States;
- (4) the purchaser is not an affiliate of ours or a person acting on behalf of such affiliate;
- (5) the Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;
- (6) the purchaser acknowledges that we shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions;
- (7) if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- (8) the purchaser acknowledges that we, the Managers and their respective affiliates, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offer Shares within the United States purchasing pursuant to an exemption from the registration requirements of the US Securities Act will be deemed to have represented and agreed that it has received a copy of this Offering Circular and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Offer Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;
- (3) the purchaser (i) is a qualified institutional buyer (as defined in Rule 144A under the US Securities Act), (ii) is aware that the sale to it is being made pursuant to an exemption from the registration requirements of the US Securities Act, and (iii) is acquiring such Offer Shares for its own account or for the account of a qualified institutional buyer;
- (4) the purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the US Securities Act;
- (5) if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, or any economic interest therein, such Offer Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in compliance with Regulation S under the US Securities Act, or (iii) in accordance with Rule 144 under the US Securities Act (if available), in each case in

- accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
- (6) the purchaser acknowledges that the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Offer Shares;
- (7) the purchaser will not deposit or cause to be deposited such Offer Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act;
- (8) the purchaser acknowledges that we shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions;
- (9) if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account; and
- (10) the purchaser acknowledges that we, the Managers and their respective affiliates, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each person in a Relevant Member State other than, in the case of paragraph (1), persons receiving offers contemplated in this Offering Circular in Denmark who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Offering Circular will be deemed to have represented, warranted and agreed to and with each Manager and us that:

- (1) it is a qualified investor as defined in the Prospectus Directive; and
- (2) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Offer Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer" in relation to any of the Offer Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

29. LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Company by Davis Polk & Wardwell London LLP, United States legal counsel to the Company, and by Kromann Reumert, Danish legal counsel to the Company, and for the Managers by Latham & Watkins (London) LLP, United States legal counsel to the Managers, and by Gorrissen Federspiel, Danish legal counsel to the Managers.

30. STATE AUTHORIZED PUBLIC ACCOUNTANTS

The Audited Consolidated Financial Statements as at and for the years ending December 31, 2015, 2014 and 2013 included in this Offering Circular have been prepared in accordance with IFRS as adopted by the EU and additional Danish disclosure requirements for listed companies and state-owned public limited companies, and have been audited by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab as stated in their report appearing therein. The unaudited interim condensed consolidated financial statements included in this Offering Circular have been prepared in accordance with IAS 34 as adopted by the EU and have been reviewed by PwC with respect to the consolidated financial statements of the Group as of and for the three months ended March 31, 2016. PwC was appointed and registered as our independent accountants on April 19, 2010.

The name and address of our independent auditors are as follows:

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup Denmark

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab is represented by Lars Baungaard, State Authorized Public Accountant, and Fin T. Nielsen, State Authorized Public Accountant, both members of FSR—Danish Auditors. Mogens Nørgaard Mogensen, member of FRS—Danish Auditors, was replaced by Lars Baungaard in 2014 due to Danish regulatory rotation requirements.

The independent auditors' reports included in our published annual report as at and for the year ending December 31, 2015 was signed by Fin T. Nielsen and Lars Baungaard. The independent auditors' reports included our published annual report as at and for the year ending December 31, 2014 was signed by Lars Baungaard and Fin T. Nielsen, and the independent auditors' reports included in our published annual report as at and for the year ending December 31, 2013, was signed by Fin T. Nielsen and Mogens Nørgaard Mogensen.

31. ADDITIONAL INFORMATION

31.1 Name, registered office and date of incorporation

DONG Energy A/S Kraftværksvej 53 DK-7000 Fredericia

Denmark

Telephone: +45 99 55 11 11 Website:www.dongenergy.com

Information on the Company's website does not form a part of, and is not incorporated by reference into, this Offering Circular. We were incorporated as a public limited company in Denmark under the Danish Public Companies Act on March 27, 1972 under the name Dansk Naturgas A/S. Subsequently, on December 20, 1973 our name was changed to Dansk Olie og Naturgas A/S. At our annual general meeting held on May 21, 2002, our name was changed to DONG A/S, and at our annual general meeting held on April 19, 2006, to DONG Energy A/S.

We also carry on business under the secondary name of Dansk Olie og Naturgas A/S.

31.2 Registered office

Our registered office is located in the municipality of Fredericia at Kraftværksvej 53, DK-7000 Fredericia, Denmark.

31.3 Registration

We are registered with the Danish Business Authority under CVR no. 36 21 37 28.

31.4 Objectives of the Company

Pursuant to article 3.1 of our Articles of Association, the Company's objectives are to conduct business within the energy sector and activities related thereto.

31.5 Material subsidiaries

DONG Energy A/S is the parent company of the Group.

The following table sets forth our material subsidiaries as at the date of this Offering Circular:

Entity Name	Country of incorporation	Currency	Nominal Share Capital	Percentage ownership
DONG E&P A/S ⁽³⁾	Denmark	DKK	720,000,000	100%
DONG E&P Norge AS ⁽³⁾	Norway	NOK	259,760,000	100%
DONG E&P (UK) Ltd.		GBP	85,380,000	100%
DONG E&P DK A/S ⁽³⁾		DKK	9,500,000	100%
DONG E&P (Siri) UK Ltd. ⁽³⁾		GBP	2,002	100%
DONG Energy Thermal Power A/S	Denmark	DKK	500,000,000	100%
DONG Energy REnescience Northwich Limited ⁽³⁾		GBP	1(1)	100%
DONG Energy REnescience Northwich O&M	_			
Limited ⁽³⁾		GBP	$1^{(1)}$	100%
Enecogen V.O.F.(3)		n/a	n/a ⁽¹⁾	50%
Inbicon A/S		DKK	23,000,000	100%
REnescience A/S		DKK	18,000,000	100%
DONG Energy SP (UK) Ltd. ⁽³⁾		GBP	1,000,000	100%
DONG Energy Wind Power Holding A/S ⁽³⁾		DKK	1,800,000,000	100%
DONG Energy Wind Power A/S ⁽³⁾		DKK	1,500,000,000	100%
DONG Energy Wind Power Denmark $A/S^{(3)}$	Denmark	DKK	500,000,000	100%
A2Sea $A/S^{(3)}$	Denmark	DKK	429,363,376	51%
Anholt Havvindmøllepark I/S ⁽³⁾	Denmark	n/a GBP	n/a ⁽¹⁾ 40,000,100	50% 100%
Borkum Riffgrund I Holding A/S		DKK	1,000,100	100%
Borkum Riffgrund I offshore	Delillark	DKK	1,000,000	100 /6
Windpark A/S GmbH & Co. oHG ⁽³⁾	Germany	EUR	n/a ⁽¹⁾	50%
Breesea Limited ⁽³⁾		GBP	12,051,200	100%
CT Offshore A/S ⁽³⁾	Denmark	DKK	516,500	34% (A2Sea A/S owns
er ommere ryo		21111	510,500	66.67% of the shares of
				CT Offshore A/S and
				DONG Energy owns 51%
				of the shares of
				A2Sea A/S)
DONG Energy—Anholt Offshore A/S		DKK	100,000,000	100%
DONG Energy Borkum Riffgrund I GmbH ⁽³⁾	Germany	EUR	51,000	100%

Entity Name	Country of incorporation	Currency	Nominal Share Capital	Percentage ownership
DONG Energy Borkum Riffgrund II GmbH ⁽³⁾		EUR	25,000	100%
DONG Energy Borkum Riffgrund I HoldCo GmbH ⁽³⁾	Germany	EUR	25,000	100%
DONG Energy Borkum Riffgrund West I GmbH ⁽³⁾	Germany	EUR	25,000	100%
West II GmbH ⁽³⁾	Germany	EUR	25,000	100%
DONG Energy Burbo Extension (UK) Ltd. (3)		GBP	20,700,020	50%
NAVNEÆNDRET TIL Burbo Extension Ltd ⁽³⁾ DONG Energy Burbo (UK) Limited ⁽³⁾	United Kingdom	GBP	25,000,000	100%
DONG Energy Gode Wind 1 Holding GmbH ⁽³⁾ .	Germany	EUR	25,000	100%
DONG Energy Gode Wind 2 GmbH ⁽³⁾ DONG Energy Gunfleet Sands Demo	Germany	EUR	25,000	100%
(UK) Ltd. (3)		GBP	11,000,000	100%
DONG Energy Horns Rev I A/S		DKK DKK	100,000,000	100% 100%
DONG Energy Horns Rev 2 A/S DONG Energy Lincs (UK) Ltd. ⁽³⁾		GBP	200,000,000 96,000,001	100%
DONG Energy London Array II Ltd. ⁽³⁾ DONG Energy London Array Ltd. ⁽³⁾	United Kingdom	GBP	20,000,001	100%
DONG Energy London Array Ltd. ⁽³⁾ DONG Energy Nearshore Wind ApS ⁽³⁾	United Kingdom	GBP	40 500 000	100%
DONG Energy Nysted I A/S ⁽³⁾		DKK DKK	500,000 85,500,000	100% 85.5%
DONG Energy Power (Gunfleet Sands) ltd.(3)	United Kingdom	GBP	10,000,000	100%
DONG Energy Power (Participation) Ltd. ⁽³⁾	United Kingdom	GBP	1(1)	100%
DONG Energy Power (UK) Ltd. (3) DONG Energy RB (UK) Ltd. (3)	United Kingdom	GBP GBP	78,301,100 32,245,932	100% 100%
DONG Energy Walney Extension (UK) Ltd. (3)	United Kingdom	GBP	14,700,820	100%
DONG Energy West of Duddon Sands (UK)		CDD	9 060 594	10007
Limited ⁽³⁾		GBP GBP	8,969,584 1,001	100% 100%
DONG Energy Wind Power Germany GmbH ⁽³⁾ .		EUR	300,000	100%
DONG VE A/S		DKK	330,000,000	100%
DONG Vind A/S		DKK EUR	7,000,000 25,000	100% 100%
Gode Wind 1 Offshore Wind Farm GmbH & Co.		2011		
oHG ⁽³⁾	Germany	n/a	n/a ⁽¹⁾	50%
Farm P/S GmbH & Co. oHG ⁽³⁾		EUR	n/a ⁽¹⁾	50%
Heron Wind Limited ⁽³⁾	United Kingdom	GBP GBP	26,158,320 243,291,082	100% 50%
Lines Wind Farm Ltd. ⁽³⁾	United Kingdom	GBP	248,817,276	25% (Lincs Renewable Energy Holdings Limited
				owns 50% of the shares
				of Lincs Wind Farm Ltd. and DONG Energy owns
				50% of the shares of
				Lincs Renewable Energy
Morecambe Wind Ltd.(3)	United Kingdom	GBP	6	Holdings Limited) 50%
Niord Limited ⁽³⁾	United Kingdom	GBP	21,641,310	100%
Optimus Wind Limited ⁽³⁾		GBP	13,741,200	100%
Smart Wind Limited ⁽³⁾	Germany	GBP EUR	12,344,822.88 100,000	100% 89.9%
Walney (UK) Offshore Windfarms Ltd. (3)	United Kingdom	GBP	19,000	50.1%
Westermost Rough (Holding) Limited ⁽³⁾		GBP	6.21817806	50%
Westermost Rough Ltd. ⁽³⁾		GBP n/a	426,904,510 n/a ⁽²⁾	50% 100%
Gunfleet Sands Holding Ltd. (3)	United Kingdom	GBP	5,001	50.1%
Gunfleet Sands Ltd. ⁽³⁾	United Kingdom	GBP	10,000,000	50.1%
Gunfleet Sands II Ltd. ⁽³⁾		GBP DKK	558,159.43 1,110,000,000	50.1% 100%
DONG Energy Sales & Distribution A/S		DKK	150,000,000	100%
DONG Energy Infrastructure GmbH ⁽³⁾		EUR	2,726,000	100%
DONG Energy Aktiebolag ⁽³⁾		SEK DKK	5,000,000 1.100.000.000	100% 100%
DONG Energy Markets GmbH ⁽³⁾	Germany	EUR	9,600,000	100%
DONG Energy Pipelines A/S ⁽³⁾		DKK	25,000,000	100%
DONG Energy Power Sales UK Limited ⁽³⁾ DONG Energy Sales GmbH ⁽³⁾		GBP EUR	4,000,001 1,000,000	100% $100%$
DONG Energy Sales (UK) Ltd. ⁽³⁾		GBP	23,978,000	100%
DONG Gas Distribution A/S	Denmark	DKK	100,000,000	100%
DONG Oil Pipe A/S ⁽³⁾	Denmark Denmark	DKK DKK	2,000,000 50,000	$100\% \\ 40\%$
DONG Energy Oil & Gas A/S	Denmark	DKK	500,000	100%
DONG Energy Malaysia Sdn. Bhd. (3)	Malaysia	RM	1,100,000	100%
DONG Energy IT Polska Sp. Zo.o. ⁽³⁾ DONG Energy (UK) Ltd. ⁽³⁾	Poland United Kingdom	PLN GBP	1,000,000 1,100,001	100% 100%
DONG Insurance A/S ⁽³⁾	Denmark	DKK	1,001,000	100%
VI Aura Limited ⁽³⁾	UK	GDP	100	100%
Northern Energy OWP West GmbH ⁽³⁾	Germany	EUR	100,000	100%

⁽¹⁾ The company has no registered share capital as it is a partnership.

- (2) The company has no registered capital.
- (3) Statutory financial statements for the financial year ending December 31, 2015, have not been prepared as of the date of this Offering Circular.

Our material subsidiaries comprise subsidiaries that, on an aggregate basis, contributed approximately 99% of our consolidated EBITDA, 100% of our total revenue and 99% of our consolidated assets as of December 31, 2015.

31.6 General meetings

The general meeting is the ultimate authority in all matters relating to the Company, subject to the limitations in Danish law and the Articles of Association. See Section 23.6 "General Meetings and Voting Rights."

31.7 Information incorporated by reference

No documents are incorporated herein by reference.

31.8 Principal bankers

The Company's principal bankers are Nordea Danmark A/S and Danske Bank A/S.

31.9 Share issuing agent

The Company's share issuing agent is Danske Bank A/S.

31.10 Competent Person's Report

In accordance with ESMA update of the CESR recommendations "The consistent implementation of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive" of March 20, 2013 (ESMA/2013/319), we have commissioned DeGolyer & MacNaughton, 5001 Spring Valley Road, Suite 800 East, Dallas, Texas 75244, United States, to prepare a CPR. The CPR is attached as Annex C to the Offering Circular. The professional qualifications of DeGolyer & MacNaughton appear from the CPR, page 29. Except for the provision of professional services on a fee basis, DeGolyer & MacNaughton has no commercial arrangements with us or other persons or companies involved in the interests which are the subject matter of the CPR. The CPR is included as an annex to the Offering Circular with the consent of DeGolyer & MacNaughton.

32. GLOSSARY OF SELECTED ENERGY AND OTHER TERMS

The following explanations are not intended as technical definitions, and are provided purely for assistance in understanding certain terms as used in this Offering Circular.

2G	Second generation.
2P	Sum of proven reserves plus probable reserves using the SPE/WPC reserve classification standards.
2012 Energy Agreement	An agreement governing the development of the Danish energy supply.
2013 Shareholders Agreement	The shareholders agreement entered into in November 2013 by the Majority Shareholder, ATP, NEI and PFA Pension, Forsikringsaktieselskab, and subsequently acceded to by Insero Horsens, Nyfors Entreprise A/S, SEAS-NVE Holding A/S, and SE a.m.b.a.
2013 Investors	NEI, ATP and PFA Pension, Forsikringsaktieselskab, SEAS-NVE Holding A/S, Insero Horsens, Nyfors Entreprise A/S and SE a.m.b.a.
2014 Shareholders Agreement	The shareholders agreement by and between the Majority Shareholder, Aura Energi A.M.B.A. (previously Galten Elværk.), Insero Horsens, Nyfors Entreprise A/S, SEAS-NVE Holding A/S and SE a.m.b.a. entered into in February 2014.
A2SEA	The offshore wind installation vessel company A2SEA A/S, of which 51% is owned by the Company's subsidiary DONG Energy Wind Power A/S.
Adjusted Closing Price	The closing price for the shares of each of the companies in the Peer Group, adjusted for share splits, paid dividends, share options and demergers on basis of data obtained from a reputable supplier of financial data.
Adjusted ROCE	Adjusted ROCE, or adjusted return on capital employed, is calculated as (i) our EBIT less current hydrocarbon taxes plus impairment losses for the year (added-back), divided by (ii) our average capital employed plus after-tax impairment loss added back to our capital at the end of the year.
AICPA	American Institute of Certified Public Accountants.
Allocation Framework	The system under which contracts are allocated by the Allocation Regulations.
Allocation Regulations	The CfD (Allocation) Regulations 2014, which establishes a process to allocate CfDs in the UK.
API 2	The benchmark price reference for coal imported into northwest Europe.
APX	A European energy exchange facilitating the trading of the spot markets for power in the Netherlands, the UK, and Belgium.

Asset Management	In respect of the Wind Power Ownership Phase, this function focuses on investment management, joint venture operations and portfolio support.
ATP	ATP means Arbejdsmarkedets Tillægspension, one of our shareholders, incorporated under the laws of the Kingdom of Denmark.
Audit & Risk Committee	The Company's Audit & Risk Committee.
Audited Consolidated Financial Statements	The Group's consolidated financial statements prepared in accordance with IFRS as adopted by the EU, audited by PwC.
Availability	In our Wind Power business, time-based availability is the ratio of the number of hours in a given period the offshore turbines are available for power generation to the total number of hours in the same period.
B2B	Business-to-business.
B2C	Business-to-consumer.
bbl	Barrels of oil.
balance of plant	In respect of our Wind Power business, all parts of the wind farm other than areas covered by a SWA during the first five years of operations.
base load	The level of operation of a thermal generation plant required in order to meet the minimum power and heat demand in a stated period of time.
BAT	Best Available Technologies, which are emissions testing standards in EU environmental regulation and legislation.
BayernGas	When used in respect of the Hejre license, including the project to develop the Hejre field which has been stopped in its original planned form and the assessment of the potential redevelopment of the Hejre field, means BayernGas Petroleum Danmark AS, reg. no 979 932 545. Norway, and BayernGas Danmark ApS, CVR no. 31 62 71 17, Denmark.
bcm	Billion normal cubic meters.
bio-conversion	When a CHP plant is converted from the use of fossil fuels to biomass such as wood pellets, wood chips and straw. After conversion, the CHP plant will typically be able to use biomass in addition to the original fuel types (multifuel CHP plant). Depending on the individual CHP plant design, existing equipment is modified and new equipment is added as needed (e.g. fuel handling and storage, boiler modification or new boilers, flue gas condensation, control system modification).
biomass	Also known as biomass fuel. A term for all combustible organic materials including straw, woodchips and wood pellets. CO ₂ emissions produced by the combustion of biomass are not covered by EU ETS. Biomass can be used in both central CHP plants and small-scale CHP plants.

black start	A black start is the process of restoring an electric power plant or a part of an electric grid to operation without relying on the external transmission network.
BNEF	Bloomberg New Energy Finance.
BNetzA	The German Federal Network Agency (in German; <i>Bundesnetzagentur</i>).
Board of Directors	The board of directors of the Company at any given date.
boe	Barrel of oil equivalent.
BOEM	The Bureau of Ocean Energy Management.
Brent	A classification of light crude that serves as a benchmark price for global purchases of oil.
BSH	The Federal Maritime and Hydrographic Agency (in German: <i>Bundesamt für Seeschifffahrt und Hydrographie</i>).
BSUoS	Balancing Services Use of System. BSUoS charges recover the costs incurred by the national grid acting as the system operator, in executing our obligation to balance the electricity transmission system.
Business Performance (BP) measure	The business performance (BP) measure included in this Offering Circular is a non-IFRS measure that supplements the IFRS presentation of the financial performance of the Group's activities in the reporting period. We introduced business performance to supplement the Group's IFRS financial statements. The business performance measures reflect the internal management of the Group and represents the underlying results for the period under review. Under the business performance measure, the value adjustment of hedging transactions is deferred and recognized for the period in which the hedged exposure materializes, with the exceptions mentioned in Section 16.2.5.2 "Timing differences on purchase contracts, gas at storage and related hedges. For additional information, see Section 16.3.1 "Description of business performance measure."
CAGR	Combined Annual Growth Rate.
Capacity Market	In respect of business in the UK, a market introduced as part of EMR, in which providers of existing and new generating capacity will be able to bid for capacity agreements.
CCGT	A combined cycle gas turbine power plant.
CCL	The climate change levy, a tax on energy delivered to non-domestic users in the UK, introduced under the UK Finance Act 2000.
CfD	Contract for Difference.
CFTC	US Commodity Futures Trading Commission.

Chairman	Chairman of the Board of Directors of the Company.
CHP	Combined Heat and Power generation (also known as "cogeneration").
CHP Advantage	The fuel saving achieved through cogeneration, by producing heat and power together instead of on their own.
CHP plant	A Combined Heat and Power (CHP) plant that generates both heat and power in the same process. The heat generated may be used for industrial purposes and/or district heating.
CIBOR	Copenhagen Interbank Offered Rate, the rate at which banks lend each other the Danish Kroner.
City Light business	DONG Energy's City Lights business that owns streetlights in northeast Zealand.
Clearstream	Clearstream Banking, S.A.
CO ₂	Carbon dioxide.
CO ₂ Certificates	Carbon dioxide emissions allowances, which CO ₂ emitters are required to purchase pursuant to the EU Emissions Trading Scheme (EU ETS).
Code	Internal Revenue Code of 1986, as amended.
Company	DONG Energy A/S.
Confirmation Political Agreement	Confirmation of the Political Agreement by an agreement dated on September 18, 2015 among the Danish Government and parties representing a majority of the current members of the Danish Parliament.
Construction Phase	One of the phases in the lifecycle of an offshore wind farm, including commissioning.
contingent resources	Contingent resources are those quantities of petroleum that are estimated, on a given date, to be potentially recoverable from known (drilled) or discovered accumulations, but which are not currently considered to be commercially recoverable or for which the degree of commitment is not such that the accumulation is expected to be developed and put into production within a reasonable time frame. Contingent resources include accumulations for which there is currently no viable market, or where evaluation of the accumulation is still at an early stage using the SPE/WPC reserve classification standards.
Continental Shelf Act 1964	Continental Shelf Act 1964 (c.29) of 17 February 1999 on the exploration and exploitation of the continental shelf.
Control of Major Accident Hazards Regulations 2015	Control of Major Accident Hazards Regulations 2015, SI No. 2015/483 of 2 March 2015 on measures relating to the prevention and limitation of the effects of accidents involving dangerous substances.

Corporate Governance Recommendations	The recommendations on Corporate Governance of the Danish Committee on Corporate Governance, issued on 6 May 2013, as updated in November 2014.
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.
crude	A mixture of hydrocarbons that exist as liquids in natural underground reservoirs.
D&M	DeGolyer & MacNaughton, our independent petroleum engineering and external reserves auditor.
Danish Act on the Procedure for Compulsory	
Purchases	Consolidated Act No. 1161 of November 20, 2008.
Danish Companies Act	Consolidated Act no. 1089 of September 14, 2015 on limited liability companies.
Danish Competition Act	Consolidated Act No. 869 of July 8, 2015.
Danish Competition Appeal Tribunal	Reviews decisions of the Danish Competition and Consumer Authority, including the Danish Competition Council, regarding the application of the Danish Competition Act.
Danish Competition and Consumer Authority	The principal enforcer of competition law in Denmark. It has the overall responsibility of the administration of the Competition Act and decides day-to-day cases, including merger cases and cases regarding agreements that limit competition.
Danish Competition Council	Maintains overall responsibility for the administration of the Competition Act and determines the strategic goals to be achieved through enforcement of the Competition Act. It also has authority to decide on cases of particular importance.
Danish Continental Shelf Act	Consolidated Act no. 1101 of November 18, 2005 on the Danish Continental Shelf.
Danish Energy Board of Appeal	The appeal board established pursuant to the Danish Electricity Supply Act and to which, among others, DERA decisions may be appealed.
Danish Electricity Supply Act	Consolidated Act no. 1275 of November 11, 2013, as amended, on electricity supply.
Danish Environmental Liability Act	Consolidated Act no. 994 of September 9, 2014 on environmental damages.
Danish Executive Order on Prospectuses	Executive Order no. 1257 of November 6, 2015 on prospectuses for securities admitted to trading in a regulated market and for offering to the public of securities of at least EUR 5,000,000.
Danish FSA	The Danish Financial Supervisory Authority.
Danish Heat Supply Act	The Danish Consolidated Act No. 1307 of November 24, 2014 on Heat Supply governing the permitted price of heat.

Danish Industry Agreement	The Danish Industry Agreement for Sustainable Biomass, which defines sustainability and greenhouse gas targets used in the Danish energy sector.
Danish Ministry of Finance	The governmental entity acting on behalf of the Kingdom of Denmark in respect of its controlling interest in DONG Energy A/S.
Danish Natural Gas Supply Act	Consolidated Act (No. 1331 of 2013), as amended, on natural gas supply in the exclusive economic zone and on the Danish continental shelf area.
Danish North Sea Partner	Nordsøenheden, an independent State company, set up to create as much value as possible for the Kingdom of Denmark from Nordsøfonden's participation in the exploration and production of oil and gas in Denmark.
Danish Offering	The initial public offering of Offer Shares to retail and institutional investors in Denmark.
Danish Offshore Safety Act	The Danish Offshore Safety Act no. 831 of July 1, 2015.
Danish Pipeline Act	The Danish Oil Pipeline Act (Act No. 291 of 10 June 1981, as later amended, on the Establishment of a Pipeline for Transport of Crude Oil and Condensate).
Danish Securities Trading Act	Consolidated Act no. 1530 of December 2, 2015, on securities trading, as amended.
Danish Subsoil Act	The Danish Consolidated Subsoil Act no. 960 of September 13 2011, as amended.
Danish TSO	Danish National Transmission System Operator for power and gas, Energinet.dk.
DCO	Development Consent Order.
DCS	The Danish continental shelf.
DEA	The Danish Energy Agency. (In Danish: "Energistyrelsen").
DEAG	Deutsche Erdoel AG.
DECC	The UK Department of Energy & Climate Change.
Degree days	Number of degrees in absolute figures in difference between the average outdoor temperature and the official Danish indoor temperature of 17 degrees Celsius.
Denmark	The Kingdom of Denmark.
Deputy Chairman	The Deputy Chairman of the Board of Directors.
DERA	The Danish Energy Regulatory Authority (in Danish, the "Energitilsynet"), the supervisory authority for monopoly companies in the Danish energy sector.
Development Phase	The life cycle of an offshore wind farm, starting from site selection and development.

Directives	The EU electricity and gas directives (Directives 96/92/EC, 2003/54/EC and 2009/72/EC concerning Common Rules for the Internal Market in Electricity and Directives 98/30/EC, 2003/55/EC and 2009/73/EC concerning Common Rules for the Internal Market in Natural Gas.
district heating	The supply of heat to customers who are connected to the centralized district heating system. The district heating system relies primarily upon CHP plants or generation from waste (either from a single generator, or from multiple generators) in order to supply heat.
Dividend PSUs	PSUs granted to each participant to compensate for any dividend payments from the Company before the granted PSUs have vested.
DK1	The price area for power in West Denmark.
DK2	The price area for power in East Denmark.
Dodd-Frank Act	Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
DONG OP	DONG Oil Pipe A/S, a company in the Group that owns the Oil Pipeline Business and the Stabilization Plant.
downstream	The processes of refining, distribution and marketing of oil and gas products.
DPT	Diverted Profits Tax.
DSO	Distribution System Operator. A regional monopoly power of gas infrastructure activity that includes: ownership of the power or gas network in a given area, responsibility for operating and maintaining the grid, connecting customers and giving third parties access to the grid on a non-discriminatory basis.
DSP	A new share program that will be introduced after completion of the Offering under which participants will have the opportunity to be granted restricted performance share units each year.
DUC	The Danish Underground Consortium, a joint venture formed in 1962 for the initial hydrocarbon exploration and possible development and production activities in Denmark.
EEA	European Economic Area.
EEG	The Renewable Energy Sources Act (in German: <i>Erneuerbare-Energien-Gesetz</i>).
EEG 2012	The amendment to the EEG enacted in 2012.
EEX	A European Energy Exchange, based in Germany, which facilitates the trading of various products, including power derivatives and emissions.
Efficiency	The total energy generated by a power plant divided by the total energy content in the fuel used in the generation process (see also "net power efficiency" and "total net efficiency").

EIA	Environmental impact assessment, a process of evaluating the likely environmental impacts of a proposed project or development.
Elsam	Elsam A/S, renamed DONG Energy Power A/S and today DONG Energy Wind Power Holding A/S (CVR no. 18 93 66 74).
EMF	Eolien Maritime France.
EMIR	Regulation No. 648/2012/EU on OTC Derivatives, Central Counterparties and Trade Repositories.
Emission Trading Directive	EU directive to establish an emission trading system.
Employee Share Program	Our employee share program established in February 2014 giving all employees in the Company and our wholly owned subsidiaries in Denmark, Sweden, Norway, the Netherlands, Germany, Great Britain, Poland and Malaysia the opportunity to subscribe for Shares and be granted rights to matching shares.
Employee Shareholders	Certain of our current and former employees owning Shares.
EMR	The 2013 Electricity Market Reform.
Energinet.dk	The Danish TSO that owns and operates the Danish power and gas transmission network.
Environmental Liability Directive	Environmental Liability Directive, Directive No. 2004/35/EC of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage.
Environmental Permitting Regulations 2010	Environmental Permitting (England and Wales) Regulations 2010 (as amended), SI No. 2010/675 of 10 March 2010 on the exercise by the Secretary of State of certain powers conferred under the Pollution Prevention and Control Act 1999.
Environmental Protection Act 1990	Environmental Protection Act 1990 (c.43) of 1 November 1990 on waste management, pollution control and contamination of land and control of emissions into the environment.
EnWG	The Energy Industry Act (in German: <i>Energiewirtschaftsgesetz</i>).
EPC	Engineering, procurement and construction.
EPC Consortium	Consortium formed by Technip France SAS and Daewoo Shipbuilding and Marine Engineering Co. Ltd regarding the EPC of an integrated platform for the Hejre field.
EPC Wrap Model	A construction agreement covering design, construction, installation, commissioning and testing of a given offshore wind assets for a fixed price and on a fixed schedule.

ETS	The EU Emissions Trading Scheme, which aims to reduce emissions of carbon dioxide and combat climate change by means of a scheme that allocates CO_2 Certificates and enables power generators and other emitters to trade these CO_2 Certificates.
Etzel Gas Storage Facility	An underground gas storage facility located in Northwest Germany.
EU	The European Union.
EUA	EU Allowance, the carbon credits traded in the ETS. Each EUA represents one ton of CO ₂ that a holder is permitted to emit. Allowance units are allocated to ETS members and can be traded.
Euroclear	Euroclear Bank S.A./N.A.
European Power Exchange market	Exchange, such as EPEX Spot and N2EX, for power spot trading in Germany, France, Austria, Switzerland, Luxembourg and the UK.
Executive Board	The executive board of the Company at any given date.
Executive Vice Presidents	The executive vice presidents of the Company at any given date.
Exit	The first trading day of our Shares after completion of an initial public offering and listing of our Shares, such as the Offering.
FCA	The Financial Conduct Authority.
Feed-in Premium	The size of the price supplement under a CfD or feed-in tariff under a wind support regime.
FID	Final Investment Decision.
FID-E	The Financial Investment Decision Enabling Process.
FID Enabling	The FID Enabling program launched in March 2013 and designed to enable developers of renewable power projects to take FIDs which would otherwise have been delayed by the uncertainty caused by the transition from the RO scheme to the CfD scheme.
FMD	Fuel Mix Disclosure, an EU policy to inform consumers as to the sources from which the power they purchased was generated.
fossil fuels	Fuels (such as coal, oil or natural gas) that are formed in the earth from dead plants or animals.
FPSO	A floating production, storage and offloading vessel used by the offshore oil and gas industry for the production and processing of hydrocarbons, and for the storage of oil.
FSMA	The Financial Services and Markets Act.
FTE employees	"full time equivalent" employee(s). The number of full-time employees during a fixed time period.

full-load	The level of operation of a thermal generation plant required in order to meet the maximum power and heat demand.
Further Conditions Precedent	Obligations on generators to provide the LCCC with information about progress to commissioning.
FY	Financial year, from and including January 1 to December 31 of the relevant year.
gas	Any hydrocarbons or mixture of hydrocarbons and other gases consisting primarily of methane which at normal operating conditions are in a gaseous state.
Gas Distribution Network	DONG Energy's gas distribution network in Western and Southern Zealand and Southern Jutland (including certain other pipelines comprised by the license no. ENS 66151-0002).
gas hub	A virtual trading point for the sale, purchase and exchange of natural gas within an area.
gas hub index	An index showing a price for a period, such as a day-ahead price for gas at a gas hub.
Gas Infrastructure Assets	Our Gas Distribution Network, and the upstream pipelines set forth in Appendix 1 of our Articles of Association, including the upstream pipelines from the Tyra and the Syd Arne platforms to the gas terminal in Nybro, the upstream pipeline from the Tyra platform to the Harald platform and the gas terminal in Nybro.
GEMA	The Gas and Electricity Markets Authority, the national regulatory authority for the energy sector in England and Wales.
Generator	A machine for converting mechanical energy into power.
GHG	Greenhouse gases.
GIP	Global Infrastructure Partners LLC.
Global Compact	The U.N.'s Global Compact initiative, which sets out ten principles on respect for the environment, human rights, labor rights and anti-corruption.
Goldman Sachs	The Goldman Sachs Group, Inc.
Green Certificates	Certificates awarded to generators of renewable- energy power as a supplement to the market price of power in the given price area, including ROCs, RECs, REGOs and LECs.
Green Dark Spread	The contribution margin per MWh of power generated at a coal-fired plant of a given efficiency. It is determined as the difference between the price of power and the cost of coal (including associated freight costs) and CO ₂ Certificates used to generate power.

Green Spark Spread	The contribution margin per MWh of power generated made at a gas-fired power plant of a given efficiency. It is determined as the difference between the market price of power and the costs of gas and CO ₂ Certificates used to generate power.
greenhouse gas emissions	Refers to the emission into the earth's atmosphere of various gases, in particular carbon dioxide, that contribute to the greenhouse effect which scientific consensus shows impacts climate change.
Group Executive Management	Group Executive Management comprises the Executive Board and the Executive Vice Presidents.
Group Shares	Shares in a company in which the shareholder of the company and the issuing company are subject to Danish joint taxation or fulfil the requirements for international joint taxation under Danish law.
GW	Gigawatt, a unit of power. 1 GW is equivalent to 1,000 MW and 1,000,000,000 W.
GWh	Gigawatt hour. The amount of energy generated in 1 hour with the effect of 1 GW.
heat EBITDA	Heat EBITDA is composed of sharing of the tax advantage related to using biomass as a fuel instead of fossil fuel, and accruals of the pre-payments for the investment by the heat customer.
Heat Supply Act	Consolidated Act No. 1307 of November 24, 2014 on Heat Supply (as amended).
HP/HT	High pressure and high temperature areas.
HSE	Health, safety and environment.
HS Executive	Health and Safety Executive.
HSE standards	The Group's health, safety and environmental standards.
hydropower	Power generated by using the force of moving water.
ICE	Intercontinental Exchange, a network of 23 exchanges and clearing houses for financial and commodity markets.
IE Directive	The EU Industrial Emissions Directive.
IFRS	International Financial Reporting Standards.
income cap	A cap on annual income received under regulatory frameworks and used in the regulation of our power and gas distribution activities.
International Offering	The International Offering consists of (i) a private placement in the United States only to persons who are QIBs (as defined in Rule 144A under the US Securities Act) in reliance on Rule 144A under the US Securities Act, and (ii) private placements to institutional investors in the rest of the world.

Investment Agreement	The Investment Agreement of November 29, 2013 between the Company, the Majority Shareholder, NEI, ATP and PFA Pension, Forsikringsaktieselskab and subsequently acceded to by SEAS-NVE Holding A/S, Insero Horsens, Nyfors Entreprise A/S and SE a.m.b.a.
Investment Contract	An early CfD entered into effectively by developers with the Secretary of State under the FID Enabling program.
IPO Bonus	A special performance bonus of up to 4 months' base salary to certain employees as a reward for the extraordinary efforts in connection with the Offering.
ISO	International Organization for Standardization.
ITC	Business energy Investment Tax Credit in the US.
J	Joule, a unit of energy. 1 J is equivalent to the generation or use of 1 W in 1 second.
JOA	Joint Operating Agreement which regulates the internal relationship between the partners to an awarded hydrocarbon exploration and production license.
Kingdom of Denmark	The majority shareholder of the Company, acting through the Danish Ministry of Finance.
kV	Kilovolt, a unit of voltage in a power grid. 1 kV is equivalent to 1,000 V.
kW	Kilowatt, a unit of power. 1 kW is equivalent to 1,000 W.
kWh	Kilowatt hour. The amount of energy generated in 1 hour with the effect of 1 kW.
Kyoto Protocol	The Kyoto Protocol was adopted at the Third Session of the Conference of the Parties to the UN Framework Convention on Climate Change ("UNFCCC") in 1997 in Kyoto, Japan. It contains legally binding commitments, in addition to those included in the UNFCCC. Country signatories to the Protocol agreed to reduce their anthropogenic emissions of the six main greenhouse gases (carbon dioxide, methane, nitrous monoxide, fluorocarbons, perfluorocarbons and sulfur hexafluoride).
LCCC	Low Carbon Contracts Company.
LCF	Levy Control Framework, part of the UK Government's public spending framework.
Leader Share Program	A share program giving the members of our Group Executive Management and a selected number of our employees in leading or key positions the opportunity to subscribe for Shares and be granted rights to matching shares.
LEBA	London Energy Brokers' Association.
LECs	Levy exemption certificates in the UK.

Licensing Directive	EU Directive 94/22/EC on the Conditions for Granting Authorizations for the Investigation, Exploration and Production of Hydrocarbons.
lifting costs	Costs in our Oil & Gas business that include operating expenses and processing costs taken into consideration in accordance with industry practice. Average lifting costs are the above expenses divided by production (boe).
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 customized tankers to receiving terminals, where the LNG is vaporized and pressurized before being routed into the transmission system for onwards distribution and sale.
load factor	In our Wind Power business, the ratio between the actual power generation in a given period relative to the potential generation that is possible by continuously exploiting the maximum capacity over the same period.
	In our Bioenergy & Thermal Power business, the ratio between the total equivalent power production in a designated period relative to the product of the nominal power production and the number of hours in the period.
LTIF	Lost time injury frequency. The Company defines this as lost time injuries such as occupational injuries resulting in at least one day's absence from work in addition to the day of injury.
Majority Shareholder	The Kingdom of Denmark, acting through the Danish Ministry of Finance.
MAD	The Market Abuse Directive, Directive No. 2003/6/EC on insider dealing and market manipulation (market abuse).
Managers	ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, Citigroup Global Markets Limited, Coöperatieve Rabobank U.A., Danske Bank A/S, J.P. Morgan Securities plc, Morgan Stanley & Co. International plc, Nordea Markets (division of Nordea Bank Danmark A/S), RBC Europe Limited (trading as RBC Capital Markets) and UBS Limited.
MAR	Market Abuse Regulation, Regulation No. 596/2014/EU, which primarily comes into force on 3 July 2016.
market reference price	A measure of the average day ahead market price for power in the UK market (calculated as the effective hourly average at the spot market of the power exchange for the UK pricing zone in pounds per MWh).

Market value on Exit	The average closing price of our Shares on the first 10 days of trading (including the first day of trading) after completion of an initial public offering and listing of our Shares, such as the Offering.
Market value on November 29, 2013	The price of DKK 107.2486831 per Share.
MBD	The Merchant Banking Division of Goldman Sachs.
mcm	Million normal cubic meters.
Maersk	Mærsk Energy Marketing A/S.
MiFID	The Markets in Financial Instruments Directive 2004/39/EC, as subsequently amended. A European law that provides harmonized regulation for investment services across the member states of the European Economic Area.
MiFID II	The revised Markets in Financial Instruments Directive.
MiFIR	Directive No. 2014/65/EU, and the Regulation on Markets in Financial Instruments.
Minister of Energy	The Danish Minister of Energy, Utilities and Climate, or any predecessor.
Minority Shareholders	NEI, SEAS-NVE Holding A/S, ATP, SE a.m.b.a., PFA Pension, Forsikringsaktieselskab, Nyfors Entreprise A/S, Aura Energi A.M.B.A. and Insero Horsens.
MJ	Megajoule, a unit of energy. 1 MJ is equivalent to 1,000,000 J.
Model clauses	Exclusive licenses to "search and bore for and get" petroleum, covering a defined geographic area, with a limited duration, and which tend to be in a set format, granted subject to conditions.
Moody's	Moody's Investors Service, Inc.
mmbbl	Million barrels of oil, condensate and LNG.
mmboe	Million barrels of oil equivalent.
MMO	The Marine Management Organization, a UK government entity responsible for considering and determining application for offshore generating stations.
Monte Carlo simulation	A simulation used to model the probability of different outcomes in a process that cannot easily be predicted due to the intervention of random variables.
MPE	The Ministry of Petroleum and Energy.
mt	metric ton.
MTFs	Multilateral trading facilities.

MVA	Mega Volt Amp, or volts \times amp / 1,000,000 (e.g. if your total load requirement is 1000 volts and 5000 amps ($1000 \times 5000 = 5,000,000$) it can be expressed as 5 MVA), is "apparent power" because it takes into consideration both the resistive load and the reactive load.
MW	Megawatt, a unit of power. 1 MW is equivalent to 1,000 kW and 1,000,000 W.
MWh	Megawatt hour. The amount of energy generated in 1 hour with the effect of 1 MW.
Nasdaq Copenhagen	Nasdaq Copenhagen A/S.
NBP	A virtual point location for the sale, purchase and exchange of natural gas in the UK.
NCS	The Norwegian continental shelf.
NE I	New Energy I S.à r.l., organized under the laws of Luxembourg.
NE II	New Energy II S.à r.l., organized under the laws of Luxembourg.
NEI	New Energy Investment S.à r.l., one of our shareholders, organized under the laws of Luxembourg.
net installed nominal thermal power capacity	The maximum capacity for power at which a plant is designed to operate (without heat generation), as measured at the point of entry to the transmission network (after deducting the power absorbed by plant use and the power lost in the transformers required to raise voltage to the network level).
net installed nominal heat capacity	The maximum capacity at which a plant generating heat is designed to operate, as measured at the point of entry to the transmission network.
net power efficiency	In the generation process of a thermal generation plant, the energy content in the power generated divided by the total energy content in the fuel consumed.
NGET	National Grid Electricity Transmission in England and Wales.
NGL	Natural gas liquids, a collective term used for liquid products separated from natural gas in gas processing plants. NGLs include propane, butane, ethane and condensate.
Nomination Committee	The committee set up to review the composition of the Board of Directors and recommend suitable candidates to the shareholders at the annual general meeting.
non-residential	Other than residential (private households), particularly industrial and commercial customers, corporate entities, and public sector, state and municipality customers (such as public administration, transportation, educational and research and social institutions).

Nord Pool	Norwegian-based power exchange, which facilitates markets for trading of power, including the Nordic power exchange for Norway, Sweden, Finland, Denmark and the Baltic countries.
Nord Pool Spot	The Nordic power exchange for clearing day-ahead and intraday power trades.
Nordsøfonden	The Danish North Sea Fund, an entity under the Danish Ministry of Transport and Energy administered by the Danish North Sea Partner.
Norwegian Petroleum Act	The Norwegian Petroleum Act (Act November 29, 1996 No. 72 (with the latest changes through Act June 19, 2015 No. 65).
Norwegian Working Environment Act	Act no. 1036 of August 28, 2013.
$NO_x \dots \dots \dots \dots$	Nitrogen oxides.
NWC	Net working capital.
O&M	Operations and maintenance.
OECD	Organization for Economic Co-operation and Development.
Offer Period	May 26 to June 8 at 4:00 p.m. (CET) unless the Offering is closed earlier.
Offer Price	The price per Offer Share at which the Offer Shares will be sold.
Offer Price Range	The Offer Price is expected to be between DKK 200 and DKK 255 per Offer Share.
Offer Shares	The shares offered by the Selling Shareholders including the Option Shares.
Offering	The initial public offering of the Offer Shares by the Selling Shareholders.
Offering Circular	The English Language Offering Circular, the Danish Offering Circular, the International Offering Circular and the US Offering Circular.
Offshore Chemicals Regulations 2002	Offshore Chemicals Regulations 2002 (as amended), SI No. 2002/1355 of 14 May 2002 on the exercise by the Secretary of State of certain powers conferred under the Pollution Prevention and Control Act 1999.
Offshore gas pipelines	A pipeline carrying gas that is laid on the seabed or below it inside a trench.
Offshore Gas Transportation System	A system of gas pipelines and treatment facilities.
Offshore Petroleum (Conservation of Habitats) Regulations 2001	Offshore Petroleum (Conservation of Habitats) Regulations 2001 (as amended), SI No. 2001/1754 of 8 May 2001 on measures relating to the conversation of natural habitats and of wild fauna and flora.

Offshore Petroleum Products and Pipelines (Assessment of Environmental Effects)	
Regulations 1999	Offshore Petroleum Products and Pipelines (Assessment of Environmental Effects) Regulations 1999 (as amended), SI No. 1999/360 of 17 February 1999 on measures relating to the requirement for an assessment of the impact on the environment of projects likely to have significant effects on the environment.
Offshore Safety Directive	EU Directive 2013/30/EU on safety of offshore oil and gas operations.
Offshore Safety Directive Regulations	Offshore Petroleum Licensing (Offshore Safety Directive) Regulations 2015, SI No. 2015/385 of 19 March 2015 on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons.
Ofgem	Office of Gas and Electricity Markets. A regulatory body in the UK that supervises the operation of the gas and electricity industry.
OFTO	Offshore Transmission Owners. Offshore transmission assets link offshore generation to the onshore network, and typically include the offshore power transmission infrastructure, an onshore substation, and the electrical equipment relating to the operation thereof.
OGA	The Oil and Gas Authority.
OIL	Oil Insurance Limited.
Oil Pipeline	An oil pipeline with a total length of 330 kilometres, of which 110 kilometres are onshore and 220 kilometres are offshore, including the Gorm E platform, Filsø booster station, various valve stations.
Oil Pipeline Business	An oil pipeline with a total length of 330 kilometres, of which 110 kilometres are onshore and 220 kilometres are offshore, including the Gorm E platform, Filsø booster station, various valve stations, and the crude terminal and the stabilization plant in Fredericia.
Oil Pollution Regulations	Merchant Shipping (Oil Pollution Preparedness, Response and Co-operation Convention) (Amendment) Regulations 2015, SI No. 2015/386 of 19 March 2015 on matters relating to the environment and pollution.
ONEP	The network development plan (in German: Offshore Netzentwicklungsplan 2025).
OPEC	Organization of Petroleum Exporting Countries.

Operations Phase	The Operations Phase follows the Construction Phase and runs in parallel to the Ownership Phase. As an O&M service provider, our O&M activities during the Operations Phase include preventative maintenance and regular and condition-based inspections as well as major overhauls and corrective maintenance of both turbines and the balance of the plant.
Option Shares	Option granted by the Selling Shareholders to the Joint Global Coordinators, on behalf of the Managers, to purchase up to 10,925,159 additional shares at the Offer Price.
OTC	Over-the-counter market.
OTFs	Organized trading facilities.
Overallotment Option	The option granted to the Managers by the Selling Shareholders other than the Majority Shareholder and SEAS-NVE Holding A/S to purchase additional shares at the Offer Price.
Ownership Phase	The Ownership Phase follows the Construction Phase and runs in parallel to the Operations Phase. In the Ownership Phase, we seek to maximize asset value for all operational wind farms by using a risk management system and monitoring threats and opportunities. Activities include among others: investor management in relation to co-investors, revenue management, contract management (e.g. O&M agreements) and ensuring compliance with regulatory frameworks.
Paid dividend	The dividends paid to our shareholders.
Peak load	The level of operation of a thermal generation plant required in order to meet the maximum power and heat demand.
PEDL	A petroleum exploration and development license.
Peer Group	E.ON, RWE, Fortum, Centrica, Scottish & Southern Energy, Electricite de France, Iberdrola, GDF Suez, Enel and Gas Natural.
Period	The period from November 29, 2013 until the first trading day of our shares after completion of an initial public offering and listing of our Shares, such as the Offering.
PEs	Permanent establishments.
Petoro	Petoro AS, a wholly Norwegian state-owned company.
Petroleum Act 1998	The 1998 Petroleum Act of the Parliament of the United Kingdom.
PFIC	Passive Foreign Investment Company.
PINS	The Planning Inspectorate, a UK executive agency responsible for planning permission applications for nationally significant infrastructure projects.
РЈ	Petajoule, a unit of energy. 1 PJ is equivalent to 1,000 TJ, 1,000,000 GJ or 1,000,000,000 MJ.

The agreement dated October 7, 2004 among the Political Agreement Danish Government and parties representing a majority in the Danish Parliament, which sets forth the main terms and conditions for the sale of the Kingdom of Denmark's shares in the Company. Possible reserves are those unproved reserves which analysis of geological and engineering data suggests are less likely to be recoverable than probable reserves. In this context, when probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will equal or exceed the estimate using the SPE/ WPC reserve classification standards. Network of high, medium and low voltage lines used for the distribution of power in a defined area. Power plant generating power only. power plant Power Purchase Agreements. PRA The Prudential Regulation Authority. Petroleum Resources Management System. probable reserves Probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the estimate using the SPE/WPC reserve classification standards. Commission Regulation (EC) no. 809/2004 of April 29, 2004, as amended. Proved reserves are those quantities of petroleum proved reserves which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate (using SPE/WPC reserve classification standards). Hedging in alternative markets or subject to alternative time horizons. For example, power generation in Denmark is to some extent hedged by financial contracts on the EEX and the Nord Pool as these normally develop uniformly over time. Power Regulation Review Committee. Petroleum Revenue Tax.

PSO	Public Service Obligation charges, used to fund research and green energy and billed to electricity customers alongside the other tariff elements.
PSUs	Restricted performance share units.
PTC	The renewable power production tax credit.
PwC	PricewaterhouseCoopers Revisionspartnerselskab. Statsautoriseret
Q1	First quarter ending March 31 of the relevant year.
QIBs	Qualified institutional buyers as defined in Rule 144A under the US Securities Act of 1933, as amended.
QHSE	Quality, health, safety and environment.
RAB	Regulatory Asset Base. The capital value of the asset base used by price regulators in setting or monitoring prices or price limits for utility companies.
Radius	New name of the Company's power DSO (formerly DONG Energy Eldistribution A/S).
RECs	Renewable Energy Certificates.
REGOs	Renewable Energy Guarantees of Origin.
Regulation S	Regulation S under the US Securities Act.
Relevant Member State	Each Member State of the European Economic Area that has implemented the Prospectus Directive (as defined below), excluding Denmark.
Relevant persons	Persons who: (i) are investment professionals falling within Article 19(5); or (ii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc."), of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom any investment or investment activity to which the Offering Circular relates may lawfully be made available.
Remuneration Committee	The Remuneration Committee of the Company.
Remuneration Period	The period during which the support scheme of the EEG 2014 is available, comprising the commissioning year of the turbine plus 20 full years.
REnescience	An enzyme-based waste treatment technology in the early phase of commercialization. We are currently in the process of building our first full-scale REnescience plant in Northwich in the UK.
renewable energy	Power and heat generated using renewable energy sources, which include biomass, water (hydropower) and wind (windpower).
Renewable Energy Act	Promotion of Renewable Energy Act, Consolidated Act no. 122 dated February 6, 2015.
Renewable Energy Directive	EU directive that implemented the Renewable Energy Certificate scheme in the EU.

Land held by the UK Crown Estate that was licensed to generate renewable energy on the continental shelf out to 200 nautical miles. Renewables Obligation Order The order that details the mechanics and parameters of the Renewables Obligation, the main support mechanism for renewable energy in the UK. Power and heat generated from renewable energy renewable generation sources. Return cap, which imposes cap on the return on capital in the economic regulation of power DSO companies under the Electricity Supply Act. RFCT Ring Fence Corporation Tax. RMs Regulated markets. ROCs Renewable Obligation Certificates issued by Ofgem in the UK to operators of accredited renewable generating stations for the eligible renewable power they generate. Operators can trade ROCs with other parties. Return on Capital Employed. The Renewables Obligation (RO) regime is a support mechanism for renewable electricity projects in the UK which came into effect in 2002 in England and Wales and Scotland, and in 2005 in Northern Ireland. It places an obligation on UK electricity suppliers to source an increasing proportion of the electricity they supply from renewable sources. Eligible generators receive Renewables Obligation Certificates (ROCs) which they then sell to suppliers (or traders) which allows them to receive a premium in addition to the wholesale price. Round 3..... The third round of wind farm development by the UK Crown Estate in the Renewable Energy Zone. Remote Power Meters. RPP Responsible Business Partner Program. Regulatory technical standards. Rule 144A under the US Securities Act. System Average Interruption Duration Index is the main measure we use to gauge the quality of our power supply. It is calculated by dividing the total number of interruptions by the number of customers. SAIFI System Average Interruption Frequency Index is an additional measure we use to gauge the quality of our power supply. It is calculated by dividing the sum of the duration of all customer interruptions by the total number of customers.

Safety Case Regulations	Offshore Installations (Offshore Safety Directive) (Safety Case etc.) Regulations 2015, SI No. 2015/398 of 19 March 2015 on employers' obligations in respect of the health and safety of workers and the environment.
S&P	Standard & Poor's, a division of The McGraw-Hill Companies, Inc.
SBP	Sustainable Biomass Partnership formed in 2013 by large European utility companies that use biomass products in thermal power plants.
SCM	Supplier Centric Model.
SCT	Supplementary Charge.
Secretary of State	The Secretary of State at DECC.
Selling Shareholders	The Kingdom of Denmark, NEI, SEAS-NVE Holding A/S, ATP, SE a.m.b.a., PFA Pension, Forsikringsaktieselskab, Nyfors Entreprise A/S, Aura Energi A.M.B.A. and Insero Horsens.
Seveso III Directive	Directive 2012/18/EU on the Control of Majoraccident Hazards involving Dangerous Substances.
SFTR	The regulation on securities financing transactions and of reuse (Regulation No. 2015/2365/EU).
SHA	Shareholder's Agreement.
Shares	All outstanding shares in the Company at any given time.
Siri Area	The producing assets of Siri, Nini and Cecilie.
Siri Compensation	Compensation to be received by the Company in respect of Siri under the Investment Agreement.
SO ₂	Sulfur dioxide.
SPE	Society of Petroleum Engineering, which establishes guidelines for determining the standards for oil and gas reserves.
SPE/WPC	Society of Petroleum Engineers and World Petroleum Congress.
Stadtwerke customers	Customers of a local German municipality power utility.
Stress	Method of measuring market trading risk of losses on a portfolio from day to day, as calculated on a fair value basis.
Subsidiary Shares	Shares owned by a shareholder holding at least 10% of the nominal share capital of the issuing company.
supply obligation	A company with a supply obligation is bound by law to deliver power to a certain geographic area at prices approved by the Danish Energy Regulatory Authority. Companies with a supply obligation may also sell power at market terms. A grid company cannot be a supply obligation company.
Stabilizing Manager	Morgan Stanley & Co. International plc.

Stabilization Plant	Facilities owned by DONG OP for the processing of unstable crude that are being established due to the expected delivery of crude in need of stabilization from the new Hejre field. The Stabilization Plant can be used by any future user of the Transportation System to deliver un-stabilized crude.
State Ownership Policy	A policy adopted by the Danish Ministry of Finance in April 2015 which sets outs a number of recommendations regarding state ownership.
SWA	Service and Warranty Agreement.
Sweden	The Kingdom of Sweden.
synchronous compensator	A mechanical device that adjust conditions on the electric power transmission grid.
take or pay contract	A contractual obligation, typically arising under long-term contracts, under which guaranteed quantities of gas or other commodities are supplied and must be purchased and delivered to the party undertaking to purchase the quantities, regardless of such party's gas offtake at the time.
Taxable Portfolio Shares	Shares that do not qualify as Subsidiary Shares, Group Shares or Tax-Exempt Portfolio Shares.
Tax-Exempt Portfolio Shares	Shares not admitted to trading on a regulated market owned by a shareholder holding less than 10% of the nominal share capital of the issuing company.
TenneT	TenneT TSO GmbH, German TSO.
thermal generation	Power and heat generated through the combustion of fossil fuels, biomass or waste.
thermal generation plant	A plant that generates energy using thermal generation.
Tie-in Agreement	Agreement between the Nini Group, the Cecilie Group and the Siri Group for the Tie-in and processing of the Nini/Cecilie wellstream in the Siri facilities and Transportation of Stine Segment 1 Water injection flowline.
time lag	Timing differences between the re-pricing calculation dates and the purchase dates of gas under long-term gas purchase contracts.
ТЈ	Terajoule, a unit of energy. 1 TJ is equivalent to 1,000 GJ or 1,000,000 MJ.
TNUoS	Transmission Network Use of System. The TNUoS charges recover the cost of installing and maintaining the transmission system in England, Wales, Scotland and offshore. Transmission customers pay a charge based on which geographical zone they are in, whether they are generation or supply and the size of that generation or supply. TNUoS tariffs are published by January 31 and take effect from April 1 of each year.

ton	Metric ton. 1 metric ton is equivalent to 1,000 kilograms.
total efficiency	In the generation process of a thermal generation plant, the energy content in both the power and heat generated divided by the total energy content of the fuel consumed.
Transportation System	The Stabilization Plant together with the Oil Pipeline.
Treaty	The income tax treaty between Denmark and the United States.
Triangle region	The Triangle region in Denmark is a cooperation consisting of six Danish municipalities on the Danish peninsular of Jutland and the island of Funen: Billund, Fredericia, Vejle, Kolding, Middelfart and Vejen.
TSA	Turbine Supply Agreement.
TSO	Transmission System Operator (in Denmark, Energinet.dk). The TSO is responsible for operating, ensuring the maintenance of and developing the gas transmission network and the power transmission networks in a given area and for ensuring an efficient operation of the gas and power markets.
TSR	Total Shareholder Return.
TTF	The Title Transfer Facility gas trading market in the Netherlands operated by the Dutch gas TSO.
turbines	A mechanical device that exploits a flow to create rotational mechanical energy. The flow can be created, for example, by wind or thermal generation.
	Turbines can power a generator to create power.
TW	Terawatt, a unit of power. 1 TW is equivalent to 1,000 GW, 1,000,000 MW and 1,000,000,000 kW.
TWh	Terawatt hour. The amount of energy generated or used in 1 hour with the effect of 1 TW.
UKCS	The UK continental shelf.
Underwriting Agreement	The underwriting agreement to be entered into between us, the Selling Shareholders and the Joint Global Coordinators on behalf of the Managers named therein, expected to be dated on or around the date hereof, as described in Section 27 "Plan of Distribution."
upstream	The processes of oil and gas exploration, development and production, and the process of transportation of the produced gas to the market.
US Exchange Act	US Securities Exchange Act of 1934, as amended.

US Holder	A beneficial owner of Shares that is, for US federal income tax purposes: (i) a citizen or resident of the United States; (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or any political subdivision thereof; or (iii) an estate or trust the income of which is subject to US federal income taxation regardless of its source.
US Securities Act	US Securities Act of 1933, as amended.
Utilities Act 2000	UK Act that requires power companies to have separate licenses for each of their businesses, such as supply and distribution.
Utilities Directive	The EU Directive 2014/25/EU on procurement by entities operating in the water, energy, transport and postal services sectors.
V	Volt, a unit of voltage.
Value at Risk (VaR)	A financial indicator used for measuring the loss that may occur from a risk position, assuming a certain volatility and that the position is held for a certain period of time.
VAT	Value added tax.
VP Securities	VP SECURITIES A/S, the Danish clearing system operator.
watt	Watt (W), a unit of power. 1 W is equivalent to the generation or use of 1 J per second.
WEAs	Wind energy areas.
WEC	Wind Energy Content, the ratio between the actual reported generation in a given period, adjusted for downtime, and the generation in a "normal wind year," based on historical wind data for the individual areas where the wind farms are located.
Wells	Wells drilled to discover, evaluate and produce 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.
Wh	Watt-hour. The amount of energy generated in 1 hour with the effect of 1 W.
Working Environment Act	The Danish Consolidated Working Environment Act no. 1072 of September 7, 2010, as amended.
Zone Development Agreement	Exclusivity agreements entered into by the UK Crown Estate that gave developers commercial certainty to assess the viability of projects.

FINANCIAL INFORMATION

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33. Financial information

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Statement by the Executive Board and the Board of Directors on the Consolidated Interim Financial Statements of the DONG Energy A/S Group at 31 March 2016 and for the period 1 January - 31 March 2016

The Board of Directors and the Executive Board have today considered and approved the Consolidated Interim Financial Statements of the DONG Energy A/S Group for the period 1 January - 31 March 2016.

The Consolidated Interim Financial Statements for the period 1 January - 31 March 2016 have been prepared in accordance with IAS 34 'Interim Financial Reporting' and the accounting policies set out in the Annual Report 2015 of the DONG Energy A/S Group.

In our opinion, the Consolidated Interim Financial Statements give a true and fair view of the Group's assets, liabilities and financial position at 31 March 2016 and of the results of the Group's operations and cash flows for the period 1 January - 31 March 2016.

Besides what has been disclosed in the Consolidated Interim Financial Statements, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the Annual Report 2015.

Skærbæk, 26 May 2016

Executive Board:

Henrik Poulsen Marianne Wiinholt President and CEO CFO

Board of Directors:

Thomas Thune Andersen <i>Chairman</i>	Lene Skole Deputy chairman	Lynda Armstrong	Pia Gjellerup
Martin Hintze	Benny D. Loft	Claus Wiinblad	Poul Arne Nielsen
Poul Dreyer*	Benny Gøbel*	Jens Nybo Sørensen*	Hanne Steen Andersen*

^{*} Employee representative

Independent Auditor's Review Report on the Consolidated Interim Financial Statements of the DONG Energy A/S Group at 31 March 2016 and for the period 1 January - 31 March 2016 included on F-pages F-4 to F-23

To the Readers of this Offering Circular

We have reviewed the Consolidated Interim Financial Statements of the DONG Energy A/S Group for the period 1 January - 31 March 2016 comprising consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity and consolidated statement of cash flows as well as selected explanatory notes as presented on F-pages F-4 to F-23.

Management's responsibility for the Consolidated Interim Financial Statements

Management is responsible for the preparation of Consolidated Interim Financial Statements in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of the Consolidated Interim Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Consolidated Interim Financial Statements based on our review. We conducted our review in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Company and additional requirements under Danish auditor regulations. This requires us to conclude whether anything has come to our attention that causes us to believe that the Consolidated Interim Financial Statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This also requires us to comply with ethical requirements.

A review of Consolidated Interim Financial Statements in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Company is a limited assurance engagement.

The auditor performs procedures, primarily consisting of making inquiries of management and others within the Company, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly we do not express an audit opinion on the Consolidated Interim Financial Statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Consolidated Interim Financial Statements are not prepared in all material respects in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the EU.

Copenhagen, 26 May 2016

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Lars Baungaard

State Authorised

Public Accountant

Fin T. Nielsen
State Authorised
Public Accountant

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CONSOLIDATED INCOME STATEMENT

1 January - 31 March 2016

		Business		
DKK million	Note	performance	Adjustments	IFRS
Revenue	2	18,833	499	19,332
Cost of sales		(8,167)	317	(7,850)
Other external expenses		(1,571)		(1,571)
Employee costs		(930)		(930)
Share of profit (loss) in associates and joint ventures		24		24
Other operating income	4	894		894
Other operating expenses	5	(994)		(994)
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		8,089	816	8,905
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment		$(1,015)^1$		(1,015)1
Operating profit (loss) (EBIT)		7,074	816	7,890
Gain on divestment of enterprises		(3)		(3)
Share of profit (loss) in associates and joint ventures		(1)		(1)
Financial income	10	800		800
Financial expenses	10	(788)		(788)
Profit (loss) before tax		7,082	816	7,898
Tax on profit (loss) for the period	11	(1,866)	(180)	(2,046)
Profit (loss) for the period		5,216	636	5,852
Profit (loss) for the period is attributable to:			,	
Shareholders of DONG Energy A/S				5,988
Coupon payments and costs after tax, hybrid capital holders of DONG Energy A/S				(35)
Non-controlling interests				(101)
Profit (loss) for the period				5,852
Earnings per share				
Basic earnings per share, DKK				14.33
Diluted earnings per share, DKK				14.25

¹ Includes DKK 750 million regarding reversal of provisions for onerous contracts for the construction of property, plant and equipment

Description of business performance

The business performance principle was introduced by the DONG Energy Group in 2011. In connection with the introduction of the business performance principle, the IFRS hedge accounting of energy and related currency risks was discontinued, and the market value adjustments of these hedging transactions are therefore recognised in the income statement under IFRS. Under the business performance principle, value adjustments of energy contracts and related currency risks (including hedging transactions) are deferred and recognised in the period in which the hedged exposure materialises.

The following two types of contracts are included in the business performance principle:

- hedging contracts concerning energy and related currencies
- commercial contracts concerning energy recognised at fair value

The difference between IFRS and business performance is specified in the adjustment column. The Group's balance sheet, cash flows and equity are not affected.

Other principles are identical with the IFRS rules. For further information about the business performance principle, see note 3.

CONSOLIDATED INCOME STATEMENT CONTINUED

1 January - 31 March 2015

DKK million	Note	0		
	INOIC	performance	Adjustments	IFRS
Revenue	2	19,267	(2,316)	16,951
Cost of sales		(12,642)	302	(12,340)
Other external expenses		(1,167)		(1,167)
Employee costs		(859)		(859)
Share of profit (loss) in associates and joint ventures		27		27
Other operating income	4	1,406		1,406
Other operating expenses	5	(31)		(31)
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		6,001	(2,014)	3,987
Depreciation, amortisation and impairment losses on		(2.004)		(2.004)
intangible assets and property, plant and equipment		(2,091)		(2,091)
Operating profit (loss) (EBIT)		3,910	(2,014)	1,896
Gain on divestment of enterprises		18		18
Share of profit (loss) in associates and joint ventures		(3)		(3)
Financial income	10	3,940		3,940
Financial expenses	10	(4,790)		(4,790)
Profit (loss) before tax		3,075	(2,014)	1,061
Tax on profit (loss) for the period	11	(1,331)	473	(858)
Profit (loss) for the period		1,744	(1,541)	203
Profit (loss) for the period is attributable to:				
Shareholders of DONG Energy A/S				155
Coupon payments and costs after tax, hybrid capital holders of DONG Energy A/S				(41)
Non-controlling interests				89
Profit (loss) for the period				203
Earnings per share				
Basic earnings per share, DKK				0.37
Diluted earnings per share, DKK				0.37

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 January - 31 March 2016 Business DKK million performance Adjustments **IFRS** Profit (loss) for the period 5,216 5,852 636 Other comprehensive income¹: Hedging instruments: 2.767 (2.663)104 Value adjustments for the period Value adjustments transferred to revenue (1,955)1,913 (42)Value adjustments transferred to cost of sales 66 (66)48 Value adjustments transferred to financial income and expenses 48 Value adjustments transferred to gain on divestment of assets (161)(161)180 Tax on value adjustments of hedging instruments (179)1 Exchange rate adjustments: Exchange rate adjustments relating to net investment in foreign (2,692)(2,692)enterprises Value adjustments of hedging thereof 1,890 1,890 Tax on exchange rate adjustments (12)(12)Other comprehensive income (636) (228)(864)Total comprehensive income 4,988 4,988 Comprehensive income for the period is attributable to: Shareholders of DONG Energy A/S 5,506 Interest payments and costs after tax, hybrid capital holders of DONG (35)Energy A/S Non-controlling interests (483)**Total comprehensive income** 4,988

1 January - 31 March 2015 **Business** DKK million performance **IFRS** Adjustments Profit (loss) for the period 1,744 (1,541)203 Other comprehensive income¹: Hedging instruments: Value adjustments for the period (1,279)1,238 (41)Value adjustments transferred to revenue (883)866 (17)Value adjustments transferred to cost of sales 91 (91)49 Value adjustments transferred to financial income and expenses 49 Tax on value adjustments of hedging instruments 473 (472)1 Exchange rate adjustments: Exchange rate adjustments relating to net investment in foreign 3.128 enterprises 3.128 Value adjustments of hedging thereof (1,702)(1,702)Tax on exchange rate adjustments (125)(125)Other comprehensive income (248)1,541 1,293 1,496 1,496 Total comprehensive income Comprehensive income for the period is attributable to: Shareholders of DONG Energy A/S 1,021 Interest payments and costs after tax, hybrid capital holders of DONG (41)Energy A/S Non-controlling interests 516 **Total comprehensive income** 1,496

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

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

CONSOLIDATED BALANCE SHEET

ASSETS

DKK million	Note 31 March 201	31 Dec. 2015	31 March 2015
Intangible assets	1,18	7 1,134	1,344
Land and buildings	1,59	8 1,490	1,649
Production assets	63,49	4 61,107	67,754
Exploration assets	1	3 14	445
Fixtures and fittings, tools and equipment	44	3 474	329
Property, plant and equipment under construction	14,47	6 17,144	23,035
Property, plant and equipment	80,02	4 80,229	93,212
Investments in associates and joint ventures	1,32	6 1,421	1,424
Receivables from associates and joint ventures	77	1 832	1,085
Other securities and equity investments	18	5 191	222
Deferred tax	32	2 274	142
Other receivables	73	0 751	871
Other non-current assets	3,33	4 3,469	3,744
Non-current assets	84,54	5 84,832	98,300
Inventories	3,88	7 3,567	3,747
Derivative financial instruments	15 17,57	0 15,642	10,934
Construction contracts	3,59	9 3,864	2,139
Trade receivables	7,57	8 7,739	8,789
Other receivables	2,13	7 2,657	4,603
Receivables from associates and joint ventures	3	0 56	68
Income tax	31	2 329	339
Securities	14 25,00	4 21,221	26,112
Cash	14 8,60	8 4,965	5,315
Current assets	68,72	5 60,040	62,046
Assets classified as held for sale	8 2,64	5 2,585	-
Assets	155,91	5 147,457	160,346

EQUITY AND LIABILITIES

DKK million	Note	31 March 2016	31 Dec. 2015	31 March 2015
Share capital		4,177	4,177	4,177
Reserves		20,372	20,855	21,295
Retained earnings		13,065	7,058	17,296
Equity attributable to shareholders of DONG Energy A/S		37,614	32,090	42,768
Hybrid capital		13,248	13,248	13,236
Non-controlling interests		5,820	6,398	6,933
Equity		56,682	51,736	62,937
Deferred tax		1,488	1,646	3,854
Provisions	7	17,520	17,754	15,894
Bank loans and issued bonds	14	30,851	31,775	36,606
Other payables		6,246	5,913	4,852
Non-current liabilities		56,105	57,088	61,206
Provisions	7	1,576	1,434	561
Bank loans and issued bonds	14	4,633	4,626	3,329
Derivative financial instruments	15	8,600	9,531	11,004
Construction contracts		1,444	671	187
Trade payables		12,224	10,673	11,951
Other payables		9,298	7,908	6,281
Income tax		4,280	2,657	2,890
Current liabilities		42,055	37,500	36,203
Liabilities		98,160	94,588	97,409
Liabilities relating to assets classified as held for sale	8	1,073	1,133	-
Equity and liabilities		155,915	147,457	160,346

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Q1 2016 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 2016	4,177	(337)	(87)	21,279	7,058	32,090	13,248	6,398	51,736
Comprehensive income for the period: Profit (loss) for the period Other comprehensive income:					5,988	5,988	(35)	(101)	5,852
Hedging instruments		(10)	(41)			(51)			(51)
Exchange rate adjustments		` ´	(414)			(414)		(388)	(802)
Tax on other comprehensive income		1	(18)			(17)		6	(11)
Total comprehensive income	-	(9)	(473)	-	5,988	5,506	(35)	(483)	4,988
Transactions with owners:									
Tax on coupon and costs, hybrid capital							35		35
Dividends paid								(96)	(96)
Share-based payment					19	19			19
Changes in equity in the period		(9)	(473)		6,007	5,525		(579)	4,946
Equity at 31 March 2016	4,177	(346)	(560)	21,279	13,065	37,615	13,248	5,819	56,682
Q1 2015 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
	4,177	(486)	(365)	21,279	17,131	41,736	13,236	6,561	61,533
Equity at 1 January 2015 Comprehensive income for the period:	7,177	(400)	(303)	21,277	17,131	41,750	15,250	0,501	01,333
Profit (loss) for the period Other comprehensive income:					155	155	(41)	89	203
Hedging instruments		(9)				(9)			(9)
Exchange rate adjustments		(>)	999			999		427	1,426
Tax on other comprehensive income		1	(125)			(124)		,	(124)
Total comprehensive income	_	(8)	874	_	155	1,021	(41)	516	1,496
Transactions with owners:						-			
Tax on coupon and costs, hybrid capital							41		41
Dividends paid								(144)	(144)
Share-based payment					10	10			10
Cl					10	10			10
Changes in equity in the period	-	(8)	874	21,279	165 17,296	1,031	13,236	372	1,403

CONSOLIDATED STATEMENT OF CASH FLOWS

DKK million	Note	Q1 2016	Q1 2015
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		8,905	3,987
Change in derivative financial instruments and loans, business performance adjustments	3	(816)	2,014
Change in derivative financial instruments and loans, other adjustments		(557)	76
Change in provisions		779	(71)
Other items		(355)	(437)
Change in net working capital	8	3,189	(2,208)
Interest received and similar items		1,268	1,984
Interest paid and similar items		(2,122)	(2,118)
Income tax paid		(509)	(931)
Cash flows from operating activities		9,782	2,296
Purchase of intangible assets and property, plant and equipment		(4,188)	(4,685)
Sale of intangible assets and property, plant and equipment		1,987	37
Divestment of enterprises		(6)	18
Disposal of other equity investments		5	17
Purchase of securities		(6,352)	(3,612)
Sale/maturation of securities		2,672	2,449
Change in other non-current assets		6	
Financial transactions with associates and joint ventures		86	(30)
Cash flows from investing activities		(5,790)	(5,806)
Proceeds from raising of loans			2,876
Instalments on loans		(207)	(148)
Transactions with non-controlling interests		(143)	(157)
Change in other non-current liabilities		4	(1)
Cash flows from financing activities		(346)	2,570
Cash flows for the period		3,646	(940)
Cash and cash equivalents at 1 January		3,677	4,770
Cash flows for the period		3,646	(940)
Cash flows for the period from assets classified as held for sale		(179)	
Exchange rate adjustments of cash and cash equivalents		(35)	105
Cash and cash equivalents at 31 March		7,109	3,935

Other items

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 exploration drilling expenses charged to the income statement, and changes in provisions for bad debts.

Purchase of intangible assets and property, plant and equipment

Investments in intangible assets and property, plant and equipment for the period amount to DKK 4,188 million (Q1 2015: DKK 4,685 million). Investments relate primarily to the development of offshore wind activities and oil and gas fields.

Proceeds from raising of loans

Proceeds from raising repo loans with short maturities are presented net.

1 BASIS OF REPORTING

ACCOUNTING POLICIES

DONG Energy A/S (the company) is a public limited company with its registered office in Denmark. These interim financial statements comprise the company and its consolidated subsidiaries (the Group).

The interim financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the EU and Danish disclosure requirements for the interim financial statements of listed and state-owned public limited companies.

The interim financial statements do not comprise all disclosures required in the annual report, and therefore the interim financial statements should be read together with the Annual Report 2015.

No interim financial statements have been prepared for the parent company. Accounting policies remain unchanged from the Annual Report 2015, to which reference is made.

Definitions of performance highlights can be found on page F-53 and F-54, with the exception of the following performance highlights:

Basic earnings per share:

The shareholders' share of the profitt (loss) for the period Average number of shares

Diluted earnings per share:

The shareholders' share of the profit (loss) for the period Average number of shares, incl. diluted effect of free shares

Implementation of new standards and interpretations

Effective from 1 January 2016, DONG Energy A/S has implemented the following new or revised standards and interpretations:

- Amendments to IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation'
- Amendments to IFRS 11 'Acquisitions of an Interest in a Joint Operation'
- Amendments to IAS 1 'Disclosure Initiative'
- Amendtments to IAS 27 'Equity Method in Separate Financial Statements'
- Annual Improvements to IFRSs 2012-2014

None of these amendments have affected recognition and measurement in 2016 or are expected to affect the DONG Energy A/S Group.

2 SEGMENT INFORMATION

BIOENERGY &

WIND POWER THERMAL POWER **CUSTOMER SOLUTIONS** OIL & GAS DKK million DKK million DKK million DKK million 1,842 Revenue 5.761 Revenue 10.582 Revenue 2.661 Revenue **EBITDA** 2,900 **EBITDA** 154 **EBITDA** 3,906 **EBITDA** 1,004 Gross investments (2,772) Gross investments (342)(114)(945)Gross investments Gross investments Number of employees 2,424 Number of employees Number of employees 1,496 Number of employees 720 Primary activity: Primary activity: Primary activity: Primary activity: Development, construction, Power and heat generation Power and gas distribution Oil and gas production in ownership and operation of from CHP plants in Denand sales in the wholesale and Denmark, Norway, the UK, offshore wind farms in Denmark and a gas-fired power retail markets in Denmark, the Faroe Islands and Greenmark, the UK, Germany, the plant in the Netherlands. Sweden, Germany and the land as well as ownership Netherlands, the USA and UK as well as optimisation interests in subsea gas Taiwan. and hedging of the Group's pipelines and a gas treatment overall energy portfolio. plant in the UK.

DISTRIBUTION &

SEGMENT INFORMATION 2 CONTINUED

1 January - 31 March 2016 DKK million	Wind Power	Bioenergy & Thermal Power	Distribution & Customer Solutions	Oil & Gas	Reporting segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
INCOME STATEMENT									
External revenue	5,121	1,686	10,430	1,426	18,663	170	18,833	499	19,332
Intragroup revenue	640	156	152	1,235	2,183	$(2,183)^1$,		,
Revenue	5,761	1,842	10,582	2,661	20,846	(2,013)	18,833	499	19,332
Cost of sales	(2,474)	(1,314)	(6,203)	(263)	(10,254)	2,087	(8,167)	317	(7,850)
Employee costs and other external expenses	(1,047)	(379)	(487)	(644)	(2,557)	56	(2,501)		(2,501)
Other operating income and expenses	91	4	20	(750)	(635)	(5)	(640)		(640)
Gain (loss) on disposal of non-current assets	546		(6)		540		540		540
Share of profit (loss) in associates and joint ventures	23	1			24		24		24
EBITDA	2,900	154	3,906	1,004	7,964	125	8,089	816	8,905
Depreciation and amortisation	(806)	(179)	(181)	(589)	(1,755)	(10)	(1,765)	010	(1,765)
Impairment losses	(000)	(177)	(101)	750^2	750	(10)	750		750
Operating profit (loss) (EBIT)	2,094	(25)	3,725	1,165	6,959	115	7,074	816	7,890
Current hydrocarbon tax	, _,-,-	()		(255)	(255)		(255)		(255)
EBIT less current hydrocarbon tax	2,094	(25)	3,725	909	6,703	115	6,819	816	7,635
Reversal of impairment losses for the period				(750)	(750)		(750)		(750)
Adjusted operating profit (loss)	2,094	(25)	3,725	159	5,953	115	6,069	816	6,885
		(-)			-)				
KEY FIGURES									
Property, plant and equipment and intangible assets	1 50,550	5,949	12,021	12,374	80,894	317	81,211		81,211
Investments in associates and joint ventures as well									
as other equity investments	1,126	10	396		1,532	1	1,533		1,533
Net working capital, operations	(340)	(2,475)	(4,036)	353	(6,498)	281	(6,216)		(6,216)
Net working capital, installations	(3,604)	(122)		(993)	(4,719)		(4,719)		(4,719)
Derivative financial instruments, net	1,849	59	1,580	5,885	9,373	(403)	8,970		8,970
Assets classified as held for sale, net			2,572		2,572	(1,000)	1,572		1,572
Decommissioning obligations	(2,536)	(799)	(187)	(8,123)	-	(-,)	(11,645)		(11,645)
Other provisions	(1,749)	(905)	(2,892)	(2,869)	(8,415)	965	(7,451)		(7,451)
Tax, net	(1,984)	463	(866)	(1,346)	(3,733)	(1,401)	(5,134)		(5,134)
Other receivables and other payables, net	39		13		52	(551)	(499)		(499)
Capital employed at 31 March	43,350	2,180	8,601	5,281	59,412	_	57,622	_	57,622
Return on capital employed (ROCE) ³ %	7.8	(52.1)	51.6	(110.7)		_	(9.7)	_	
Adjusted ROCE ³ %	8.9	(29.1)	51.6	11.9			14.1		
Cash flows from operating									
activities	5,712	360	3,058	1,422	10,552	(770)	9,782		9,782
Gross investments	(2,772)	(342)	(114)	(945)	(4,173)	(3)	(4,176)		(4,176)
Divestments From each flower (ECE)	1,887	5	58	1	1,951	(1)	1,950		1,950
Free cash flows (FCF)	4,827	23	3,002	478	8,331	(775)	7,556	-	7,556

¹Of which elimination of intragroup revenue accounts for an outflow of DKK 2,712 million ²Includes reversal of provisions for onerous contracts for the construction of property, plant and equipment

³ Last 12 months' figures

SEGMENT INFORMATION 2 CONTINUED

1 January - 31 March 2015 DKK million	Wind Power	Bioenergy & Thermal Power	Distribution & Customer Solutions	Oil & Gas	Reporting segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
INCOME STATEMENT									
External revenue	3,296	1,868	12,561	1,458	19,183	84	19,267	(2,316)	16,951
Intragroup revenue	638	186	289	1,820	2,933	$(2,933)^1$			
Revenue	3,934	2,054	12,850	3,278	22,116	(2,849)	19,267	(2,316)	16,951
Cost of sales	(1,561)	(1,530)	(12,122)	(249)	(15,462)	2,820	(12,642)	302	(12,340)
Employee costs and other external expenses	(639)	(350)	(463)	(623)	(2,075)	49	(2,026)		(2,026)
Other operating income and expenses	134	103	29	694	960	4	964		964
Gain (loss) on disposal of non-current assets		(1)	(5)	417	411		411		411
Share of profit (loss) in associates and joint ventures	29	(2)			27		27		27
EBITDA	1,897	274	289	3,517	5,977	24	6,001	(2,014)	3,987
Depreciation and amortisation	(712)	(349)	(299)	(727)	(2,087)	(4)	(2,091)		(2,091)
Operating profit (loss) (EBIT)	1,185	(75)	(10)	2,790	3,890	20	3,910	(2,014)	1,896
Current hydrocarbon tax				(723)	(723)		(723)		(723)
EBIT less current hydrocarbon tax	1,185	(75)	(10)	2,066	3,167	20	(3,187)	(2,014)	1,173
Reversal of impairment losses for the period					-		-		-
Adjusted operating profit (loss)	1,185	(75)	(10)	2,066	3,167	20	(3,187)	(2,014)	1,173
KEY FIGURES									
Property, plant and equipment and intangible assets	48,656	6,641	15,317	23,735	94,349	208	94,556		94,556
Investments in associates and joint ventures as well as other equity investments	1,236	10	427		1,673		1,673		1,673
Net working capital, operations	-	(1,381)	(2,765)	2,582	912	(8)	904		904
Net working capital,	_, . , o	(1,501)	(=,,,,,,)	_,00_	7.2	(0)	, , ,		, , ,
installations	(2,937)	(57)		(1,294)	(4,288)		(4,288)		(4,288)
Derivative financial instruments, net	(973)	129	769	2,302	2,227	(2,297)	(70)		(70)
Decommissioning obligations	(2,242)	(796)	(617)	(7,155)	(10,810)	, , ,	(10,810)		(10,810)
Other provisions	(1,500)	(1,009)	(3,072)	(10)	(5,591)	(54)	(5,645)		(5,645)
Tax, net	(1,095)	867	(142)	(2,183)	(2,553)	(3,711)	(6,263)		(6,263)
Other receivables and other payables, net	429		79		508	(696)	(188)		(188)
Capital employed at 31 March	44,051	4,404	9,997	17,977	76,429	(6,558)	69,871	-	69,871
Return on capital		(20.0)	(2 E)	(20.0)			(6.4)		
employed (ROCE) ² %	5.5	(20.6)	(3.5)	(29.0)			(6.4)	-	-
Adjusted ROCE ² %	5.5	(20.6)	(1.6)	12.0	-	-	4.9	-	
Cash flows from operating activities	(157)	508	312	1,390	2,053	243	2,296		2,296
Gross investments	(2,965)	(176)	(190)	(1,303)	(4,634)	(34)	(4,668)		(4,668)
Divestments	2	3	9	35	49	8	57		57
Free cash flows (FCF)	(3,120)	335	131	122	(2,532)	217	(2,315)	-	(2,315)

 $^{^{\}rm 1}$ Of which elimination of intragroup revenue accounts for an outflow of DKK 3,411 million $^{\rm 2}$ Last 12 months' figures

3 BUSINESS PERFORMANCE PRINCIPLE

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

DKK million	Q1 2016	Q1 2015
EBITDA – business performance	8,089	6,001
Business performance adjustments in respect of revenue for the period	499	(2,316)
Business performance adjustments in respect of cost of sales for the		
period	317	302
EBITDA – IFRS	8,905	3,987
Total business performance adjustments for the period comprise:		
Market value adjustments for the period of financial and physical hedging contracts that relate to future periods	2,125	(1,323)
Reversal of deferred gains (losses) relating to hedging contracts from previous periods, where the hedged production or trade is		
recognised in business performance EBITDA for this period	(1,309)	(691)
Total adjustments	816	(2,014)

Difference between IFRS and business performance for the period

Market value adjustments in respect of future periods totalled DKK 2,125 million (Q1 2015: DKK -1,323 million) and primarily relate to the hedging of gas, power and oil.

Reversal of deferred gains (losses) recognised according to business performance in Q1 2016 totalled DKK -1,309 million (Q1 2015: DKK -691 million) and primarily relate to gains (losses) on the hedging of gas and, in part, power. These gains (losses) are recognised in business performance EBITDA in Q1 2016 and in IFRS EBITDA in a previous period.

MARKET VALUE ADJUSTMENTS OF FINANCIAL AND PHYSICAL HEDGING CONTRACTS

	3	Market value adjustments for the period				
DKK million	Q1 2016	Q1 2015	Q1 2016	Q1 2015		
Oil hedge	88	(20)	(202)	63		
Coal hedge	10	(114)	54	91		
Currency hedge	1,171	(1,438)	235	(14)		
Gas (commercial and hedge)	737	3	(1,152)	(604)		
Power (commercial and hedge)	119	246	(244)	(227)		
Total	2,125	(1,323)	(1,309)	(691)		

EXPECTED YEAR OF TRANSFER TO BUSINESS PERFORMANCE EBITDA, GROUP AND OIL & GAS

		Group						
DKK million	Q2-Q4 2016	2017	after 2018	Total	Q2-Q4 2016	2017	after 2018	Total
Oil	1,087	736	273	2,096	(384)	202	31	(151)
Gas	2,050	1,232	928	4,210	1,409	1,110	551	3,070
Power	640	528	277	1,445	252	239	11	502
Coal	(93)	(31)	(2)	(126)	(165)	(107)	(6)	(278)
Currency	(195)	(73)	96	(172)	(500)	(644)	(844)	(1,988)
Total	3,489	2,392	1,572	7,453	612	800	(257)	1,155

Accumulated difference between IFRS and business performance

Market value adjustments deferred for recognition in the business performance results in a subsequent period are specified in the table above. At 31 March 2016, a gain of DKK 7,453 million had been deferred (Oil & Gas: gain of DKK 1,155 million), which will affect business performance EBITDA in subsequent years. Of the total deferred gain, business performance EBITDA is expected to be affected by a gain of DKK 3,489 million in 2016 (Oil & Gas: gain of DKK 612 million).

4 OTHER OPERATING INCOME

Gain on divestment of assets in Q1 2016 relates primarily to Burbo Bank Extension. Other compensation mainly consists of amounts received from suppliers as compensation for delayed deliveries in connection with the construction of offshore wind farms.

Gain on divestment of assets in Q1 2015 consists primarily of contingent consideration relating to the sale of 60% of DONG Energy's ownership interest in the Glenlivet gas field in the UK in 2014. Insurance compensation in Q1 2015 relates to the settlement of insurance claims in Oil & Gas and Bioenergy & Thermal Power.

DKK million	Q1 2016	Q1 2015
Gain on divestment of assets	591	437
Insurance compensation		792
Other compensation	245	101
Miscellaneous operating income	58	76
Other operating income	894	1,406

5 OTHER OPERATING EXPENSES

Miscellaneous operating expenses primarily consist of expenses relating to termination of supplier contracts concerning the construction of the Hejre platform.

DKK million	Q1 2016	Q1 2015
Loss on divestment of assets	51	26
Miscellaneous operating expenses	943	5
Other operating expenses	994	31

6 GROSS AND NET INVESTMENTS

DKK million	Q1 2016	Q1 2015
Cash flows from investing activities	(5,790)	(5,806)
Purchase and sale of securities, reversed	3,681	1,163
Loans to associates and joint ventures, reversed	(86)	30
Sale of non-current assets, reversed	(1,981)	(55)
Gross investments	(4,176)	(4,668)
Transactions with non-controlling interests in connection with divestments	(31)	2
Sale of non-current assets	1,981	55
Total cash flows from divestments	1,950	57
Net investments	(2,226)	(4,611)

7 PROVISIONS

		Q1 20	016			Q1 20	15	
DKK million	Decommis- sioning obligations	Onerous contracts	Other liabilities	Total	Decom- missioning obligations	Onerous contracts	Other liabilities	Total
Provisions at 1								
January Exchange rate	11,144	5,472	2,572	19,188	10,368	3,084	2,482	15,934
adjustments	(78)		(42)	(120)	299		49	348
Disposals	(3)	(771)	(191)	(965)	(8)	(81)	(2)	(91)
Provisions								
reversed during								
the period		(750)	(41)	(791)			(11)	(11)
Provisions made								
during the period	191		1,171	1,362	9		91	100
Change in estima-	265			265	2.4			2.4
tes of other factors	265			265	24			24
Transferred to assets classified as								
held for sale	(5)			(5)				
Interest element of	(5)			(3)				
provisions	131	31		162	118	33		151
Provisions at 31								
March	11,645	3,982	3,469	19,096	10,810	3,036	2,609	16,455
Falling due as follows:								
0-1 year	78	673	825	1,576	27	192	342	562
1-5 years	1,954	1,967	1,872	5,793	3,036	1,228	1,782	6,046
After 5 years	9,613	1,342	772	11,727	7,747	1,616	485	9,848

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

Onerous contracts comprise a contract for LNG terminal capacity in the Netherlands, DKK 1,127 million (Q1 2015: DKK 1,139 million), contracts for leasing of gas storage capacity in Germany, DKK 1,288 million (Q1 2015: DKK 1,439 million), contract regarding the Stenlille Gas Storage Facility, DKK 394 million (Q1 2015: DKK 466 million) and contracts relating to reinforcement and continued inspections of the Hejre jacket, completion of a well, and idle period for a rig, DKK 1,111 million.

Other provisions primarily include provisions for termination of EPC contract relating to the Hejre Platform, guarantee obligations, divestments, CO₂ obligations, contractual obligations, etc., as well as expected repayments to power consumers etc. relating to litigation. Provisions for CO₂ obligations relate to the Group's own emissions.

			Distribution &		
Decommissioning	Wind	Bioenergy &	Customer	Oil	
obligations by segment	Power	Thermal Power	Solutions	& Gas	Total
0-5 years	57	117	3	1,855	2,032
5-10 years	301	77	72	2,313	2,763
10-20 years	1,760	408		3,515	5,683
After 20 years	418	197	112	440	1,167
Q1 2016	2,536	799	187	8,123	11,645
Q1 2015	2,242	796	617	7,155	10,810

8 ASSETS CLASSIFIED AS HELD FOR SALE

DKK million	Q1 2016	Q1 2015
Intangible assets	1	
Property, plant and equipment	2,325	
Other non-current assets	85	
Non-current assets	2,411	-
Current assets	234	
Assets classified as held for sale at 31 March	2,645	-
Non-current liabilities	681	
Current liabilities	392	
Liabilities related to assets classified as held for sale at 31 March	1,073	-
Assets classified as held for sale, net	1,572	-

On 18 September 2015, the Danish Ministry of Finance announced a plan for an IPO of DONG Energy. On this occasion, it was announced that DONG Energy's ownership of the gas distribution grid as well as oil and gas pipelines will be divested to Energinet.dk. A process for the divestment of the Group's gas distribution activities and the North Sea oil pipeline has been initiated and is expected to be completed within 12 months. Consequently, both activities have been classified as assets held for sale.

9 CHANGE IN NET WORKING CAPITAL

DKK million	Q1 2016	Q1 2015
Change in inventories	(376)	(753)
Change in construction contracts	984	(1,661)
Change in trade receivables	324	(456)
Change in other receivables	(53)	(1,033)
Change in trade payables	634	1,009
Change in other payables	1,675	686
Change in net working capital	3,189	(2,208)
Of which change relating to construction contracts and related trade payables	1,851	(732)
Of which change relating to other working capital	1,338	(1,476)

10 NET FINANCIAL INCOME AND EXPENSES

DKK million	Q1 2016	Q1 2015
Interest expenses, net	(205)	(258)
Interest element of provisions etc.	(183)	(162)
Value adjustments of derivative financial instruments, net	(59)	(31)
Exchange rate adjustments, net	470	(438)
Value adjustments of securities, net	(11)	48
Other financial income and expenses, net		(9)
Net financial income and expenses	12	(850)

10 NET FINANCIAL INCOME AND EXPENSES CONTINUED

Financial income and expenses are presented net above as currency and interest rate risks are managed on a net basis, for which reason foreign exchange gains cannot meaningfully be shown without including foreign exchange losses.

Derivative financial instruments entered into to hedge currency risks and exchange rate adjustments are presented net in the line 'Exchange rate adjustments, net'.

Net financial income and expenses amount to DKK 12 million for Q1 2016 against DKK -850 million in the same period in 2015. The development can primarily be attributed to exchange rate adjustments of loans and deposits in GBP.

11 TAX ON PROFIT (LOSS) FOR THE PERIOD

Tax and tax rate

Tax on profit (loss) for the period according to business performance was DKK 1,866 million, which was 535 million DKK higher than Q1 2015. The effective tax rate for the period after business performance was 26% in Q1 2016 against 43% in Q1 2015.

The tax rate is affected by earnings from oil and gas production in Norway, where hydrocarbon income is taxed at 78%. Combined with non-deductible amortisation of licence rights, the effective tax rate was 93%. The effective tax rate in Q1 2016 was affected by a tax-exempt gain from the divestment of 50% of the offshore wind farm Burbo Bank Extension as well as the decision to terminate the Hejre project in its current form.

Business

QΙ	2016

DKK million	performance	IFRS
Tax on profit (loss) for the period	(1,866)	(2,046)
Tax on other comprehensive income	(191)	(11)
Tax on hybrid capital	35	35
Total tax for the period	(2,022)	(2,022)
Tax on profit (loss) for the period can be broken down as follows:		
Current tax calculated applying normal tax rates	(1,949)	(1,949)
Current tax, hydrocarbon tax calculated applying higher tax rate	(255)	(255)
Deferred tax, calculated applying normal tax rates	376	196
Deferred tax, hydrocarbon tax calculated applying higher tax rate	16	16
Tax on assets classified as held for sale	(58)	(58)
Adjustment of tax concerning previous years	4	4
Tax on profit (loss) for the period	(1,866)	(2,046)

Q1 2015

DAM .III.	Business	IEDC
DKK million	performance	IFRS
Tax on profit (loss) for the period	(1,331)	(858)
Tax on other comprehensive income	349	(124)
Tax on hybrid capital	41	41
Total tax for the period	(941)	(941)
Tax on profit (loss) for the period can be broken down as follows:		
Current tax calculated applying normal tax rates	(168)	(168)
Current tax, hydrocarbon tax calculated applying higher tax rate	(723)	(723)
Deferred tax, calculated applying normal tax rates	(526)	(53)
Deferred tax, hydrocarbon tax calculated applying higher tax rate	66	66
Adjustment of tax concerning previous years	20	20
Tax on profit (loss) for the period	(1,331)	(858)

11 TAX ON PROFIT (LOSS) FOR THE PERIOD CONTINUED

_	BUSINESS PERFORMANCE			
Q1 2016	Profit (loss)	Tax on profit (loss) for the		
DKK million	before tax	period	Tax rate	
Oil and gas activities in Norway (hydrocarbon income)	384	(356)	93%	
Oil and gas exploration activities in the UK and the Faroe Islands	(118)	40	34%	
Gain (loss) from divestments and other non-taxable income and non-de-				
ductable costs	554	(27)	5%	
Impairment losses	750	(325)	43%	
Rest of DONG Energy	5,512	(1,198)	22%	
Effective tax for the period	7,082	(1,866)	26%	
Q1 2015				
DKK million				
Oil and gas activities in Norway (hydrocarbon income)	1,229	(1,020)	83%	
Oil and gas exploration activities in the UK and the Faroe Islands	291	0	0%	
Rest of DONG Energy	1,555	(311)	20%	
Effective tax for the period	3,075	(1.331)	(43%	

12 INTEREST-BEARING NET DEBT

DKK million	31 Mar 2016	31 Dec 2015	31 Mar 2015
Bank loans	7,184	7,186	10,531
Issued bonds	28,300	29,215	29,404
Bank loans and issued bonds	35,484	36,401	39,935
Other interest-bearing debt	751	778	674
Total interest-bearing debt	36,235	37,179	40,609
Securities	25,004	21,221	26,112
Cash	8,605	4,965	5,317
Receivables from associates and joint ventures	797	883	1,147
Other receivables	889	917	1,099
Total interest-bearing assets	35,295	27,986	33,675
Total interest-bearing net debt	940	9,193	6,934

13 FUNDS FROM OPERATIONS (FFO)/ADJUSTED INTEREST-BEARING NET DEBT

Funds from Operations (FFO)

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, the interest element of decommissioning obligations, 50% of the hybrid capital coupon payments and calculated interest paid on the Group's operating lease obligations, operating lease payments in profit (loss) for the year and total current tax.

FUNDS FROM OPERATIONS (FFO)

DKK million	31 Mar 2016	31 Dec 2015	31 Mar 2015
EBITDA – business performance	20,572	18,484	16,056
Interest expenses, net	(715)	(767)	(1,053)
Reversal of interest expenses transferred to assets	(433)	(389)	(356)
Interest element of decommissioning obligations	(508)	(494)	(435)
50% of coupon payments on hybrid capital	(411)	(411)	(377)
Calculated interest paid on operating lease obligations	(335)	(219)	(225)
Adjusted interest expenses, net	(2,402)	(2,280)	(2,446)
Reversal of recognised operating lease payments in profit (loss)			
for the period	787	753	552
Total current tax	(5,585)	(4,390)	(4,876)
Funds from Operations (FFO) ¹	13,372	12,567	9,286

¹ Last 12 months' figures

Adjusted interest-bearing net debt

In the calculation of adjusted interest-bearing net debt, 50% of the hybrid capital is added as the Group's rating agencies use a similar calculation method. Similarly, the Group's decommissioning obligations less tax and operating lease obligations are regarded as part of the interest-bearing debt, regardless of the fact that the associated assets are not recognised under non-current assets.

The Group's adjusted interest-bearing net debt totalled DKK 22,749 million at 31 March 2016, which is a decrease of DKK 6,033 million relative to Q1 2015. The primary reason for this is the positive cash flows from operating activities and divestments exceeding investments.

FUNDS FROM OPERATIONS (FFO)/ADJUSTED INTEREST-BEARING NET DEBT

DKK million	31 Mar 2016	31 Dec 2015	31 Mar 2015
Total interest-bearing net debt	940	9,193	6,934
50% of hybrid capital	6,624	6,624	6,618
Cash not available for distribution	1,491	1,268	1,364
Securities not available for distribution, excluding repo loans	1,133	2,550	3,132
Present value of operating lease payments	5,038	4,248	4,281
Decommissioning obligations	11,645	11,144	10,810
Deferred tax on decommissioning obligations	(4,122)	(3,957)	(4,357)
Adjusted interest-bearing net debt	22,749	31,070	28,782
Funds from Operations (FFO) ¹	13,372	12,567	9,286
Funds from Operations (FFO)/adjusted interest-bearing net debt	58.8%	40.4%	32.3%

¹ Last 12 months' figures

14 FINANCIAL RESOURCES

FINANCIAL RESOURCES

DKK million	31 Mar 2016	31 Dec 2015	31 Mar 2015
Cash, available	7,118	3,677	3,951
Securities, available	23,871	18,690	20,116
Undrawn non-cancellable credit facilities	13,040	13,061	13,632
Total	44,029	35,428	37,699

Cash and cash equivalents and securities

Cash not available for use which is not part of the financial resources primarily comprises:

- · cash and cash equivalents tied up for use in jointly controlled wind power projects and oil and gas licences
- cash and cash equivalents pledged as collateral for negative market values of financial instruments
- cash and cash equivalents pledged as collateral for insurance-related provisions, and
- cash and cash equivalents received from users of the North Sea oil pipeline for the maintenance of the pipeline.

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 and to a lesser extent in other bonds. Most of the securities qualify for repo transactions in Danmarks Nationalbank.

Securities not available for use comprise:

- securities that form part of genuine sale and repurchase transactions (repo transactions). At 31 March 2016, these amounted to DKK 0 million (31 March 2015: DKK 2,864 million)
- securities used to cover insurance-related provisions, and
- securities used as collateral for negative market values of financial instruments. At 31 March 2016, these amounted to DKK 1,133 million (Q1 2015: DKK 3,132 million).

At 31 March 2016, DONG Energy had received collateral from trading in financial instruments of DKK 394 million (Q1 2015: DKK 191 million).

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 (Q1 2015: DKK 796 million). Market value amounts to DKK -9 million (Q1 2015: DKK -12 million).

CASH AND CASH EQUIVALENTS AND SECURITIES

DKK million	31 Mar 2016	31 Dec 2015	31 Mar 2015
Cash, available	7,118	3,677	3,951
Bank overdrafts that are part of the ongoing cash management	(9)		(16)
Cash and cash equivalents at 31 March, see statement of cash flows	7,109	3,677	3,935
Cash can be specified as follows:			
Cash, available	7,118	3,677	3,951
Cash, not available for use, interest-bearing	1,490	1,288	1,364
Cash at 31 March	8,608	4,965	5,315
Securities can be specified as follows:			
Securities, available	23,871	18,690	20,116
Securities, not available for use, other	1,133	2,531	5,996
Securities at 31 March	25,004	21,221	26,112

15 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Q1 2016			Non-observable	
	Quoted prices	Observable inputs	inputs	
DKK million	(level 1)	(level 2)	(level 3)	Total
Securities	21,408	3,596		25,004
Total securities	21,408	3,596	-	25,004
Commodities	5,118	9,072	1,101	15,291
Currency		2,182		2,182
Interest		97		97
Total derivative financial instruments	5,118	11,351	1,101	17,570
Total assets	26,526	14,947	1,101	42,574
Commodities	2,330	2,687	1,385	6,402
Currency		2,135		2,135
Interest		63		63
Total derivative financial instruments	2,330	4,885	1,385	8,600
Total equity and liabilities	2,330	4,885	1,385	8,600
Q1 2015				
Securities	25,493	619		26,112
Total securities	25,493	619	-	26,112
Commodities	2,886	5,805	608	9,299
Currency		1,487		1,487
Interest		148		148
Total derivative financial instruments	2,886	7,440	608	10,934
Total assets	28,379	8,059	608	37,046
Commodities	2,738	2,080	468	5,286
Currency		5,043		5,043
Interest		675		675
Total derivative financial instruments	2,738	7,798	468	11,004
Total equity and liabilities	2,738	7,798	468	11,004

The table above shows the distribution of assets and liabilities recognised at fair value based on their calculated fair values. Market values are included in 'quoted prices (level 1)' if the fair value can be derived directly from an active market, for example for listed securities. Market values are included in 'observable inputs (level 2)' if the market value has been calculated using inputs which can be derived from active markets etc. Market values are included in 'non-observable inputs (level 3)' if the market value has been calculated using inputs which cannot be derived from active markets etc., often because trading in the active market is within a short time horizon. The valuation of this group is therefore subject to some uncertainty.

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.

The most significant parameter resulting in contracts being classified as level 3 (material non-observable inputs) is the power price. Normally, the price can be observed for a maximum of five years in the power market, after which an active market no longer exists. Beyond the five-year horizon, the energy price is thus projected on the basis of material non-observable inputs, with the projection being based on the observable forward price for years 1 to 5. As the forward price of power develops stably during the five-year period for which an observable price is available, the projection over a small number of years is not deemed to be associated with any material risk.

16 RELATED-PARTY TRANSACTIONS

JOINT VENTURES

DKK million	31 Mar 2016	31 Dec 2015	31 Mar 2015
Dividends received and capital reductions		53	
Purchase of goods and services	(32)	(72)	(37)
Interest, net	6	28	7
Receivables	797	883	912
Payables	276	344	305

ASSOCIATES

DKK million	31 Mar 2016	31 Dec 2015	31 Mar 2015
Dividends received and capital reductions		5	
Sales of goods and services	4	36	5
Purchase of goods and services	(5)	(24)	(9)
Interest, net		(201)	
Receivables		5	201

OWNERS

DKK million	31 Mar 2016	31 Dec 2015	31 Mar 2015
Sales of goods and services	299	954	188
Purchase of goods and services		(17)	
Receivables	66	256	
Payables			33

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 and the Executive Board and other senior executives.

See note 8.7 for an overview of the Group's joint ventures and associates.

Transactions with joint ventures and associates appear from the table above.

Related-party transactions are made on arm's length terms. Intragroup 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 period.

17 EVENTS AFTER THE REPORTING PERIOD

Repurchase of bonds

On 28 April, DONG Energy made the decision to offer repurchase of senior bonds of up to EUR 650 million. At the time of expiry of the Offers on 10 May 2016, DONG Energy had received valid offers for repurchase of the Bonds in the aggregate nominal amount of EUR 524,084,000. On 11 May 2016, DONG Energy announced its acceptance of all valid offers received. Settlement of the repurchases took place on 13 May 2016.

Divestment of the Danish gas distribution grid to Energinet.dk

On 10 May, DONG Energy and the state-owned energy company Energinet.dk signed an agreement for Energinet.dk to buy DONG Energy's 100% ownership interest in DONG Gas Distribution A/S and related operating activities for DKK 2.3 billion which is expected to result in a gain on divestment of enterprises (not part of EBITDA) of DKK 1.5 billion.

The final completion of the transaction is, among other things, subject to approval by the Danish Ministry of Finance, the Danish Ministry of Energy, Utilities and Climate and the competition authorities.

Closing is expected to take place on 30 September 2016.

CONSOLIDATED FINANCIAL STATEMENTS

Statement by the Executive Board and the Board of Directors on the Consolidated Financial Statements of DONG Energy A/S at 31 December 2015, 31 December 2014 and 31 December 2013 and for the Financial Years 2015, 2014 and 2013

The Consolidated Financial Statements of DONG Energy A/S (together with its subsidiaries the 'Group') at 31 December 2015, 31 December 2014 and 31 December 2013 and for the financial years 2015, 2014 and 2013 included in this Offering Circular have been derived from the Consolidated Financial Statements for 2015, 2014 and 2013 contained in the annual reports, respectively, as prepared and approved by the Executive Board and the Board of Directors (the 'Management') on 4 February 2016, 5 February 2015 and 5 February 2014, respectively.

The Consolidated Financial Statements for 2015, 2014 and 2013 have been provided with the following statement by the Executive Board and the Board of Directors on 4 February 2016, 5 February 2015 and 5 February 2014, respectively:

Statement by the Executive Board and the Board of Directors on the Consolidated Financial Statements of DONG Energy A/S at 31 December 2015 and for the Financial Year 2015

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 2015.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The financial statements of the parent company, DONG Energy A/S, have been prepared in accordance with the provisions of the Danish Financial Statements Act.

Furthermore, the Consolidated Financial Statements, the Parent Company Financial Statements and the management's review have been prepared in accordance with additional Danish disclosure requirements for listed and state-owned public limited companies.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements provide a fair presentation of the Group's and the company's assets, liabilities and financial position at 31 December 2015 and of the results of the Group's and the company's operations and the Groups's cash flows for the financial year 1 January - 31 December 2015.

In our opinion, the management's review provides a fair presentation of the development in the Group's and the company's operations and financial circumstances, 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 company.

DONG Energy's consolidated non-financial statements are 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 and are recognised in accordance with the criteria for the preparation of the non-financial statements.

We recommend that the annual report be adopted at the annual general meeting.

Skærbæk, 4 February 2016

Executive Board:

Henrik Poulsen Marianne Wiinholt President and CEO CFO

Board of Directors:

Thomas Thune Andersen Lene Skole Lynda Armstrong Pia Gjellerup

Chairman Deputy chairman

Martin Hintze Benny D. Loft Claus Wiinblad Poul Arne Nielsen

Poul Dreyer* Benny Gøbel* Jens Nybo Sørensen* Hanne Steen Andersen*

^{*} Employee representative

Statement by the Executive Board and the Board of Directors on the Consolidated Financial Statements of DONG Energy A/S at 31 December 2014 and for the Financial Year 2014

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 presentation 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 Marianne Wiinholt CEO CFO

Board of Directors:

Thomas Thune Andersen Jørn P. Jensen Benny D. Loft Pia Gjellerup Chairman Deputy chairman

Martin Hintze Poul Arne Nielsen Claus Wiinblad Hanne Steen Andersen*

Poul Dreyer* Benny Gøbel* Jens Nybo Sørensen*

^{*} Employee representative

Statement by the Executive Board and the Board of Directors on the Consolidated Financial Statements of DONG Energy A/S at 31 December 2013 and for the Financial Year 2013

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 2013.

The Consolidated Financial Statements and the Parent Company Financial Statements are prepared 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.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2013 of the Group and the Parent Company and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2013.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the parent 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 report represents a reasonable and balanced representation of the company's corporate responsibility and sustainability performance.

We recommend that the annual report be approved at the annual general meeting.

Skærbæk, 5 February 2014

Executive Board:

Henrik Poulsen Marianne Wiinholt CEO CFO

Board of Directors:

Fritz H. Schur Jakob Brogaard Hanne Steen Andersen*

Chairman Deputy chairman

Benny Gøbel* Jørn P. Jensen Pia Gjellerup Jytte Koed Madsen*

Poul Arne Nielsen Jens Nybo Stilling Sørensen* Benny D. Loft Mogens Vinther

^{*} Employee representative

Independent Auditor's Report on the Consolidated Financial Statements of DONG Energy A/S at 31 December 2015, 31 December 2014 and 31 December 2013 and for the Financial Years 2015, 2014 and 2013

The Consolidated Financial Statements of DONG Energy A/S (together with its subsidiaries the 'Group') at 31 December 2015, 31 December 2014 and 31 December 2013 and for the financial years 2015, 2014 and 2013 included in this Offering Circular have been derived from the Consolidated Financial Statements for 2015, 2014 and 2013 contained in the annual reports, respectively, as prepared and approved by the Executive Board and the Board of Directors (the 'Management') on 4 February 2016, 5 February 2015 and 5 February 2014, respectively.

The Consolidated Financial Statements for 2015, 2014 and 2013 have been audited by PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab who have provided the annual reports for 2015, 2014 and 2013 with the following audit reports on 4 February 2016, 5 February 2015 and 5 February 2014, respectively:

Independent Auditor's Report on the Consolidated Financial Statements and the Parent Company Financial Statements of DONG Energy A/S at 31 December 2015 and for the Financial Year 1 January - 31 December 2015

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 2015, pages 48-129 and 141-148, comprising the income statement, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies for both the Group and the parent company, as well as the cash flow statement and the statement of comprehensive income for the Group. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent Company Financial Statements are prepared under the Danish Financial Statements Act. Moreover, the Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with Danish disclosure requirements for listed companies and state-owned public limited companies.

Management's responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view 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, and for preparing Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act 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 Parent Company 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 the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the Consolidated Financial Statements and the Parent Company 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 Parent Company Financial Statements that give a true and fair view 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 used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2015 and of the results of the Group's operations and cash flows for the financial year 1 January - 31 December 2015 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.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the parent company's financial position at 31 December 2015 and of the results of the parent company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act 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 the Parent Company Financial Statements. On this basis, in our opinion, the information provided in the management's review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Copenhagen, 4 February 2016

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab CVR no. 33 77 12 31 Lars Baungaard State Authorised Public Accountant Fin T. Nielsen
State Authorised
Public Accountant

Independent Auditor's Report on the Consolidated Financial Statements and the Parent Company Financial Statements of DONG Energy A/S at 31 December 2014 and for the Financial Year 1 January - 31 December 2014

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 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.

Management's responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and the Parent Company 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 Parent Company 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 the Parent Company 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 the Parent Company 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 the Parent Company 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 the Parent Company 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 the Parent Company 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 the Parent Company 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 the 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 the Parent Company 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 the Parent Company 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 Report on the Consolidated Financial Statements and the Parent Company Financial Statements of DONG Energy A/S at 31 December 2013 and for the Financial Year 1 January - 31 December 2013

To the shareholders of DONG Energy A/S

Report on the Consolidated Financial Statements and 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 2013, pages 52-118, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes, including summary of significant accounting policies, for both the Group and the parent company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared 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's responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view 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 and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company 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 the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the Consolidated Financial Statements and the Parent Company 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 Parent Company Financial Statements that give a true and fair view 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 used, the reasonableness of accounting estimates made by Management, as well as the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our audit has not resulted in any qualification.

Oninion

In our opinion, the Consolidated Financial Statements and the parent company Financial Statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2013 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2013 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 1-51, in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in the management's review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Copenhagen, 5 February 2014

PricewaterhouseCoopersStatsautoriseret Revisionspartnerselskab

Fin T. Nielsen
State Authorised
Public Accountant

Mogens Nørgaard Mogensen State Authorised Public Accountant Independent Auditor's Report in respect of the extraction of financial information at and for the Financial Years ending 31 December 2015, 2014 and 2013 included on pages F-33 to F-141 from the audited historical Consolidated Financial Statements for the Financial Years ending 31 December 2015, 2014 and 31 December 2013

To the Readers of the Offering Circular

We have been engaged to issue a report as to whether the financial information on the F-pages (pages F-33 to F-141) for DONG Energy A/S (together with its subsidiaries the 'Group') for 2015, 2014 and 2013 in all material respects has been properly derived and compiled from the Consolidated Financial Statements for 2015, 2014 and 2013 contained in the Annual Reports for 2015, 2014 and 2013, as prepared and approved by the Executive Board and the Board of Directors (the 'Management') on 4 February 2016, 5 February 2015 and 5 February 2014, respectively.

We express reasonable assurance in our conclusion.

Management's responsibility

Management is responsible for the preparation of the financial information that is correctly derived from the Consolidated Financial Statements for 2015, 2014 and 2013 contained in the Annual Reports for 2015, 2014 and 2013 and for the proper compilation of the financial information on the F-pages.

Auditor's responsibility

Our responsibility is to express a conclusion as to whether the financial information on the F-pages (pages F-33 to F-141) has been properly derived and compiled from the Consolidated Financial Statements for 2015, 2014 and 2013 contained in the Annual Reports for 2015, 2014 and 2013.

We have performed our work in accordance with ISAE 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish auditor regulation.

PricewaterhouseCoopers is subject to the International Standard on Quality Control, ISQC 1, and thus applies a comprehensive quality control system, including documented policies and procedures concerning compliance with ethical requirements, professional standards and current statutory requirements and other regulation.

We have complied with the independence requirements and other ethical requirements included in FSR – Danish Auditors' guidelines for auditors' ethical behaviour (Code of Ethics for Auditors) based on the basic principles of integrity, objectivity, professional competence as well as due diligence, confidentiality and professional behaviour.

As part of our work, we have compared the financial information on the F-pages with the Consolidated Financial Statements for 2015, 2014 and 2013 in the Annual Reports for 2015, 2014 and 2013.

Conclusion

In our opinion, the financial information for 2015, 2014 and 2013 has been properly derived and compiled from the Consolidated Financial Statements for 2015, 2014 and 2013 contained in the Annual Reports for 2015, 2014 and 2013, as prepared and approved by the Executive Board and the Board of Directors (the 'Management') on 4 February 2016, 5 February 2015 and 5 February 2014, respectively.

Copenhagen, 26 May 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab CVR no. 33 77 12 31

Lars Baungaard
State Authorised
Public Accountant

Fin T. Nielsen
State Authorised
Public Accountant

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CONSOLIDATED INCOME STATEMENT

1 JANUARY - 31 DECEMBER

2015

		Business		
DKK million	Note	performance	Adjustments	IFRS
Revenue	2.1, 2.3	70,843	3,544	74,387
Cost of sales	2.4	(44,966)	(106)	(45,072)
Other external expenses	8.2	(6,237)		(6,237)
Employee costs	2.7, 2.8	(3,804)		(3,804)
Share of profit (loss) in associates and joint ventures	3.4	112		112
Other operating income	2.5	2,933		2,933
Other operating expenses	2.6	(397)		(397)
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		18,484	3,438	21,922
Depreciation, amortisation and impairment losses on	2.1, 3.1,			
intangible assets and property, plant and equipment	3.3, 3.8	$(25,734)^1$		$(25,734)^1$
Operating profit (loss) (EBIT)		(7,250)	3,438	(3,812)
Gain on divestment of enterprises	3.7	16		16
Share of profit (loss) in associates and joint ventures	3.4	(8)		(8)
Financial income	6.5	9,275		9,275
Financial expenses	6.5	(11,400)		(11,400)
Profit (loss) before tax		(9,367)	3,438	(5,929)
Tax on profit (loss) for the year	5.3	(2,717)	(807)	(3,524)
Profit (loss) for the year		(12,084)	2,631	(9,453)
Profit (loss) for the year is attributable to:			•	_
Shareholders of DONG Energy A/S				(10,198)
Coupon payments and costs after tax, hybrid capital holders of DONG Energy A/S				714
Non-controlling interests				31
Profit (loss) for the year				(9,453)
Earnings per share				
Basic earnings per share, DKK	6.1			(24.41)
Diluted earnings per share, DKK	6.1			(24.34)

¹ Includes DKK 2,516 million regarding onerous contracts relating to the construction of property, plant and equipment (see note 3.3).

ACCOUNTING POLICIES

Business performance

The business performance principle was introduced by the DONG Energy Group in 2011. In connection with the introduction of the business performance principle, the IFRS hedge accounting of energy and related currency risks was discontinued, and the market value adjustments of these hedging transactions are therefore recognised in the income statement under IFRS.

Under the business performance principle, value adjustments of contracts for energy and related currency risks (including hedging transactions) are deferred and recognised in the period in which the hedged exposure materialises. The difference between IFRS and business performance is specified in the adjustment column.

Other principles are identical with the IFRS rules. For further information about the business performance principle see note 2.2.

CONSOLIDATED INCOME STATEMENT

1 JANUARY - 31 DECEMBER, CONTINUED

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		Business		
DKK million	Note	performance	Adjustments	IFRS
Revenue	2.1, 2.3	67,048	4,781	71,829
Cost of sales	2.4	(42,226)	(837)	(43,063)
Other external expenses	8.2	(7,147)		(7,147)
Employee costs	2.7, 2.8	(3,336)		(3,336)
Share of profit (loss) in associates and joint ventures	3.4	(93)		(93)
Other operating income	2.5	2,466		2,466
Other operating expenses	2.6	(323)		(323)
Operating profit (loss) before depreciation, amortisation and		,		,
impairment losses (EBITDA)		16,389	3,944	20,333
Depreciation, amortisation and impairment losses on	2.1, 3.1,			
intangible assets and property, plant and equipment	3.3, 3.8	(17,566)		(17,566)
Operating profit (loss) (EBIT)		(1,177)	3,944	2,767
Gain on divestment of enterprises	3.7	1,258	(5)	1,253
Share of profit (loss) in associates and joint ventures	3.4	(484)		(484)
Financial income	6.5	5,261		5,261
Financial expenses	6.5	(6,971)		(6,971)
Profit (loss) before tax		(2,113)	3,939	1,826
Tax on profit (loss) for the year	5.3	(3,171)	(965)	(4,136)
Profit (loss) for the year		(5,284)	2,974	(2,310)
Profit (loss) for the year is attributable to:		() ,		(, ,
Shareholders of DONG Energy A/S				(2,976)
Coupon payments and costs after tax, hybrid capital				(=,> , 0)
holders of DONG Energy A/S				588
Non-controlling interests				78
Profit (loss) for the year				(2,310)
Earnings per share				(=,==,)
Basic earnings per share, DKK	6.1			(7.44)
Diluted earnings per share, DKK	6.1			(7.41)
			,	(7.11)
2013	21.22	52.105	(00.6)	50 100
Revenue	2.1, 2.3	73,105	(906)	72,199
Cost of sales	2.4	(47,224)	101	(47,123)
Other external expenses	8.2	(6,955)		(6,955)
Employee costs	2.7, 2.8	(3,491)		(3,491)
Share of profit (loss) in associates and joint ventures	3.4	(711)		(711)
Other operating income	2.5	705		705
Other operating expenses	2.6	(425)		(425)
Operating profit (loss) before depreciation, amortisation and		15.004	(905)	14,199
impairment losses (EBITDA) Depreciation, amortisation and impairment losses on	2.1, 3.1,	15,004	(805)	14,199
intangible assets and property, plant and equipment	3.3, 3.8	(12,963)		(12,963)
Operating profit (loss) (EBIT)	5.5, 5.0	(12,703)		1,236
Gain on divestment of enterprises		2 041	(805)	
*	2.7	2,041	(805)	
Share of profit (loss) in associates and joint ventures Financial income	3.7	2,045	(805)	2,045
	3.4	2,045 (57)	(805)	2,045 (57)
	3.4 6.5	2,045 (57) 3,273	(805)	2,045 (57) 3,273
Financial expenses	3.4	2,045 (57) 3,273 (7,073)		2,045 (57) 3,273 (7,073)
Financial expenses Profit (loss) before tax	3.4 6.5 6.5	2,045 (57) 3,273 (7,073) 229	(805)	2,045 (57) 3,273 (7,073) (576)
Financial expenses Profit (loss) before tax Tax on profit (loss) for the year	3.4 6.5	2,045 (57) 3,273 (7,073) 229 (1,222)	(805) 207	2,045 (57) 3,273 (7,073) (576) (1,015)
Financial expenses Profit (loss) before tax Tax on profit (loss) for the year Profit (loss) for the year	3.4 6.5 6.5	2,045 (57) 3,273 (7,073) 229	(805)	2,045 (57) 3,273 (7,073) (576)
Financial expenses Profit (loss) before tax Tax on profit (loss) for the year Profit (loss) for the year Profit (loss) for the year is attributable to:	3.4 6.5 6.5	2,045 (57) 3,273 (7,073) 229 (1,222)	(805) 207	2,045 (57) 3,273 (7,073) (576) (1,015) (1,591)
Financial expenses Profit (loss) before tax Tax on profit (loss) for the year Profit (loss) for the year Profit (loss) for the year is attributable to: Shareholders of DONG Energy A/S	3.4 6.5 6.5	2,045 (57) 3,273 (7,073) 229 (1,222)	(805) 207	2,045 (57) 3,273 (7,073) (576) (1,015)
Financial expenses Profit (loss) before tax Tax on profit (loss) for the year Profit (loss) for the year Profit (loss) for the year is attributable to:	3.4 6.5 6.5	2,045 (57) 3,273 (7,073) 229 (1,222)	(805) 207	2,045 (57) 3,273 (7,073) (576) (1,015) (1,591)
Financial expenses Profit (loss) before tax Tax on profit (loss) for the year Profit (loss) for the year Profit (loss) for the year is attributable to: Shareholders of DONG Energy A/S Coupon payments and costs after tax, hybrid capital	3.4 6.5 6.5	2,045 (57) 3,273 (7,073) 229 (1,222)	(805) 207	2,045 (57) 3,273 (7,073) (576) (1,015) (1,591)
Financial expenses Profit (loss) before tax Tax on profit (loss) for the year Profit (loss) for the year Profit (loss) for the year is attributable to: Shareholders of DONG Energy A/S Coupon payments and costs after tax, hybrid capital holders of DONG Energy A/S	3.4 6.5 6.5	2,045 (57) 3,273 (7,073) 229 (1,222)	(805) 207	2,045 (57) 3,273 (7,073) (576) (1,015) (1,591) (2,327)
Financial expenses Profit (loss) before tax Tax on profit (loss) for the year Profit (loss) for the year Profit (loss) for the year is attributable to: Shareholders of DONG Energy A/S Coupon payments and costs after tax, hybrid capital holders of DONG Energy A/S Non-controlling interests	3.4 6.5 6.5	2,045 (57) 3,273 (7,073) 229 (1,222)	(805) 207	2,045 (57) 3,273 (7,073) (576) (1,015) (1,591) (2,327) 765 (29)
Financial expenses Profit (loss) before tax Tax on profit (loss) for the year Profit (loss) for the year Profit (loss) for the year is attributable to: Shareholders of DONG Energy A/S Coupon payments and costs after tax, hybrid capital holders of DONG Energy A/S Non-controlling interests Profit (loss) for the year	3.4 6.5 6.5	2,045 (57) 3,273 (7,073) 229 (1,222)	(805) 207	2,045 (57) 3,273 (7,073) (576) (1,015) (1,591) (2,327) 765 (29)
Financial expenses Profit (loss) before tax Tax on profit (loss) for the year Profit (loss) for the year Profit (loss) for the year is attributable to: Shareholders of DONG Energy A/S Coupon payments and costs after tax, hybrid capital holders of DONG Energy A/S Non-controlling interests Profit (loss) for the year Earnings per share	3.4 6.5 6.5 5.3	2,045 (57) 3,273 (7,073) 229 (1,222)	(805) 207	2,045 (57) 3,273 (7,073) (576) (1,015) (1,591) (2,327) 765 (29) (1,591)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 1 JANUARY - 31 DECEMBER

	2015		
DKK million	Business performance	Adjustments	IFRS
Profit (loss) for the year	(12,084)	2,631	(9,453)
Other comprehensive income ¹ :	· · · · · · · · · · · · · · · · · · ·		
Hedging instruments:			
Value adjustments for the year	5,947	(5,923)	24
Value adjustments transferred to revenue	(2,744)	2,739	(5)
Value adjustments transferred to cost of sales	254	(254)	
Value adjustments transferred to financial income and expenses	179		179
Tax on value adjustments of hedging instruments	(856)	807	(49)
Exchange rate adjustments:			
Exchange rate adjustments relating to net investments in foreign			
enterprises	2,060		2,060
Value adjustments of hedging thereof	(1,402)		(1,402)
Transferred to gain on divestment of enterprises			
Tax on exchange rate adjustments	(25)		(25)
Change in tax rate			
Other comprehensive income	3,413	(2,631)	782
Total comprehensive income	(8,671)	=	(8,671)
Comprehensive income for the year is attributable to:			
Shareholders of DONG Energy A/S			(9,771)
Interest payments and costs after tax, hybrid capital holders of DONG			
Energy A/S			714
Non-controlling interests			386
Total comprehensive income			(8,671)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 1 JANUARY - 31 DECEMBER, CONTINUED

		2014	
DKK million	Business performance	Adjustments	IFRS
Profit (loss) for the year	(5,284)	2,974	(2,310)
Other comprehensive income ¹ :			
Hedging instruments:			
Value adjustments for the year	5,359	(5,662)	(303)
Value adjustments transferred to revenue	(1,574)	1,945	371
Value adjustments transferred to cost of sales	227	(227)	
Value adjustments transferred to financial income and expenses	254		254
Tax on value adjustments of hedging instruments	(1,050)	965	(85)
Exchange rate adjustments:			
Exchange rate adjustments relating to net investments in foreign enterprises	1,663		1,663
Value adjustments of hedging thereof	(1,765)		(1,765)
Transferred to gain on divestment of enterprises	6	5	11
Tax on exchange rate adjustments	168		168
Change in tax rate			
Other comprehensive income	3,288	(2,974)	314
Total comprehensive income	(1,996)	-	(1,996)
Comprehensive income for the year is attributable to:			
Shareholders of DONG Energy A/S			(3,010)
Interest payments and costs after tax, hybrid capital holders of DONG			
Energy A/S			588
Non-controlling interests			426
Total comprehensive income			(1,996)

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

2013 Business DKK million performance Adjustments **IFRS** Profit (loss) for the year (993) (598) (1,591)Other comprehensive income¹: Hedging instruments: Value adjustments for the year 12 162 174 Value adjustments transferred to revenue (639)913 274 Value adjustments transferred to cost of sales 263 (270)(7) Value adjustments transferred to financial income and expenses 851 851 Tax on value adjustments of hedging instruments (130)(207)(337)Exchange rate adjustments: Exchange rate adjustments relating to net investments in foreign enterprises (2,808)(2,808)Value adjustments of hedging thereof 2,180 2,180 Transferred to gain on divestment of enterprises 193 193 Tax on exchange rate adjustments (94)(94)Change in tax rate (60)(60)Other comprehensive income (232)598 366 **Total comprehensive income** (1,225)(1,225)Comprehensive income for the year is attributable to: Shareholders of DONG Energy A/S (1,799)Interest payments and costs after tax, hybrid capital holders of DONG Energy A/S 755 Non-controlling interests (181)**Total comprehensive income** (1,225)

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

CONSOLIDATED BALANCE SHEET

31 DECEMBER

ASSETS

DKK million	Note	2015	2014	2013
Intangible assets	3.1	1,134	1,369	2,167
Land and buildings	3.1	1,490	1,656	1,979
Production assets	3.1	61,107	65,517	67,758
Exploration assets	3.1	14	388	1,192
Fixtures and fittings, tools and equipment	3.1	474	291	296
Property, plant and equipment under construction	3.1	17,144	18,054	20,297
Property, plant and equipment		80,229	85,906	91,522
Investments in associates and joint ventures	3.4	1,421	1,315	2,013
Receivables from associates and joint ventures		832	1,018	933
Other securities and equity investments		191	242	261
Deferred tax	5.4	274	632	130
Other receivables	4.4	751	513	278
Other non-current assets		3,469	3,720	3,615
Non-current assets		84,832	90,995	97,304
Inventories	4.1	3,567	2,938	3,560
Derivative financial instruments	8.5	15,642	11,193	9,147
Construction contracts	4.2	3,864	1,811	1,890
Trade receivables	4.3	7,739	8,346	8,875
Other receivables	4.4	2,657	3,357	4,929
Receivables from associates and joint ventures		56	100	506
Income tax		329	192	169
Securities	6.4	21,221	24,948	16,118
Cash	6.4	4,965	6,034	2,894
Current assets		60,040	58,919	48,088
Assets classified as held for sale	3.8	2,585	-	280
Assets		147,457	149,914	145,672

CONSOLIDATED BALANCE SHEET

31 DECEMBER, CONTINUED

ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT BY SEGMENT

DKK million	2015
Wind Power	11,602
Bioenergy & Thermal Power	1,342
Distribution & Customer Solutions	903
Oil & Gas	5,810
Other activities/eliminations	186
Total	19,843

DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT BY SEGMENT

DKK million	2015
Wind Power	(2,163)
Bioenergy & Thermal Power	(48)
Distribution & Customer Solutions	(377)
Oil & Gas	(565)
Other activities/eliminations	(25)
Total	(3,178)

Additions and disposals, property, plant and equipment

In accordance with the adopted strategy, DONG Energy made significant investments in property, plant and equipment in 2015.

The most significant investments were made in new offshore wind farms, biomass conversion of existing CHP plants, Smart Grid (intelligent grids) investments, and the development of oil and gas fields.

Investments in offshore wind farms were made in the Borkum Riffgrund 1 and Gode Wind 1 and 2 wind farms in Germany, and in Westermost Rough and the projects Hornsea 1 and 2 and Burbo Bank Extension in the UK. The development of the oil and gas fields was primarily of the Hejre, Syd Arne and Laggan-Tormore fields in Denmark and the UK.

The most significant divestments were made by Wind Power, which divested ownership interests in Gode Wind 1 in Germany in 2015. In 2014, Wind Power divested ownership interests in the London Array wind farm as well as the wind farm projects Westermost Rough in the UK and Gode Wind 2 in Germany.

Oil and gas infrastructure remains state-owned

As part of the political agreement to launch an IPO of DONG Energy it was decided that DONG Energy will divest the Group's oil and gas transportation systems to the state-owned company Energinet.dk. In addition, the gas distribution grids in South Jutland and on West Zealand will also be divested to Energinet.dk.

The portion of the assets that are expected to be sold and transferred within a 12-month period has been reclassified as assets held for sale. Read more in note 3.8.

CONSOLIDATED BALANCE SHEET

31 DECEMBER, CONTINUED

EQUITY AND LIABILITIES

DKK million	Note	2015	2014	2013
Share capital	6.1	4,177	4,177	2,937
Reserves		20,855	20,428	8,431
Retained earnings		7,058	17,131	20,231
Equity attributable to shareholders of DONG Energy A/S		32,090	41,736	31,599
Hybrid capital	6.6	13,248	13,236	13,236
Non-controlling interests		6,398	6,561	6,708
Equity		51,736	61,533	51,543
Deferred tax	5.4	1,646	4,281	5,496
Provisions	3.3	17,754	15,397	12,891
Bank loans and issued bonds	6.2	31,775	35,849	36,767
Other payables	4.5	5,913	4,599	3,958
Non-current liabilities		57,088	60,126	59,112
Provisions	3.3	1,434	537	719
Bank loans and issued bonds	6.2	4,626	208	9,389
Derivative financial instruments	8.5	9,531	8,323	8,519
Construction contracts	4.2	671	1,667	415
Trade payables		10,673	9,031	7,329
Other payables	4.5	7,908	5,905	7,658
Income tax		2,657	2,584	986
Current liabilities		37,500	28,255	35,015
Liabilities		94,588	88,381	94,127
Liabilities relating to assets classified as held for sale	3.8	1,133	-	2
Equity and liabilities		147,457	149,914	145,672

OWNERS AT 31 DECEMBER

%	2015
The Danish State	59
Goldman Sachs	18
SEAS-NVE Holding	11
ATP	5
Other	7
Total	100

Future ownership of DONG Energy

On 18 September 2015, the Danish State, represented by the Danish Ministry of Finance, announced plans to launch an IPO of DONG Energy within 18 months, subject to market conditions.

At 31 December 2015, the Danish State held an ownership interest of 59% of the shares in DONG Energy. After the IPO, the Danish State is expected to retain at least 51% of the shares in DONG Energy.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 1 JANUARY - 31 DECEMBER

2015 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 2015	4,177	(486)	(365)	21,279	17,131	41,736	13,236	6,561	61,533
Comprehensive income for the year:									
Profit (loss) for the year					(10,198)	(10,198)	714	31	(9,453)
Other comprehensive income:									
Hedging instruments		198				198			198
Exchange rate adjustments			303			303		355	658
Tax on other comprehensive income		(49)	(25)			(74)			(74)
Total comprehensive income		149	278		(10,198)	(9,771)	714	386	(8,671)
Transactions with owners:									
Coupon payments, hybrid capital							(822)		(822)
Bond discount and costs, hybrid capital							(64)		(64)
Tax on coupon and costs, hybrid capital							172		172
Additions, hybrid capital							4,424		4,424
Disposals, hybrid capital							(4,412)		(4,412)
Dividends paid								(549)	(549)
Share-based payment					103	103			103
Disposals, non-controlling interests					22	22			22
Changes in equity in 2015	-	149	278	-	(10,073)	(9,646)	12	(163)	(9,797)
Equity at 31 December 2015	4,177	(337)	(87)	21,279	7,058	32,090	13,248	6,398	51,736

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 reserve concerns primarily the Group's hedging of interest payments.

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,
- exchange rate adjustments relating to assets and liabilities that form part of the Group's net investment in such entities, and 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 exchange rate adjustments are recognised in profit (loss) for the year if a gain or loss is realised by the divested entity. The foreign exchange gain (loss) is transferred to the item in which the gain or loss is recognised.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 1 JANUARY - 31 DECEMBER, CONTINUED

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							166		166
capital							166	(530)	166
Dividends paid					57	57		(528)	(528) 57
Share-based payment	1 240			12,031					
Shares issued Disposals, non-controlling interests	1,240			12,031	(264) 83	13,007 83		(45)	13,007
Changes in equity in 2014	1,240			12,031	(124)	13,147	(588)	(45) (573)	38 11,986
Equity at 31 December 2014	4,177	(486)	(365)	21,279	17,131	41,736	13,236	6,561	61,533
Equity at 31 December 2014	7,177	(400)	(303)	21,277	17,131	41,730	13,230	0,501	01,333
2013									
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

CONSOLIDATED STATEMENT OF CASH FLOWS

1 JANUARY - 31 DECEMBER

DKK million	Note	2015	2014	2013
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		21,922	20,333	14,199
Change in derivative financial instruments and loans, business performance adjustments		(3,438)	(3,944)	805
Change in derivative financial instruments and loans, other		(120)	(92	1 224
adjustments Change in provisions		(128)	682	1,324
2 1		(474)	(445)	(241)
Other items	4.6	121	(896)	1,457
Change in net working capital	4.6	1,318	4,128	(2,087)
Interest received and similar items		7,642	4,569	3,304
Interest paid and similar items	_	(8,301)	(5,634)	(6,176)
Income tax paid	5	(5,091)	(3,835)	(2,856)
Cash flows from operating activities		13,571	14,958	9,729
Purchase of intangible assets and property, plant and equipment		(18,739)	(14,631)	(21,039)
1 1		. , ,	. , ,	. , ,
Sale of intangible assets and property, plant and equipment	2.6	2,029	7,495	3,981
Acquisition of enterprises	3.6	57((429)	0.104
Divestment of enterprises	3.7	576	3,133	9,184
Acquisition of other equity investments		40		(8)
Disposal of other equity investments		48	(22.002)	1,991
Purchase of securities		(8,119)	(22,983)	(13,569)
Sale/maturation of securities		11,356	12,653	12,365
Change in other non-current assets		(2)	(179)	41
Financial transactions with associates and joint ventures		32	130	532
Dividends received and capital reduction		20	15	39
Cash flows from investing activities		(12,799)	(14,796)	(6,483)
Proceeds from capital injection			13,007	
Proceeds from raising of loans		406	520	4,722
Instalments on loans		(848)	(9,338)	(11,157)
Coupon payments on hybrid capital		(822)	(754)	(675)
Repurchase of hybrid capital		(4,476)		(695)
Proceeds from issuance of hybrid capital	6.6	4,424		4,094
Transactions with non-controlling interests	3.9	(621)	(621)	(474)
Change in other non-current liabilities		42	89	353
Cash flows from financing activities		(1,895)	2,903	(3,832)
Cash flows for the year		(1,123)	3,065	(586)
Cash and cash equivalents at 1 January	6.4	4,770	1,431	1,952
Cash flows for the year		(1,123)	3,065	(586)
Cash flows for the year from assets classified as held for sale		(115)	29	93
Exchange rate adjustments of cash and cash equivalents		145	245	(28)
Cash and cash equivalents at 31 December		3,677	4,770	1,431

CONSOLIDATED STATEMENT OF CASH FLOWS

1 JANUARY - 31 DECEMBER, CONTINUED

ACCOUNTING POLICIES

Cash flows from operating activities are determined using the indirect method as profit (loss) before depreciation, amortisation and impairment losses adjusted for changes in provisions, 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 exploration drilling expenses charged to the income statement, and changes in bad debt provisions.

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 the purchase and sale 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 the raising of loans and instalments on loans, transactions with non-controlling interests, and changes in other non-current loans and borrowings. Proceeds from the raising of short-term repo loans are presented net.

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

The consolidated financial statements of DONG Energy have been prepared in accordance with IFRS as adopted by the EU and Danish disclosure requirements for annual reports of listed and state-owned public limited companies.

DONG Energy regularly assesses the effect of new IFRS reporting standards and interpretations (IFRIC). The Group implements new reporting standards and interpretations from their mandatory effective dates.

Due to the requirement that two years of comparative figures be provided in the offering circular in connection with the planned IPO, which may take place in 2016, the consolidated financial statements for 2015 contain comparative figures for two years. The comparative figures for the 2014 and 2013 financial years have been extracted from the consolidated financial statements published for 2014 and 2013 as adopted by the Executive Board and the Board of Directors on 5 February 2015 and 5 February 2014.

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 and judgements made in connection with the financial reporting are set out in the following notes:

- 2.3 Revenue
- 2.5 Other operating income
- 3.1 Impairment test, intangible assets and property, plant and equipment
- 3.1 Useful lives of production assets
- 3.3 Decommissioning obligations
- 3.3 Onerous contracts
- 3.3 Litigation
- 3.4 Investments in associates and joint ventures
- 4.2 Construction contracts
- 5.4 Deferred tax

1. BASIS OF REPORTING

ACCOUNTING POLICIES

The financial statements for the period 1 January - 31 December 2015 comprise the consolidated financial statements of DONG Energy A/S and its subsidiaries (the Group). 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 the trading portfolio, financial instruments classified as available for sale and CO_2 emissions allowances in the trading portfolio that are measured at fair value.

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

Due to the requirement that two years of comparative figures be provided in the offering circular in connection with the planned IPO, which may take place in 2016, the consolidated financial statements for 2015 contain comparative figures for two years. The comparative figures for the 2014 and 2013 financial years have been extracted from the consolidated financial statements published for 2014 and 2013 as adopted by the Executive Board and the Board of Directors on 5 February 2015 and 5 February 2014.

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 comprehensive income
- Statement of changes in equity
- Statement of cash flows

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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

1. BASIS OF REPORTING

CONTINUED

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. 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, 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 exchange rate adjustments are allocated between the parent company's and the non-controlling interests' equity.

On full or partial disposal of the net investment, the accumulated exchange rate adjustments, including any associated hedges, are recognised in the profit (loss) for the year if a foreign exchange gain (loss) is realised by the selling enterprise. The foreign exchange gain (loss) is transferred to the item in which the gain or loss is recognised. 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 minority shareholders' share of equity.

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

1.3 IMPLEMENTATION OF NEW STANDARDS AND INTERPRETATIONS

DONG Energy implemented no new or amended standards (IAS and IFRS) or interpretations (IFRIC) in 2015.

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 2015. The following accounting standards are the most relevant for DONG Energy:

• IFRS 9 Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities. The number of categories of financial assets is reduced to three: Amortised cost, fair value or fair value through other comprehensive

1. BASIS OF REPORTING

CONTINUED

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 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.
- IFRS 16 Leasing: New standard on leasing. The new standard changes the accounting treatment of leases which are currently treated as operating leases. The standard requires that all leases, regardless of type and with few exceptions, must be recognised in the lessee's balance sheet as an asset with a related liability. Also, the lessee's income statement will be affected, as the annual leasing costs will in future consist of two elements depreciation and interest expenses as opposed to now, where the annual costs relating to operating leases are recognised as one amount in other external expenses or in property, plant and equipment in connection with the construction of offshore wind farms.

The new or amended standards and interpretations are not mandatory in connection with the financial reporting for 2015. DONG Energy expects to implement the standards and interpretations from their mandatory effective dates.

An analysis of the effect of implementing IFRS 9 in DONG Energy is ongoing. 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.

An overall analysis of the cash flows 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 income in DONG Energy. The analysis shows that the implementation of IFRS 15 will not have any significant impact on the recognition of income in DONG Energy.

An analysis of the effect of implementing IFRS 16 in DONG Energy will be started in 2016. The Group's operating lease obligations amount to DKK 5,893 million at 31 December 2015, and it is expected that the major part of this must be recognised in the balance sheet as an asset and liability, if the standard was applicable at 31 December 2015.

It is assessed that other amended standards and interpretations will not have any significant impact on the financial reporting.

1.5 DEFINITIONS OF PERFORMANCE HIGHLIGHTS

Performance highlights are calculated in accordance with the business performance principle.

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 divestments of assets and enterprises.

Gross investments less divestments of assets and enterprises. To/from this is added/deducted acquired/transferred debt in connection with acquisitions and divestments of enterprises, and deducted non-controlling interests' share of investments in fully consolidated investment projects, and deducted the selling price of non-controlling interests.

Supplementary concept for cash flows from operating activities determined as EBITDA less interest expenses (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 expenses of the present value of lease payments have been deducted.

Funds from Operations (FFO)

Net investments

BASIS OF REPORTING 1.

CONTINUED

Adjusted interest-bearing net debt Interest-bearing net debt plus 50% of the hybrid capital, cash and

> securities not available for use with the exception of repo transactions, present value of lease payments (operating lease obligations calculated as if they were finance lease obligations), and the present value of

decommissioning obligations less deferred tax.

FFO to adjusted interest-bearing net debt FFO

Adjusted interest-bearing net debt

Cash flows from operating activities less gross investments and di-Free cash flow (FCF)

vestments.

Capital employed Non-interest-bearing net assets corresponding to non-interest-bearing

assets less non-interest-bearing liabilities.

Average capital employed Capital employed beginning of year + capital employed year-end

EBIT less current hydrocarbon tax Return on capital employed (ROCE) Average capital employed

Adjusted operating profit (loss) EBIT less current hydrocarbon tax and impairment losses for the year

Adjusted return on capital employed (adjusted Adjusted operating profit (loss)

ROCE)

Average capital employed + impairment losses for the year with tax added back

Proposed dividend per share (DPS) of DKK 10 Total proposed dividend Number of shares year-end

Payout ratio Total proposed dividend

Profit (loss) for the year attributable to shareholders

Basic earnings per share (EPS) Profit (loss) for the year attributable to shareholders

Average number of shares

Diluted earnings per share Profit (loss) for the year attributable to shareholders

Average number of shares, including dilutive effect of free shares

Average number of shares Number of days $\sum_{i=1}^{\infty}$ Number of X

Net working capital Inventories, trade receivables, associates and joint ventures, prepayments and other operating current assets less trade payables and

days

liabilities to associates and joint ventures, deferred income (net) and

other operating current liabilities.

Net working capital excluding trade payables relating to purchases of Net working capital, excluding trade payables

relating to capital expenditure intangible assets and property, plant and equipment.

2 RETURN ON CAPITAL EMPLOYED

Adjusted return on capital employed (adjusted ROCE) is a strategic key ratio for DONG Energy that shows how profitable DONG Energy's business is. The strategic target for DONG Energy is that ROCE must be at least 12% by 2020

-9.8bn

EBIT less current hydrocarbon tax totals DKK -9,841 million in 2015

7.2bn

Adjusted operating profit (loss) totals DKK 7,192 million in 2015 compared with DKK 3,621 million in 2014

10.1%

Adjusted return on capital employed (adjusted ROCE) is 10.1% in 2015 compared with 4.8% in 2014

IN THIS SECTION

- **2.1** Segment information
- **2.2** Business performance principle
- 2.3 Revenue
- 2.4 Cost of sales
- **2.5** Other operating income
- **2.6** Other operating expenses
- 2.7 Employee costs
- 2.8 Share-based payment

Reporting according to business performance principle

DONG Energy uses business performance as an alternative to profit (loss) for the year stated in accordance with IFRS. Business performance represents the underlying financial performance of the Group in the reporting period adjusted for temporary fluctuations in the market value of contracts (including hedging transactions) relating to other periods. The difference between the two principles will be eliminated as the contracts expire. Apart from this, there is no difference between business performance and the IFRS financial statements. Read more in note 2.2.

Adjusted return on capital employed (adjusted ROCE)

Adjusted ROCE amounted to 10.1% in 2015 against 4.8% in 2014. The increase in ROCE adjusted for impairment losses is mainly due to the higher adjusted EBIT and lower average capital employed. Read more in note 2.1.

ADJUSTED OPERATING PROFIT (LOSS), BUSINESS PERFORMANCE

DKK million	2015	2014	2013
Operating profit (loss) (EBIT)	(7,250)	(1,177)	2,041
Current hydrocarbon tax	(2,591)	(3,526)	(1,105)
EBIT less current hydrocarbon tax	(9,841)	(4,703)	936
Reversal of impairment losses for the year	17,033	8,324	5,008
Adjusted operating profit (loss)	7,192	3,621	5,944

EBITDA BY SEGMENT¹

DKK million	2015
Wind Power	6,151
Bioenergy & Thermal Power	283
Distribution & Customer Solutions	2,173
Oil & Gas	9,754
Other activities/eliminations	123
Total	18,484

¹ EBITDA is determined based on business performance.

ADJUSTED RETURN ON CAPITAL EMPLOYED (ADJUSTED ROCE) BY SEGMENT²

%	2015
Wind Power	6.9
Bioenergy & Thermal Power	(28.6)
Distribution & Customer Solutions	11.5
Oil & Gas	21.9

² Adjusted return on capital employed (adjusted ROCE) is determined based on business performance.

2.1 SEGMENT INFORMATION

WIND POWER

DKK million Revenue 16,505 EBITDA 6,151 Gross investments 10,192 Number of employees 2,358

Primary activity:

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

BIOENERGY & THERMAL POWER

DKK million	
Revenue	5,178
EBITDA	283
Gross investments	1,214
Number	
of employees	797

Primary activity:

Power and heat generation from CHP plants in Denmark and a gas-fired power plant in the Netherlands.

DISTRIBUTION & CUSTOMER SOLUTIONS

DKK million	
Revenue	49,444
EBITDA	2,173
Gross investments	1,110
Number	
of employees	1,496

Primary activity:

Power and gas distribution and sales in the wholesale and retail markets in Denmark, Sweden, Germany and the UK as well as optimimisation and hedging of the Group's overall energy portfolio.

OIL & GAS

DKK million	
Revenue	12,770
EBITDA	9,754
Gross investments	5,985
Number	
of employees	727

Primary activity:

Oil and gas production in Denmark, Norway, the UK, the Faroe Islands and Greenland as well as ownership interests in subsea gas pipelines and a gas treatment plant in the UK.

Geographical distribution of revenue as well as intangible assets and property, plant and equipment

A significant part of the Group's sales are executed 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 their invoicing address.

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

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

GEOGRAPHICAL DISTRIBUTION OF REVENUE¹

DKK million	2015	2014	2013
Denmark	17,814	21,479	34,406
Germany	12,945	10,342	6,088
UK	30,634	27,014	19,482
The Netherlands	7,435	5,772	9,890
Norway	1,054	1,423	1,866
Other	961	1,018	1,373
Total	70,843	67,048	73,105

¹ Revenue is determined based on business performance.

GEOGRAPHICAL DISTRIBUTION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

DKK million	2015	2014	2013
Denmark	29,085	40,298	42,598
Germany	9,568	4,249	2,469
UK	35,586	31,439	32,810
The Netherlands	19	746	894
Norway	7,104	10,541	14,602
Other	1	2	316
Total	81,363	87,275	93,689

ACCOUNTING POLICIES

The Group presents an alternative performance measure, business performance, in connection with the statement of profit (loss) for the year. Segment income and segment expenses are stated in accordance with the business performance principle described in note 2.2.

Segment income and segment expenses 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

2015 DKK million	Wind Power	Bioenergy & Thermal Power	Distribution & Customer Solutions	Oil & Gas	Reporting segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
INCOME STATEMENT									
External revenue	11,818	4,651	48,485	5,399	70,353	490	70,843	3,544	74,387
Intragroup revenue	4,687	527	959	7,371	13,544	$(13,544)^1$	- 0.042	2.544	
Revenue	16,505	5,178	49,444	12,770	83,897	(13,054)	70,843	3,544	74,387
Cost of sales	(7,930)	(3,819)	(45,259)	(902)	(57,910)	12,944	(44,966)	(106)	(45,072)
Employee costs and other external expenses	(3,140)	(1,572)	(2,080)	(3,468)	(10,260)	219	(10,041)		(10,041)
Other operating income and expenses	595	495	121	951	2,162	1	2,163		2,163
Gain (loss) on disposal of non-current assets	7	3	(53)	403	360	13	373		373
Share of profit (loss) in associates and joint ventures	114	(2)			112		112		112
EBITDA	6,151	283	2,173	9,754	18,361	123	18,484	3,438	21,922
Depreciation and amortisation	(3,164)	(1,367)	(1,109)	(3,028)	(8,668)	(33)	(8,701)		(8,701)
Impairment losses	(504)	(680)		(15,849)	(17,033)		$(17,033)^2$		(17,033)
Operating profit (loss) (EBIT)	2,483	(1,764)	1,064	(9,123)	(7,340)	90	(7,250)	3,438	(3,812)
Current hydrocarbon tax				(2,591)	(2,591)		(2,591)		(2,591)
EBIT less current hydrocarbon tax	2,483	(1,764)	1,064	(11,714)	(9,931)	90	(9,841)	3,438	(6,403)
Reversal of impairment losses for the year	504	680		15,849	17,033		17,0332		17,033
Adjusted operating profit (loss)	2,987	(1,084)	1,064	4,135	7,102	90	7,192	3,438	10,630
KEY FIGURES									
Property, plant and equipment an intangible assets	d 50,653	5,855	12,140	12,382	81,030	333	81,363		81,363
Investments in associates and joint ventures as well as other equity investments	1,227	9	404		1,640	2	1,642		1,642
Net working capital, operations	s 3,077	(2,344)	(4,755)	812	(3,210)	323	(2,887)		(2,887)
Net working capital, installations	(2,598)	(236)		(938)	(3,772)		(3,772)		(3,772)
Derivative financial instruments, net	479	128	1,696	5,653	7,956	(1,845)	6,111		6,111
Assets classified as held for sale, net			2,452		2,452	(1,000)	1,452		1,452
Decommissioning obligations	(2,461)	(790)	(185)	(7,708)	(11,144)		(11,144)		(11,144)
Other provisions	(1,648)	(859)	(2,977)	(3,524)	(9,008)	964	(8,044)		(8,044)
Tax, net	(1,296)	459	(143)	(1,223)	(2,213)	(1,487)	(3,700)		(3,700)
Other receivables and other payables, net	573		25		598	(689)	(91)		(91)
Capital employed at 31 December	48,006	2,222	8,657	5,444	64,329	(3,399)	60,930	-	60,930
Return on capital employed (ROCE) %	5.7	(50.0)	11.5	(101.9)	_	-	(15.6)	-	
Adjusted ROCE %	6.9	(28.6)	11.5	21.9	_	-	10.1	-	-
Cash flows from operating	2.07:	2 100	2	6010	15.000	(1 =5::	10.55		10.555
activities	3,074	2,488	3,691	6,049	15,302	(1,731)	13,571		13,571
Gross investments	(10,192)	(1,214)	(1,110)	(5,985)	(18,501)	(192)	(18,693)		(18,693)
Divestments Even and flow (ECE)	1,603	280	108	591	2,582	(9)	2,573		2,573
Free cash flow (FCF)	(5,515)	1,554	2,689	655	(617)	(1,932)	(2,549)	-	(2,549)

¹Of which elimination of intragroup revenue accounts for an outflow of DKK 15,735 million. ² Includes DKK 2,516 million regarding onerous contracts relating to the construction of property, plant and equipment (read more in note 3.3).

2.1 SEGMENT INFORMATION CONTINUED

2014 DKK million	Wind Power	Bioenergy & Thermal Power	Distribution & Customer Solutions	Oil & Gas	Reporting segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
INCOME STATEMENT									
External revenue	7,920	6,207	46,897	5,768	66,792	256	67,048	4,781	71,829
Intragroup revenue	1,808	131	1,158	8,243	11,340	$(11,340)^1$			
Revenue	9,728	6,338	48,055	14,011	78,132	(11,084)	67,048	4,781	71,829
Cost of sales	(3,424)	(4,372)	(44,383)	(911)	(53,090)	10,864	(42,226)	(837)	(43,063)
Employee costs and other external expenses	(2,149)	(1,680)	(2,279)	(4,516)	(10,624)	141	(10,483)		(10,483)
Other operating income and expenses	141	50	40	41	272	2	274		274
Gain (loss) on disposal of non-current assets	1,856	84	(29)	(34)	1,877	(8)	1,869		1,869
Share of profit (loss) in associates and joint ventures	(95)	2			(93)		(93)		(93)
EBITDA	6,057	422	1,404	8,591	16,474	(85)	16,389	3,944	20,333
Depreciation and amortisation	(2,574)	(1,405)	(1,321)	(3,922)	(9,222)	(20)	(9,242)		(9,242)
Impairment losses	2.402	(002)	(216)	(8,108)	(8,324)	(105)	(8,324)	2.044	(8,324)
Operating profit (loss) (EBIT)	3,483	(983)	(133)	(3,439)	(1,072)	(105)	(1,177)	3,944	2,767
Current hydrocarbon tax EBIT less current				(3,526)	(3,526)		(3,526)		(3,526)
hydrocarbon tax	3,483	(983)	(133)	(6,965)	(4,598)	(105)	(4,703)	3,944	(759)
Reversal of impairment losses for the year			216	8,108	8,324		8,324		8,324
Adjusted operating profit									
(loss)	3,483	(983)	83	1,143	3,726	(105)	3,621	3,944	7,565
(loss) KEY FIGURES	3,483	(983)	83	1,143	3,726	(105)	3,621	3,944	7,565
(loss) KEY FIGURES Property, plant and equipment an intangible assets		6,863	15,496	1,143 22,282	3,726 87,096	(105) 179	3,621 87,275	3,944	7,565 87,275
(loss) KEY FIGURES Property, plant and equipment an	ıd		,	· · · ·	· · · · ·			3,944	· ·
(loss) KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well	1,139	6,863	15,496	· · · ·	87,096		87,275	3,944	87,275
(loss) KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments	1,139	6,863	15,496 434	22,282	87,096 1,584	179	87,275 1,584	3,944	87,275 1,584
REY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net	d 42,455 1,139 s 605 (1,196) (178)	6,863 11 (1,223) (106) 190	15,496 434 (2,686) 466	22,282 1,819 (1,113) 3,398	87,096 1,584 (1,485) (2,415) 3,876	179	87,275 1,584 (1,632) (2,415) 2,870	3,944	87,275 1,584 (1,632) (2,415) 2,870
REY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Decommissioning obligations	d 42,455 1,139 s 605 (1,196) (178) (2,074)	6,863 11 (1,223) (106) 190 (789)	15,496 434 (2,686) 466 (609)	22,282 1,819 (1,113) 3,398 (6,896)	87,096 1,584 (1,485) (2,415) 3,876 (10,368)	179 (147) (1,006)	87,275 1,584 (1,632) (2,415) 2,870 (10,368)	3,944	87,275 1,584 (1,632) (2,415) 2,870 (10,368)
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Decommissioning obligations Other provisions	d 42,455 1,139 s 605 (1,196) (178) (2,074) (1,438)	6,863 11 (1,223) (106) 190 (789) (947)	15,496 434 (2,686) 466 (609) (3,118)	22,282 1,819 (1,113) 3,398 (6,896) (9)	87,096 1,584 (1,485) (2,415) 3,876 (10,368) (5,512)	179 (147) (1,006) (54)	87,275 1,584 (1,632) (2,415) 2,870 (10,368) (5,566)	3,944	87,275 1,584 (1,632) (2,415) 2,870 (10,368) (5,566)
(loss) KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Decommissioning obligations Other provisions Tax, net	d 42,455 1,139 s 605 (1,196) (178) (2,074)	6,863 11 (1,223) (106) 190 (789)	15,496 434 (2,686) 466 (609)	22,282 1,819 (1,113) 3,398 (6,896)	87,096 1,584 (1,485) (2,415) 3,876 (10,368)	179 (147) (1,006)	87,275 1,584 (1,632) (2,415) 2,870 (10,368)	3,944	87,275 1,584 (1,632) (2,415) 2,870 (10,368)
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Decommissioning obligations Other provisions Tax, net Other receivables and other payables, net	d 42,455 1,139 s 605 (1,196) (178) (2,074) (1,438)	6,863 11 (1,223) (106) 190 (789) (947)	15,496 434 (2,686) 466 (609) (3,118)	22,282 1,819 (1,113) 3,398 (6,896) (9)	87,096 1,584 (1,485) (2,415) 3,876 (10,368) (5,512)	179 (147) (1,006) (54)	87,275 1,584 (1,632) (2,415) 2,870 (10,368) (5,566)	3,944	87,275 1,584 (1,632) (2,415) 2,870 (10,368) (5,566)
REY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Decommissioning obligations Other provisions Tax, net Other receivables and other payables, net Capital employed at 31 December	1,139 s 605 (1,196) (178) (2,074) (1,438) (1,031)	6,863 11 (1,223) (106) 190 (789) (947)	15,496 434 (2,686) 466 (609) (3,118) (90)	22,282 1,819 (1,113) 3,398 (6,896) (9)	87,096 1,584 (1,485) (2,415) 3,876 (10,368) (5,512) (2,226)	(147) (1,006) (54) (3,815)	87,275 1,584 (1,632) (2,415) 2,870 (10,368) (5,566) (6,041)	3,944	87,275 1,584 (1,632) (2,415) 2,870 (10,368) (5,566) (6,041)
REY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Decommissioning obligations Other provisions Tax, net Other receivables and other payables, net Capital employed at 31 December Return on capital employed (ROCE) %	d 42,455 1,139 s 605 (1,196) (178) (2,074) (1,438) (1,031) 419 38,701	6,863 11 (1,223) (106) 190 (789) (947) 838 4,837 (17.5)	15,496 434 (2,686) 466 (609) (3,118) (90) 9 9,902 (1.1)	22,282 1,819 (1,113) 3,398 (6,896) (9) (1,943) 17,538 (36.5)	87,096 1,584 (1,485) (2,415) 3,876 (10,368) (5,512) (2,226) 428	(147) (1,006) (54) (3,815) (624)	87,275 1,584 (1,632) (2,415) 2,870 (10,368) (5,566) (6,041) (196) 65,511 (6.6)		87,275 1,584 (1,632) (2,415) 2,870 (10,368) (5,566) (6,041) (196)
REY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Decommissioning obligations Other provisions Tax, net Other receivables and other payables, net Capital employed at 31 December Return on capital employed (ROCE) Adjusted ROCE %	d 42,455 1,139 s 605 (1,196) (178) (2,074) (1,438) (1,031) 419 38,701	6,863 11 (1,223) (106) 190 (789) (947) 838	15,496 434 (2,686) 466 (609) (3,118) (90) 9 9,902	22,282 1,819 (1,113) 3,398 (6,896) (9) (1,943)	87,096 1,584 (1,485) (2,415) 3,876 (10,368) (5,512) (2,226) 428	(147) (1,006) (54) (3,815) (624)	87,275 1,584 (1,632) (2,415) 2,870 (10,368) (5,566) (6,041) (196) 65,511		87,275 1,584 (1,632) (2,415) 2,870 (10,368) (5,566) (6,041) (196)
REY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Decommissioning obligations Other provisions Tax, net Other receivables and other payables, net Capital employed at 31 December Return on capital employed (ROCE) %	d 42,455 1,139 s 605 (1,196) (178) (2,074) (1,438) (1,031) 419 38,701	6,863 11 (1,223) (106) 190 (789) (947) 838 4,837 (17.5)	15,496 434 (2,686) 466 (609) (3,118) (90) 9 9,902 (1.1)	22,282 1,819 (1,113) 3,398 (6,896) (9) (1,943) 17,538 (36.5)	87,096 1,584 (1,485) (2,415) 3,876 (10,368) (5,512) (2,226) 428	(147) (1,006) (54) (3,815) (624)	87,275 1,584 (1,632) (2,415) 2,870 (10,368) (5,566) (6,041) (196) 65,511 (6.6)	- -	87,275 1,584 (1,632) (2,415) 2,870 (10,368) (5,566) (6,041) (196)
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Decommissioning obligations Other provisions Tax, net Other receivables and other payables, net Capital employed at 31 December Return on capital employed (ROCE) Adjusted ROCE Cash flows from operating activities Gross investments	d 42,455 1,139 s 605 (1,196) (178) (2,074) (1,438) (1,031) 419 38,701 8.9 8.9 5,198 (7,827)	6,863 11 (1,223) (106) 190 (789) (947) 838 4,837 (17.5) (17.5) 1,469 (725)	15,496 434 (2,686) 466 (609) (3,118) (90) 9 9,902 (1.1) 0.7 1,952 (1,739)	22,282 1,819 (1,113) 3,398 (6,896) (9) (1,943) 17,538 (36.5) 5.1	87,096 1,584 (1,485) (2,415) 3,876 (10,368) (5,512) (2,226) 428 70,978 14,009 (15,323)	179 (147) (1,006) (54) (3,815) (624) (5,467) 949 (36)	87,275 1,584 (1,632) (2,415) 2,870 (10,368) (5,566) (6,041) (196) 65,511 (6.6) 4.8 14,958 (15,359)	- -	87,275 1,584 (1,632) (2,415) 2,870 (10,368) (5,566) (6,041) (196) 65,511 14,958 (15,359)
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Decommissioning obligations Other provisions Tax, net Other receivables and other payables, net Capital employed at 31 December Return on capital employed (ROCE) Adjusted ROCE % Cash flows from operating activities	d 42,455 1,139 s 605 (1,196) (178) (2,074) (1,438) (1,031) 419 38,701 8.9 8.9 5,198	6,863 11 (1,223) (106) 190 (789) (947) 838 4,837 (17.5) (17.5)	15,496 434 (2,686) 466 (609) (3,118) (90) 9 9,902 (1.1) 0.7	22,282 1,819 (1,113) 3,398 (6,896) (9) (1,943) 17,538 (36.5) 5.1 5,390	87,096 1,584 (1,485) (2,415) 3,876 (10,368) (5,512) (2,226) 428 70,978	179 (147) (1,006) (54) (3,815) (624) (5,467) 949	87,275 1,584 (1,632) (2,415) 2,870 (10,368) (5,566) (6,041) (196) 65,511 (6.6) 4.8	- -	87,275 1,584 (1,632) (2,415) 2,870 (10,368) (5,566) (6,041) (196) 65,511

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

2.1 SEGMENT INFORMATION CONTINUED

2013 DKK million	Wind Power	Bioenergy & Thermal Power	Distribution & Customer Solutions	Oil & Gas	Reporting segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
INCOME STATEMENT									
External revenue	10,102	10,117	48,165	4,550	72,934	171	73,105	(906)	72,199
Intragroup revenue	1,858	(459)	1,498	7,794	10,691	$(10,691)^1$			
Revenue	11,960	9,658	49,663	12,344	83,625	(10,520)	73,105	(906)	72,199
Cost of sales	(4,915)	(7,071)	(44,887)	(684)	(57,557)	10,333	(47,224)	101	(47,123)
Employee costs and other external expenses	(1,900)	(1,918)	(2,435)	(4,433)	(10,686)	240	(10,446)		(10,446)
Other operating income and expenses	(255)	73	6	97	(79)	10	(69)		(69)
Gain (loss) on disposal of non-current assets	73	3	1		77	272	349		349
Share of profit (loss) in	(710)	(1)			(711)		(711)		(711)
associates and joint ventures EBITDA		(1) 744	2 2 4 9	7 224	14,669	335	15,004	(905)	14,199
Depreciation and amortisation	4,253	(1,546)	2,348	7,324	(7,920)			(805)	
Impairment losses	(2,020)		(1,429)	(2,925)		(35)	(7,955)		(7,955)
Operating profit (loss) (EBIT)	(339) 1,894	(1,000) (1,802)	(6) 913	(3,663) 736	(5,008) 1,741	300	(5,008) 2,041	(805)	(5,008) 1,236
Current hydrocarbon tax	1,094	(1,002)	713	(1,105)	(1,105)	300	(1,105)	(803)	(1,105)
EBIT less current				(1,103)	(1,103)		(1,103)		(1,103)
hydrocarbon tax	1,894	(1,802)	913	(369)	636	300	936	(805)	131
Reversal of impairment losses for the year	339	1,000	5	3,664	5,008		5,008		5,008
Adjusted operating profit									
	2,233	(802)	918	3,295	5,644	300	5,944	(805)	5,139
(loss) KEY FIGURES	2,233	(802)	918	3,295	5,644	300	5,944	(805)	5,139
(loss)		7,905	918 16,089	3,295 29,877	5,644 94,137	(448)	5,944 93,689	(805)	5,139 93,689
(loss) KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well	d 40,266	7,905	16,089	<u> </u>	94,137		93,689	(805)	93,689
(loss) KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments	d 40,266 1,368	7,905	16,089 946	29,877	94,137	(448)	93,689	(805)	93,689
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations	d 40,266 1,368	7,905	16,089	<u> </u>	94,137		93,689	(805)	93,689
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations	d 40,266 1,368	7,905	16,089 946	29,877	94,137	(448)	93,689	(805)	93,689
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial	d 40,266 1,368 s 2,629 (519)	7,905 9 (708) (33)	16,089 946 (279)	29,877 1,657 (999)	94,137 2,323 3,299 (1,551)	(448)	93,689 2,323 2,104 (1,551)	(805)	93,689 2,323 2,104 (1,551)
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net	d 40,266 1,368 s 2,629	7,905 9 (708)	16,089 946 (279)	29,877	94,137 2,323 3,299 (1,551) 503	(448) (1,195)	93,689 2,323 2,104 (1,551) 628	(805)	93,689 2,323 2,104 (1,551) 628
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Assets classified held for sale	d 40,266 1,368 s 2,629 (519) (224)	7,905 9 (708) (33) 103	16,089 946 (279) 1,393 279	29,877 1,657 (999) (769)	94,137 2,323 3,299 (1,551) 503 279	(448)	93,689 2,323 2,104 (1,551) 628 278	(805)	93,689 2,323 2,104 (1,551) 628 278
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Assets classified held for sale Decommissioning obligations	d 40,266 1,368 s 2,629 (519) (224) (1,575)	7,905 9 (708) (33) 103 (852)	16,089 946 (279) 1,393 279 (606)	29,877 1,657 (999) (769) (5,788)	94,137 2,323 3,299 (1,551) 503 279 (8,821)	(448) (1,195) 125 (1)	93,689 2,323 2,104 (1,551) 628 278 (8,821)	(805)	93,689 2,323 2,104 (1,551) 628 278 (8,821)
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Assets classified held for sale Decommissioning obligations Other provisions	d 40,266 1,368 s 2,629 (519) (224) (1,575) (696)	7,905 9 (708) (33) 103 (852) (1,104)	16,089 946 (279) 1,393 279 (606) (2,753)	29,877 1,657 (999) (769) (5,788) (135)	94,137 2,323 3,299 (1,551) 503 279 (8,821) (4,688)	(448) (1,195) 125 (1) (101)	93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789)	(805)	93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789)
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Assets classified held for sale Decommissioning obligations Other provisions Tax, net	d 40,266 1,368 s 2,629 (519) (224) (1,575)	7,905 9 (708) (33) 103 (852)	16,089 946 (279) 1,393 279 (606)	29,877 1,657 (999) (769) (5,788)	94,137 2,323 3,299 (1,551) 503 279 (8,821)	(448) (1,195) 125 (1)	93,689 2,323 2,104 (1,551) 628 278 (8,821)	(805)	93,689 2,323 2,104 (1,551) 628 278 (8,821)
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Assets classified held for sale Decommissioning obligations Other provisions	d 40,266 1,368 s 2,629 (519) (224) (1,575) (696)	7,905 9 (708) (33) 103 (852) (1,104)	16,089 946 (279) 1,393 279 (606) (2,753)	29,877 1,657 (999) (769) (5,788) (135)	94,137 2,323 3,299 (1,551) 503 279 (8,821) (4,688)	(448) (1,195) 125 (1) (101)	93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789)	(805)	93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789)
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Assets classified held for sale Decommissioning obligations Other provisions Tax, net Other receivables and other	d 40,266 1,368 s 2,629 (519) (224) (1,575) (696) (1,304)	7,905 9 (708) (33) 103 (852) (1,104) 1,002	16,089 946 (279) 1,393 279 (606) (2,753) (682)	29,877 1,657 (999) (769) (5,788) (135) (3,181)	94,137 2,323 3,299 (1,551) 503 279 (8,821) (4,688) (4,165)	(448) (1,195) 125 (1) (101) (2,018)	93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789) (6,183)	(805)	93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789) (6,183)
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Assets classified held for sale Decommissioning obligations Other provisions Tax, net Other receivables and other payables, net Capital employed at 31 December Return on capital employed (ROCE) %	d 40,266 1,368 5 2,629 (519) (224) (1,575) (696) (1,304) (10) 39,935 4.8	7,905 9 (708) (33) 103 (852) (1,104) 1,002 90 6,412 (17.7)	16,089 946 (279) 1,393 279 (606) (2,753) (682) 164 14,551 5.8	29,877 1,657 (999) (769) (5,788) (135) (3,181) 1 20,663 (1.9)	94,137 2,323 3,299 (1,551) 503 279 (8,821) (4,688) (4,165) 245	(448) (1,195) 125 (1) (101) (2,018) (578)	93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789) (6,183) (333) 77,345		93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789) (6,183) (333)
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Assets classified held for sale Decommissioning obligations Other provisions Tax, net Other receivables and other payables, net Capital employed at 31 December Return on capital	d 40,266 1,368 s 2,629 (519) (224) (1,575) (696) (1,304) (10) 39,935	7,905 9 (708) (33) 103 (852) (1,104) 1,002 90 6,412	16,089 946 (279) 1,393 279 (606) (2,753) (682) 164 14,551	29,877 1,657 (999) (769) (5,788) (135) (3,181) 1 20,663	94,137 2,323 3,299 (1,551) 503 279 (8,821) (4,688) (4,165) 245	(448) (1,195) 125 (1) (101) (2,018) (578)	93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789) (6,183) (333)		93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789) (6,183) (333)
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Assets classified held for sale Decommissioning obligations Other provisions Tax, net Other receivables and other payables, net Capital employed at 31 December Return on capital employed (ROCE) Adjusted ROCE % Cash flows from operating	d 40,266 1,368 s 2,629 (519) (224) (1,575) (696) (1,304) (10) 39,935 4.8 5.7	7,905 9 (708) (33) 103 (852) (1,104) 1,002 90 6,412 (17.7) (7.6)	16,089 946 (279) 1,393 279 (606) (2,753) (682) 164 14,551 5.8 5.9	29,877 1,657 (999) (769) (5,788) (135) (3,181) 1 20,663 (1.9) 16.7	94,137 2,323 3,299 (1,551) 503 279 (8,821) (4,688) (4,165) 245 81,561	(448) (1,195) 125 (1) (101) (2,018) (578) (4,216)	93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789) (6,183) (333) 77,345 1.2 7.4	-	93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789) (6,183) 77,345
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Assets classified held for sale Decommissioning obligations Other provisions Tax, net Other receivables and other payables, net Capital employed at 31 December Return on capital employed (ROCE) Adjusted ROCE % Cash flows from operating activities	d 40,266 1,368 2,629 (519) (224) (1,575) (696) (1,304) (10) 39,935 4.8 5.7 2,485	7,905 9 (708) (33) 103 (852) (1,104) 1,002 90 6,412 (17.7) (7.6)	16,089 946 (279) 1,393 279 (606) (2,753) (682) 164 14,551 5.8 5.9	29,877 1,657 (999) (769) (5,788) (135) (3,181) 1 20,663 (1.9) 16.7	94,137 2,323 3,299 (1,551) 503 279 (8,821) (4,688) (4,165) 245 81,561	(448) (1,195) 125 (1) (101) (2,018) (578) (4,216) - (752)	93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789) (6,183) (333) 77,345 1.2 7.4	-	93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789) (6,183) 77,345
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Assets classified held for sale Decommissioning obligations Other provisions Tax, net Other receivables and other payables, net Capital employed at 31 December Return on capital employed (ROCE) Adjusted ROCE Cash flows from operating activities Gross investments	d 40,266 1,368 2,629 (519) (224) (1,575) (696) (1,304) (10) 39,935 4.8 5.7 2,485 (9,485)	7,905 9 (708) (33) 103 (852) (1,104) 1,002 90 6,412 (17.7) (7.6) 968 (680)	16,089 946 (279) 1,393 279 (606) (2,753) (682) 164 14,551 5.8 5.9 3,052 (1,447)	29,877 1,657 (999) (769) (5,788) (135) (3,181) 1 20,663 (1.9) 16.7 3,976 (9,610)	94,137 2,323 3,299 (1,551) 503 279 (8,821) (4,688) (4,165) 245 81,561 10,481 (21,222)	(448) (1,195) 125 (1) (101) (2,018) (578) (4,216) - (752) (12)	93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789) (6,183) 77,345 1.2 7.4 9,729 (21,234)	-	93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789) (6,183) 77,345 9,729 (21,234)
KEY FIGURES Property, plant and equipment an intangible assets Investments in associates and joint ventures as well as other equity investments Net working capital, operations Net working capital, installations Derivative financial instruments, net Assets classified held for sale Decommissioning obligations Other provisions Tax, net Other receivables and other payables, net Capital employed at 31 December Return on capital employed (ROCE) Adjusted ROCE % Cash flows from operating activities	d 40,266 1,368 2,629 (519) (224) (1,575) (696) (1,304) (10) 39,935 4.8 5.7 2,485	7,905 9 (708) (33) 103 (852) (1,104) 1,002 90 6,412 (17.7) (7.6)	16,089 946 (279) 1,393 279 (606) (2,753) (682) 164 14,551 5.8 5.9	29,877 1,657 (999) (769) (5,788) (135) (3,181) 1 20,663 (1.9) 16.7	94,137 2,323 3,299 (1,551) 503 279 (8,821) (4,688) (4,165) 245 81,561	(448) (1,195) 125 (1) (101) (2,018) (578) (4,216) - (752)	93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789) (6,183) (333) 77,345 1.2 7.4	-	93,689 2,323 2,104 (1,551) 628 278 (8,821) (4,789) (6,183) 77,345

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

2.2 BUSINESS PERFORMANCE PRINCIPLE

ACCOUNTING POLICIES

The background to business performance

DONG Energy has an active hedging policy and hedges market price risks for up to five years to stabilise cash flows and ensure certainty about the Group's finances. With a view to ensuring transparency, it is desired that the financial effect of the hedging transactions is reflected in the financial reporting simultaneously with the hedged exposure (for example sales of power). This can normally be achieved by applying the IFRS rules on hedge accounting. However, for energy companies like DONG Energy it is sometimes difficult to ensure simultaneity. This is due to the fact that hedging instruments are not always available which precisely match the underlying commercial exposure, or which are sufficiently liquid. Consequently, the Group engages in some hedging in alternative markets or subject to alternative time horizons. For example, power generation in Denmark is to some extent hedged by financial contracts for EEX (Germany) and the Nord Pool areas (Scandinavia) as these normally develop uniformly over time.

This means that only some of the Group's financial hedging transactions comply with the IFRS provisions on hedge accounting even though the financial risk has been reduced. 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.

Due to the problem of ensuring simultaneity in the financial reporting, DONG Energy does not apply the IFRS rules on hedge accounting to transactions hedging energy prices and associated currency risks. Market value adjustments of these hedges are therefore recognised in the income statement in accordance with IFRS. Instead, an alternative measure – business performance – is used to ensure greater transparency in the financial reporting. In the income statement, the business performance result is shown in connection with the IFRS results. In the income statement, the difference between the two performance measures is shown in a separate column, 'Adjustments'.

Description of business performance

The business performance results reflect the internal management of the Group and represents the underlying results for the period under review. Under the business performance principle, the value adjustment of the hedging transactions is deferred and recognised for the period in which the hedged exposure materialises. This is illustrated in the example below.

The following two types of contracts are included in the business performance principle:

- hedging contracts concerning energy and related currencies
- commercial contracts concerning energy recognised at fair value

The Group's balance sheet, cash flows and equity are not affected.

When hedging instruments that do not fully correspond to the hedged exposure, any difference between the development in the market value of the hedging contract and the market value of the hedged exposure is recognised immediately in the income statement as part of the gain (loss) from the trading portfolio. See note 7.3 for further information about the trading portfolio.

The method of recognition under business performance is otherwise identical with the method of recognition under IFRS. The method of recognition of the Group's hedging contracts according to IFRS and business performance is summarised in the table below.

Hedging type	IFRS	Business performance
Hedging of energy and associated currency risks as well as fixed-price physical gas and power contracts	Fair value via income statement	Fair value adjustments are deferred and recognised in the period in which the exposure materialises
Hedging of interest rate risks	Fair value adjustments are deferred and recognised in the period in which the exposure materialises	Recognition the same as under IFRS
Hedging of currency risks associated with net investments in foreign entities	Fair value adjustments are recognised in other comprehensive income	Recognition the same as under IFRS
Trading portfolio	Fair value via income statement	Recognition the same as under IFRS

2.2 BUSINESS PERFORMANCE PRINCIPLE CONTINUED

Overview of the accounting treatment of the Group's risk management

DONG Energy hedges risks associated with developments in energy, currencies and interest rates. Hedging is based on different accounting principles depending on the type of risk being hedged.

The recognition of the market value of a hedging contract according to the business performance and IFRS principles in the income statement can be illustrated as follows:

Recognised in the income statement as follows:

Year	Development in market value	Business performance	IFRS
20x1	50	0	50
20x2	20	0	20
20x3	(30)	0	(30)
20x4	(70)	0	(70)
20x5	110	80	110
Total market value	80	80	80

EXAMPLE OF THE BUSINESS PERFORMANCE PRINCIPLE

In 20x1, DONG Energy entered into a hedging contract which expires in 20x5 with a positive market value of 80. The development in market value for the individual years is shown in column 2.

Column 3 shows that the hedging contract is recognised in the business performance income statement in 20x5, at the same time as the hedged exposure. However, the development in market value is recognised on an ongoing basis in the IFRS income statement, see column 4.

Upon the expiry of the contract in 20x5, the total effect on results over the period is the same under the IFRS and the business performance principles. Only the timing differs.

The business performance principle ensures simultaneity of recognition of the underlying exposure and the hedging contract.

Expected date of transfer to EBITDA												
DKK million	2016	2017	after 2017	Deferred for subsequent recognition at 31.12.2015	2015	2016	after 2016	Deferred for subsequent recognition at 31.12.2014	2014	2015	after 2015	Deferred for subsequent recognition at 3.12.2013
Oil	1,301	698	212	2,211	(415)	182	39	(194)	(117)	(54)	(106)	(277)
Gas	2,876	1,027	723	4,626	2,027	1,093	548	3,668	93	125	135	353
Power	796	466	307	1,569	398	146	(63)	481	(99)	(55)	(333)	(487)
Coal	(156)	(33)	(2)	(191)	(187)	(66)	(2)	(255)	(164)	(47)	(3)	(214)
Currency	(680)	(411)	(436)	(1,527)	(94)	(138)	(169)	(401)	(436)	20	157	(259)
Total	4,137	1,747	804	6,688	1,729	1,217	353	3,299	(723)	(11)	(150)	(884)

Accumulated difference between IFRS and business performance

Market value adjustments deferred for recognition in the business performance results in a subsequent period are specified in the table above. At 31 December 2015, a gain of DKK 6,688 million had been deferred (2014: gain of DKK 3,299 million and 2013: loss of DKK -884 million), which will affect business performance EBITDA in subsequent years. Of the total deferred gain, business performance EBITDA is expected to be affected by a gain of DKK 4,137 million in 2016 (2014: gain of DKK 1.729 million and 2013: loss of DKK -723 million).

2.2 BUSINESS PERFORMANCE PRINCIPLE CONTINUED

The 'Adjustments' column in the income statement

The difference between business performance and IFRS is shown in the 'Adjustments' column as follows: Adjustments are shown in the table below.

Difference between IFRS and business performance for the year

The difference between IFRS and business performance is specified in the table below. Market value adjustments in respect of future periods totalled DKK 5,923 million (2014: DKK 5,662 million and 2013: DKK -162 million) and primarily relate to the hedging of gas, power and oil.

Reversal of deferred gains (losses) recognised according to business performance in 2015 totalled DKK -2,485 million (2014: DKK -1,718 million and 2013: DKK -643 million) and primarily relate to gains (losses) on the hedging of gas and, in part, power. These gains (losses) are recognised in business performance EBITDA in 2015 and in IFRS EBITDA in a previous period.

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

DKK million	2015	2014	2013
EBITDA – business performance	18,484	16,389	15,004
Business performance adjustments in respect of revenue for the year	3,544	4,781	(906)
Business performance adjustments in respect of cost of sales for the year	(106)	(837)	101
EBITDA – IFRS	21,922	20,333	14,199
Total business performance adjustments for the year comprise:			
Market value adjustments for the year of financial and physical hedging contracts that relate to future periods	5,923	5,662	(162)
Reversal of deferred gains (losses) relating to hedging contracts from previous periods, where the hedged production or trade is recognised in business performance EBITDA for this period.	(2,485)	(1,718)	(643)
Total adjustments	3,438	3,944	(805)

Market value adjustments for the year of hedging contracts

2015 was mainly affected by gains on the hedging of oil, gas and power as a result of declining prices in 2015 combined with a net sales position of oil, gas and power. This was partially offset by losses on the Group's currency hedges resulting from a strengthened USD and GBP in 2015.

2014 was primarily affected by gains on hedging contracts related to gas and power as a result of a decline in gas and power prices.

MARKET VALUE ADJUSTMENTS FOR THE YEAR OF FINANCIAL AND PHYSICAL HEDGING CONTRACTS

DKK million	2015	2014	2013
Oil hedge	2,114	(21)	(399)
Coal hedge	(189)	(268)	(247)
Currency hedge	(1,049)	(342)	(145)
Gas (commercial and hedge)	3,257	4,842	510
Power (commercial and hedge)	1,790	1,451	119
Total market value adjustments	5,923	5,662	(162)

2.2 BUSINESS PERFORMANCE PRINCIPLE CONTINUED

Reversal of gains (losses) from previous periods

In 2015, a gain of DKK 2,485 million was recognised in business performance EBITDA, but as the gain was recognised in IFRS EBITDA in a previous period, the gain was reversed in the 'Adjustments' column in the income statement. The gain in 2015 is primarily attributable to the hedging of gas and power, the sales of which have been hedged at prices exceeding the actual prices in 2015.

2014 was primarily affected by a gain on hedging contracts relating to gas and power from previous periods as well as to currency hedging contracts. The gain is a result of the fact that sales were hedged at prices exceeding the actual prices in 2014.

2013 was primarily affected by a gain on hedging contracts relating to gas and power from a previous period. The gain is a result of the fact that the sales of gas and power were hedged at prices exceeding the actual prices in 2013.

REVERSAL OF GAINS (LOSSES) ON HEDGING CONTRACTS DEFERRED FROM PREVIOUS PERIODS

DKK million	2015	2014	2013
Oil hedge	291	48	(73)
Coal hedge	254	227	279
Currency hedge	(31)	5	(106)
Gas (commercial and hedge)	(2,298)	(1,519)	(475)
Power (commercial and hedge)	(701)	(479)	(268)
Total reversal of gains (losses) from previous periods	(2,485)	(1,718)	(643)

2.3 REVENUE

Revenue for the year increased from DKK 67,048 million in 2014 to DKK 70,843 million in 2015, up 6%. The increase is primarily attributable to higher activity related to construction contracts, increasing power generation from offshore wind farms and sales of green certificates. The increase in revenue was partially offset by lower oil and gas production and lower power, oil and gas prices. Revenue from construction contracts is primarily attributable to the construction of Borkum Riffgrund 1 and Gode Wind 1 and 2 for co-investors.

According to IFRS, revenue totalled DKK 74,387 million (2014: DKK 71,829 million and 2013: DKK 72,199 million), of which DKK 67,674 million (2014: DKK 65,136 million and 2013: DKK 65,775 million) represents revenue from the sale of goods, while DKK 6,713 million (2014: DKK 6,693 million and 2013: DKK 6,424 million) represents revenue from the sale of services.

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			Distribution &		Other	
	Wind	Bioenergy &	Customer		activities/	
DKK million	Power	Thermal Power	Solutions	Oil & Gas	eliminations	Total
Distribution and transmission			5,328	195	(38)	5,485
Sales of heat and steam		2,061				2,061
Sales of oil				3,260	21	3,281
Sales of gas			26,102	7,499	(8,697)	24,904
Sales of power	6,893	2,592	18,587		(4,336)	23,736
Revenue from construction contracts	8,287					8,287
Other revenue	1,325	525	(573)	1,816	(4)	3,089
Total, business performance	16,505	5,178	49,444	12,770	(13,054)	70,843
Adjustments	591	46	1,231	2,281	(605)	3,544
Total, IFRS	17,096	5,224	50,675	15,051	(13,659)	74,387

2.3 REVENUE CONTINUED

			Distribution &		Other	
	Wind	Bioenergy &	Customer		activities/	
DKK million	Power	Thermal Power	Solutions	Oil & Gas	eliminations	Total
Distribution and transmission ¹			5,485	232	(292)	5,425
Sales of heat and steam		2,302				2,302
Sales of oil				5,331	28	5,359
Sales of gas			27,247	8,190	(9,176)	26,261
Sales of power	5,272	3,459	15,047		(1,369)	22,409
Revenue from construction contracts	2,897					2,897
Other revenue	1,559	577	276	258	(275)	2,395
Total, business performance	9,728	6,338	48,055	14,011	(11,084)	67,048
Adjustments	(4)	304	(206)	4,195	492	4,781
Total, IFRS	9,724	6,642	47,849	18,206	(10,592)	71,829

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Total, IFRS	11,664	9,886	48,694	12,664	(10,709)	72,199
Adjustments	(296)	228	(969)	320	(189)	(906)
Total, business performance	11,960	9,658	49,663	12,344	(10,520)	73,105
Other revenue	1,289	828	1,047	(513)	(464)	2,187
Revenue from construction contracts	5,606					5,606
Sales of power	5,065	6,066	8,877		(1,233)	18,775
Sales of gas			34,520	7,927	(8,812)	33,635
Sales of oil		35		4,695	34	4,764
Sales of heat and steam		2,729				2,729
Distribution and transmission ²			5,219	235	(45)	5,409

² Including revenue from inventory activity.

ACCOUNTING POLICIES

Revenue from the distribution and transmission of energy as well as sales of heat and steam, oil, gas and power 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 in revenue.

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

Construction contracts are recognised as revenue as the work is performed, with 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 in so far as it is probable that these costs will be recovered.

Other revenue consists of income from the installation of offshore wind farms for customers, trading activities, financial hedging transactions, etc.

Adjustments consist of the reversal of business performance adjustments. Reference is made to note 2.2.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In connection with the determination of revenue, the accrual of revenue relating to sales of power 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 actual temperatures of the month as well as the individual customer's historical consumption at the particular time of the year.

2.4 COST OF SALES

Cost of sales pertains partly to gas and power trading, and partly to the firing of biomass, coal and oil by CHP plants in connection with the generation of power and heating.

Cost of sales in 2015 increased as a result of an increase in revenue from construction contracts. The increase in costs relating to construction contracts was partially offset by a decrease in gas costs.

Cost of sales decreased from 2013 to 2014, primarily as a result of lower gas sales in 2014.

DKK million	2015	2014	2013
Gas	15,637	17,560	26,260
Power	12,906	12,835	6,949
Coal	801	1,188	1,707
Biomass	1,251	1,231	1,270
Oil	69	88	209
Distribution and transmission costs	5,834	5,339	4,678
Costs associated with construction contracts	7,383	2,650	4,189
Other cost of sales	1,085	1,335	1,962
Cost of sales, business performance	44,966	42,226	47,224
Adjustments	106	837	(101)
Cost of sales, IFRS	45,072	43,063	47,123

2.5 OTHER OPERATING INCOME

Gain on divestment of assets in 2015 consists primarily of an earn-out payment related to the sale of 60% of DONG Energy's ownership interest in the Glenlivet gas field in the UK in 2014 (Oil & Gas). Insurance compensation received relates to the settlement of insurance claims in Oil & Gas and Bioenergy & Thermal Power. Other compensation mainly consists of amounts received from Energinet.dk as well as suppliers as compensation for delayed deliveries in connection with the construction of offshore wind farms (Wind Power).

Miscellaneous operating income includes the effect of a settled dispute relating to CO₂ emissions allowances in 2005 and the first half of 2006 amounting to DKK 384 million (Bioenergy & Thermal Power).

Gain on divestment of assets in 2014 consisted 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 Westermost Rough (Wind Power). Insurance compensation received in 2014 relates to the settlement of insurance claims in Oil & Gas and Wind Power.

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

Other operating income	2,933	2,466	705
Miscellaneous operating income	854	179	254
Other compensation	689	17	
Insurance compensation	875	93	
Gain on divestment of assets	515	2,177	451
DKK million	2015	2014	2013

2.5 OTHER OPERATING INCOME

CONTINUED

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

As a part of the partnership model in Wind Power, the Group has sold ownership interests in offshore wind farms by selling 50% of DONG Energy's ownership interests. The resulting gain is recognised in other operating income in the income statement as the management does not believe the divested assets constitute an enterprise. The reason for this is, among other things, that no processes in the form of the operation and maintenance of the offshore wind farm are transferred, but only an undivided interest in the offshore wind farm.

2.6 OTHER OPERATING EXPENSES

Loss on divestment of assets in 2014 primarily consisted of losses on the divestment of 50% of Gode Wind 2 and the sale of the installation vessel Sea Energy (Wind Power).

DKK million	2015	2014	2013
Loss on divestment of assets	142	308	102
Miscellaneous operating expenses	255	15	323
Other operating expenses	397	323	425

2.7 EMPLOYEE COSTS

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 2015, these obligations amounted to DKK 10 million (2014: DKK 12 million and 2013: DKK 13 million). In 2015, the average number of employees in DONG Energy was 6,611 (2014: 6,416 employees and 2013: 6,692

In 2015, the average number of employees in DONG Energy was 6,611 (2014: 6,416 employees and 2013: 6,692 employees).

DKK million	2015	2014	2013
Wages, salaries and remuneration	4,224	3,985	4,011
Share-based payment	103	57	
Pensions	370	351	343
Other social security costs	154	139	129
Other employee costs	47	49	58
Employee costs before transfers to assets	4,898	4,581	4,541
Transfers to assets	(1,094)	(1,245)	(1,050)
Employee costs	3,804	3,336	3,491

2.7 EMPLOYEE COSTS

CONTINUED

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 Management⁴.

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).

EXECUTIVE BOARD	Henrik Poulsen			Marianne Wiinholt ¹			Executive Board, total		
DKK '000	2015	2014	2013	2015	2014	2013	2015	2014	2013^{2}
Fixed salary	9,112	8,695	8,614	4,876	4,728	1,152	13,988	13,423	13,770
Variable salary	1,815	1,569	2,131	1,186	1,013	253	3,001	2,582	3,098
Share-based payment	2,784	684		1,790	439		4,574	1,123	
Social security	2	2	2	2	2	1	4	4	4
Salary during notice period ³									9,084
Termination payment									13,390
Total	13,713	10,950	10,747	7,854	6,182	1,406	21,567	17,132	39,346

¹ Joined in October 2013.

OTHER MEMBERS OF THE GROUP EXECUTIVE MANAGEMENT⁴

DKK '000	2015	2014	2013
Fixed salary	17,418	15,100	14,803
Variable salary ⁵	4,132	6,215	2,685
Share-based payment	3,072	640	
Pension	1,429	2,194	1,997
Salary during notice period ³			2,264
Termination payment			3,494
Total	26,051	24,149	25,243

⁴ 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 (resigned in December 2014).

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 2013 includes salary and termination payment for Carsten Krogsaard Thomsen of DKK 18,483 thousand and Anders Eldrup of DKK 8,710 thousand.

³ Comprises salaries, bonus and pension and is recognised on the date of departure.

⁵ The variable salary paid to other members of the Group Executive Management in 2014 includes pay relating to changes to the Executive Board of Oil & Gas.

2.7 EMPLOYEE COSTS CONTINUED

BOARD OF DIRECTORS

DKK '000	Directors' A remuneration	Ludit and Risk Committee	Remuneration Committee	2015	2014	2013
		Committee				2013
Thomas Thune Andersen	500		50	550	229	
Lene Skole (joined in March 2015)	250			250		
Lynda Armstrong (joined in March 2015)	146			146		
Pia Gjellerup	175		25	200	210	200
Martin Hintze ¹						
Benny D. Loft	175	100		275	398	225
Claus Wiinblad	175	50		225	188	
Poul Arne Nielsen	175			175	175	175
Poul Dreyer	175			175	131	
Benny Gøbel ²	175			175	189	225
Jens Nybo Stilling Sørensen	175			175	175	175
Hanne Sten Andersen	175			175	175	175
Jørn P. Jensen (departed in March 2015)	75			75	281	225
Mogens Vinther (departed in March 2014) ³					44	175
Jytte Koed Madsen (departed in March 2014)					44	175
Jacob Brogaard (departed in March 2014)					106	376
Fritz H. Schur (departed in March 2014)					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	2,371	150	75	2,596	2,483	2,949

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

³ In 2013, Mogens Vinther also received separate compensation of DKK 24 thousand.

2.8 SHARE-BASED PAYMENT

Share programme

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 an amount of up to DKK 40,000 subject to a discount of 25% relative to the price paid both by the new investors and by 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 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'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 ahead, 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.

² In 2014, Benny Gøbel 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

2.8 SHARE-BASED PAYMENT

CONTINUED

Restricted shares

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

Cancelled Total outstanding restricted shares at 31 December 2015	119	80	(109) 1,247	1,262	2,708	0.6%
DKK million					,	
Market value of outstanding restricted shares at the time	8	5	80	81	174	

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 in the period	DKK 7.1
Risk-free interest rate	0.8% p.a.
Expected term at time of granting	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 as this is the most likely scenario. 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 IN DONG ENERGY A/S

Number of shares ('000)	2015	2014	2013
Henrik Poulsen	58	58	
Marianne Wiinholt	37	37	
Other members of Group Executive Management	64	64	
All members of Group Executive Management	159	159	-

3 CAPITAL EMPLOYED

DONG Energy's capital employed primarily relates to production facilities, some of which are under construction. Investment projects are monitored closely, as a large part of the Group's value is created in the development and construction phases

60.9bn

Capital employed amounted to DKK 60,930 million at 31 December 2015

18.7bn

Gross investments totalled DKK 18,693 million in 2015

2.6bn

Cash flows from divestments totalled DKK 2,573 million in 2015

IN THIS SECTION

- **3.1** Intangible assets and property, plant and equipment
- **3.2** Exploration activities and licences
- **3.3** Provisions, contingent assets and liabilities
- **3.4** Investments in associates and joint ventures
- **3.5** Gross and net investments
- **3.6** Acquisition of enterprises
- **3.7** Divestment of enterprises
- 3.8 Assets classified as held for sale
- 3.9 Non-controlling interests

CAPITAL EMPLOYED BY SEGMENT

DKK million	2015	2014	2013
Wind Power	48,006	38,701	39,935
Bioenergy & Thermal Power	2,222	4,837	6,412
Distribution & Customer			
Solutions	8,657	9,902	14,551
Oil & Gas	5,444	17,538	20,663
Other activities/			
eliminations	(3,399)	(5,467)	(4,216)
Total	60,930	65,511	77,345

Investments and divestments in 2015

Total investments of DKK 18,693 million in offshore wind farms, biomass conversions, power and gas infrastructure as well as oil and gas fields were made in 2015, and divestments of DKK 2,573 million were made. The most significant assets under construction at the end of 2015 consisted of offshore wind farms in the UK and Germany as well as oil and gas fields in the UK and Denmark. See notes 3.1 and 3.7.

Impairment losses

As a result of declining oil and gas prices, higher capital expenditure and changed reserve estimates, the Group's oil and gas assets were impaired by DKK 12,333 million, assets classified as held for sale by DKK 1,000 million and provisions of DKK 2,516 million were made for losses on contracts relating to the construction of oil and gas-related production facilities. In addition, the Group's power station in the Netherlands was impaired by DKK 680 million as a result of lowered expectations for the development in the long-term power prices. Goodwill and property, plant and equipment relating to old installation vessels in Wind Power were impaired by DKK 504 million as a result of a challenging market situation.

DKK million	2015	2014	2013
Intangible assets and property, plant and equipment	81,363	87,275	93,689
Investments in associates and joint ventures as well as other equity investments	1,642	1,584	2,323
Net working capital	(6,659)	(4,047)	553
Derivative financial instruments, net	6,111	2,870	628
Assets classified as held for sale, net	1,452		278
Decommissioning obligations	(11,144)	(10,368)	(8,821)
Other provisions	(8,044)	(5,566)	(4,789)
Tax, net	(3,700)	(6,041)	(6,183)
Other receivables and other payables, net	(91)	(196)	(333)
Capital employed at 31 December	60,930	65,511	77,345

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 1.1.2015	5,497	2,703	125,658	388	884	24,845	154,478
Exchange rate adjustments	10	2	341	1	(1)	794	1,137
Additions	369	4	446	139	151	19,103	19,843
Disposal on divestment of							
enterprises	(1)	(138)	(2,054)		(2)	(16)	(2,210)
Disposals	(345)	(39)	(437)	(514)	(24)	(2,164)	(3,178)
Adjustment of decommissioning obligations			543			493	1,036
Transfers to assets classified as held	(20)	(20)	(9.004)		(1)	(1.775)	(10.700)
for sale Transferred	(29)	(29) 100	(8,994)		(1) 131	(1,775)	(10,799)
Cost at 31.12.2015	5,501	2,603	7,769 123,272	14		(8,000)	160 207
	5,501	2,003	123,272	14	1,138	33,280	160,307
Depreciation and amortisation at 1.1.2015	(3,253)	(999)	(50,874)		(593)		(52,466)
Exchange rate adjustments	(8)	(1)	643		(1)		641
Depreciation and amortisation	(194)	(144)	(8,270)		(93)		(8,507)
Disposal on divestment of enterprises		58	803		1		862
Disposals	92	32	243		21		296
Transfers to assets classified as held							
for sale	29	5	7,581		1		7,587
Depreciation and amortisation at 31.12.2015	(3,334)	(1,049)	(49,874)	-	(664)	_	(51,587)
Impairment losses at 1.1.2015	(876)	(48)	(9,267)			(6,791)	(16,106)
Exchange rate adjustments			221			(211)	10
Impairment losses	(157)	(25)	(3,748)			(9,587)	(13,360)
Disposal on divestment of enterprises		9	503				512
Disposals						453	453
Impairment losses at 31.12.2015	(1,033)	(64)	(12,291)	_	_	(16,136)	(28,491)
Carrying amount at 31.12.2015	1,134	1,490	61,107	14	474	17,144	80,229

PRODUCTION ASSETS BY SEGMENT

DKK million	2015
Wind Power	39,087
Bioenergy & Thermal Power	3,199
Distribution & Customer Solutions	10,165
Oil & Gas	8,656
Total	61,107

PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION BY SEGMENT

DKK million	2015
Wind Power	11,288
Bioenergy & Thermal Power	1,671
Distribution & Customer Solutions	511
Oil & Gas	3,674
Total	17,144

Intangible assets

Intangible assets comprise goodwill of DKK 125 million (2014: DKK 281 million and 2013: DKK 491 million), CO₂ emissions allowances of DKK 290 million (2014: DKK 396 million and 2013: DKK 747 million), other rights of DKK 392 million (2014: DKK 511 million and 2013: DKK 688 million), completed development projects of DKK 68 million (2014: DKK 70 million and 2013: DKK 137 million) and development projects in progress of DKK 259 million (2014: DKK 111 million and 2013: DKK 104 million).

Collateral

Loans are secured on vessels with a carrying amount of DKK 398 million (2014: DKK 675 million and 2013: DKK 2,274 million, including loans secured on CHP plants). The outstanding balance is DKK 244 million (2014: DKK 244 million and 2013: DKK 1,744 million).

WIND POWER	BIOENERGY & THERMAL POWER	DISTRIBUTION & CUSTOMER SOLUTIONS	OIL & GAS
Wind Power's CGUs are made up of individual offshore wind farms and A2SEA, which each generate cash flows for the segments independently of each other.	In Bioenergy & Thermal Power, the Danish CHP plants constitute a single CGU as overall production planning is for the Danish CHP plant portfolio as a whole. The Dutch power station Enecogen constitutes a single CGU.	Distribution & Customer Solutions' CGUs are constituted primarily by distribution assets which each generate cash flows for the segment independently of each other.	In Oil & Gas, the CGUs are constituted by oil and gas fields, which in some cases comprise several licences which are mutually dependent in terms of infrastructure, contracts, etc.
The most significant CGUs are: Walney • Anholt • West of Duddon Sands • Borkum Riffgrund 1 • London Array • Gunfleet Sands • Westermost Rough • Gode Wind 1 • Gode Wind 2 • A2SEA	Central CHP plants (including goodwill) • Enecogen	Power distribution • Gas distribution • Oil pipes • Offshore gas pipelines • Street lighting • DONG Energy Markets GmbH • DONG Energy Sales UK	Ormen Lange • Hejre • The area west of the Shetland Islands • The Siri area • Gyda • Syd Arne • The Ula-Tambar-Oselvar area • Alve-Marulk • Trym

Impairment losses

Goodwill

In Wind Power, goodwill and production assets were impaired by DKK 504 million, of which DKK 157 million relates to goodwill and DKK 347 million relates to older installation vessels. The impairment losses were due to challenging market conditions.

In 2014, goodwill was impaired by a total of DKK 216 million in the UK and German sales activities in Distribution & Customer Solutions, also reflecting challenging market conditions. The entire impairment in respect of the sales activities concerned goodwill.

Oil and gas assets

Property, plant and equipment under construction relating to the Hejre field and the area west of the Shetland Islands were impaired by DKK 9,587 million.

Production assets were impaired by DKK 2,746 million and concern Syd Arne, the Siri area, the Ula-Tambar-Oselvar area and Alve-Marulk.

The impairment losses are attributable to the continued fall in oil and gas prices, changed reserve estimates, delay and higher costs associated with the construction of installations.

The recoverable amounts of the impaired oil and gas assets are measured on the basis of market-based forward prices for oil and gas up until 2021. The prices applied in the period hereafter are based on management's best estimate, and from 2024 onwards an oil price of USD 70/bbl and a gas price of EUR 20/MWh have been applied. The recoverable amounts, determined on the basis of value in use, are discounted at a rate of interest after tax of 8.25-9.00%. Reference is also made to the section on critical accounting estimates and judgements on page F-77.

In 2014, property, plant and equipment under construction in Oil & Gas were impaired by DKK 6,307 million as a result of lower oil and gas prices and higher costs associated with the construction of installations. The impaired assets related to Hejre and the area west of the Shetland Islands. Production facilities were impaired by DKK 1,801 million as a result of lower oil and gas prices and concerned the Ula-Tambar-Oselvar area and the Siri area.

In 2013, oil and gas-related production facilities were impaired by DKK 3,663 million and related to the fields in the Siri area, Gyda, the Ula-Tambar-Oselvar area and the ownership interest in the Norwegian Gassled transmission grid.

Other impairment losses

The Dutch power station Enecogen (Bioenergy & Thermal Power) has been impaired by DKK 680 million, of which DKK 655 million relates to production facilities and DKK 25 million relates to land and buildings. The reason for the impairment loss is falling power prices. In determining the recoverable amount, which is determined as a value in use, a discount rate after tax of 6.5% has been applied.

In 2013, Enecogen was impaired by DKK 1,000 million, and property, plant and equipment under construction, consisting of project development costs, were impaired by DKK 339 million (Wind Power).

OVERVIEW OF IMPAIRMENT LOSSES

Total	13,517	8,324	5,008
Oil & Gas	12,333	8,108	3,663
Distribution & Customer Solutions		216	
Bioenergy & Thermal Power	680		1,000
Wind Power	504		345
DKK million	2015	2014	2013

Cost at 1.1.2014 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 1,059 Additions 171 38 1,027 404 46 13,835 15,350 Disposal 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) Transferred 3 1,008 29 415 15,478 Depreciation and amortisation at 1.1.2014 (3,047) (1,008) (46,031) (536) (47,575) Exchange rate adjustments 1 (42) 874 1 833 Depreci	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
Addition on acquisition of enterprises 1,059 404 46 13,835 1,059 Additions 171 38 1,027 404 46 13,835 15,350 Disposal 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 31.12.2014 5,497 2,703 125,658 388 884 24,845 154,478 Depreciation and amortisation at 1.1.2014 (3,047) (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 58 156 1,191 34 1,381	Cost at 1.1.2014	5,912	3,041	121,482	1,192	832	20,810	147,357
Cost at 31.12.2014 Cost at	Exchange rate adjustments	(74)	65	(478)	47	1	604	239
Disposal on divestment of enterprises (10) (66) (2,791) (1) (1,183) (49) (1,164) (8,121)				,				,
Disposals Cost Co	Additions	171	38	1,027	404	46	13,835	15,350
Adjustment of decommissioning obligations 1,008 29 415 1,452 Transferred 1 9,700 (101) 55 (9,655) Cost at 31.12.2014 5,497 2,703 125,658 388 884 24,845 154,478 Depreciation and amortisation at 1.1.2014 (3,047) (1,008) (46,031) (536) (47,575) Exchange rate adjustments 1 (42) 874 1 833 Depreciation and amortisation (274) (148) (8,732) (88) 68,968) Disposal on divestment of enterprises 10 43 1,819 1 1,863 Disposals 58 156 1,191 34 1,381 Transferrred 5 5 (5) Depreciation and amortisation at 31.12.2014 (3,252) (999) (50,874) - (593) - (52,466) Impairment losses at 1.1.2014 (698) (54) (7,699) (593) - (513) (8,266) Exchange rate		(10)	(66)	(2,791)		(1)		(2,858)
obligations 1,008 29 415 1,452 Transferred 1 9,700 (101) 55 (9,655) Cost at 31.12.2014 5,497 2,703 125,658 388 884 24,845 154,478 Depreciation and amortisation at 1.1.2014 (3,047) (1,008) (46,031) (536) (47,575) Exchange rate adjustments 1 (42) 874 1 833 Depreciation and amortisation (274) (148) (8,732) (88) 688) (8,968) Disposal on divestment of enterprises 10 43 1,819 1 1,863 1,863 Disposals 58 156 1,191 34 1,381 1,381 Transferred 5 5 (5) 5 (5) 5 Depreciation and amortisation at 31.12.2014 (6,98) (54) (7,699) (593) - (52,466) Impairment losses at 1.1.2014 (698) (54) (7,699) (50,307) (513) (8,266) <td>Disposals</td> <td>(502)</td> <td>(376)</td> <td>(5,349)</td> <td>(1,183)</td> <td>(49)</td> <td>(1,164)</td> <td>(8,121)</td>	Disposals	(502)	(376)	(5,349)	(1,183)	(49)	(1,164)	(8,121)
Cost at 31.12.2014 5,497 2,703 125,658 388 884 24,845 154,478 Depreciation and amortisation at 1.1.2014 (3,047) (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) Disposal on divestment of enterprises 10 43 1,819 1 1,863 Disposals 58 156 1,191 34 1,381 Transferrred 5 (5) (5) Depreciation and amortisation at 31.12.2014 (698) (54) (7,699) (593) - (52,466) Impairment losses at 1.1.2014 (698) (54) (7,699) (593) - (513) (8,266) Exchange rate adjustments 3 233 (32) 201 Impairment losses (216) (1,801) (6,307) (8,108) Disposals 35 6 61 <td></td> <td></td> <td></td> <td>,</td> <td>29</td> <td></td> <td>415</td> <td>1,452</td>				,	29		415	1,452
Depreciation and amortisation at 1.1.2014 (3,047) (1,008) (46,031) (536) (47,575)	Transferred		1		(101)	55		
1.1.2014 (3,047) (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) Disposal on divestment of enterprises 10 43 1,819 1 1,863 Disposals 58 156 1,191 34 1,381 Transferrred 5 (5) Depreciation and amortisation at 31.12.2014 (3,252) (999) (50,874) - (593) - (52,466) Impairment losses at 1.1.2014 (698) (54) (7,699) (50,874) - (593) - (52,466) Exchange rate adjustments 3 233 (32) 201 Impairment losses (216) (1,801) (6,307) (8,108) Disposals 35 6 61 67 Impairment losses at 31.12.2014 (876) (48) (9,267) - - (6,791) (16,106)	Cost at 31.12.2014	5,497	2,703	125,658	388	884	24,845	154,478
Depreciation and amortisation (274) (148) (8,732) (88) (8,968) Disposal on divestment of enterprises 10 43 1,819 1 1,863 Disposals 58 156 1,191 34 1,381 Transferrred 5 (5) 5 Depreciation and amortisation at 31.12.2014 (3,252) (999) (50,874) - (593) - (52,466) Impairment losses at 1.1.2014 (698) (54) (7,699) (513) (8,266) Exchange rate adjustments 3 233 (32) 201 Impairment losses (216) (1,801) (6,307) (8,108) Disposals 35 6 61 67 Impairment losses at 31.12.2014 (876) (48) (9,267) - - (6,791) (16,106)		(3,047)	(1,008)	(46,031)		(536)		(47,575)
Disposal on divestment of enterprises 10 43 1,819 1 1,863 Disposals 58 156 1,191 34 1,381 Transferrred 5 (5) Depreciation and amortisation at 31.12.2014 (3,252) (999) (50,874) - (593) - (52,466) Impairment losses at 1.1.2014 (698) (54) (7,699) (513) (8,266) Exchange rate adjustments 3 233 (32) 201 Impairment losses (216) (1,801) (6,307) (8,108) Disposals 35 6 61 67 Impairment losses at 31.12.2014 (876) (48) (9,267) - - (6,791) (16,106)	e i	1	(42)	874		1		833
enterprises 10 43 1,819 1 1,863 Disposals 58 156 1,191 34 1,381 Transferrred 5 5 (5) Depreciation and amortisation at 31.12.2014 (3,252) (999) (50,874) - (593) - (52,466) Impairment losses at 1.1.2014 (698) (54) (7,699) (513) (8,266) Exchange rate adjustments 3 233 (32) 201 Impairment losses (216) (1,801) (6,307) (8,108) Disposals 35 6 61 67 Impairment losses at 31.12.2014 (876) (48) (9,267) - - (6,791) (16,106)	Depreciation and amortisation	(274)	(148)	(8,732)		(88)		(8,968)
Disposals 58 156 1,191 34 1,381 Transferrred 5 (5) Depreciation and amortisation at 31.12.2014 (3,252) (999) (50,874) - (593) - (52,466) Impairment losses at 1.1.2014 (698) (54) (7,699) (513) (8,266) Exchange rate adjustments 3 233 (32) 201 Impairment losses (216) (1,801) (6,307) (8,108) Disposals 35 6 61 67 Impairment losses at 31.12.2014 (876) (48) (9,267) - - (6,791) (16,106)		10	43	1,819		1		1,863
Transferred 5 (5) Depreciation and amortisation at 31.12.2014 (3,252) (999) (50,874) - (593) - (52,466) Impairment losses at 1.1.2014 (698) (54) (7,699) (513) (8,266) Exchange rate adjustments 3 233 (32) 201 Impairment losses (216) (1,801) (6,307) (8,108) Disposals 35 6 61 67 Impairment losses at 31.12.2014 (876) (48) (9,267) - - (6,791) (16,106)	-	58	156	1,191		34		1,381
31.12.2014 (3,252) (999) (50,874) - (593) - (52,466) Impairment losses at 1.1.2014 (698) (54) (7,699) (513) (8,266) Exchange rate adjustments 3 233 (32) 201 Impairment losses (216) (1,801) (6,307) (8,108) Disposals 35 6 61 67 Impairment losses at 31.12.2014 (876) (48) (9,267) - - (6,791) (16,106)	Transferrred			5		(5)		
Exchange rate adjustments 3 233 (32) 201 Impairment losses (216) (1,801) (6,307) (8,108) Disposals 35 6 61 67 Impairment losses at 31.12.2014 (876) (48) (9,267) - - (6,791) (16,106)		(3,252)	(999)	(50,874)	-		-	(52,466)
Impairment losses (216) (1,801) (6,307) (8,108) Disposals 35 6 61 67 Impairment losses at 31.12.2014 (876) (48) (9,267) - - (6,791) (16,106)	Impairment losses at 1.1.2014	(698)	(54)	(7,699)			(513)	(8,266)
Disposals 35 6 61 67 Impairment losses at 31.12.2014 (876) (48) (9,267) - - (6,791) (16,106)	Exchange rate adjustments	3		233			(32)	201
Impairment losses at 31.12.2014 (876) (48) (9,267) (6,791) (16,106)	Impairment losses	(216)		(1,801)			(6,307)	(8,108)
*	Disposals	35	6				61	67
Carrying amount at 31.12.2014 1,369 1,656 65,517 388 291 18,054 85,906		(876)	(48)		-	-		(16,106)
	Carrying amount at 31.12.2014	1,369	1,656	65,517	388	291	18,054	85,906

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 1.1.2013	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
Disposal on divestment of enterprises Disposals	(182) (163)	(73) (1,926)	(6,057) (270)	(1,136)	(1) (32)	(157)	(6,131) (3,521)
•	(103)	(1,920)	(270)	(1,130)	(32)	(137)	(3,321)
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 31.12.2013	5,912	3,041	121,482	1,192	832	20,810	147,357
Depreciation and amortisation at 1.1.2013	(2,850)	(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)
Disposal on divestment of enterprises	103	31	891		1		923
Disposals		285	162		15		462
Transferrred					6		6
Depreciation and amortisation at 31.12.2013	(3,047)	(1,008)	(46,031)	-	(536)	_	(47,575)
Impairment losses at 1.1.2013	(703)	(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
Impairment losses at 31.12.2013	(698)	(54)	(7,693)	-	-	(513)	(8,260)
Carrying amount at 31.12.2013	2,167	1,979	67,758	1,192	296	20,297	91,522

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 as the value of the allowances upon surrender is on a par with the cost price or higher (allocated emissions allowances).

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
Offshore wind farms ²	20-24 years
Production assets, power (thermal) and district heating	20-25 years
Gas transportation system (marine pipelines)	20-40 years
Oil transportation system (marine pipeline)	15 years
Distribution networks, gas	20-40 years
Distribution networks, power	20-40 years
Fixtures and fittings, tools and equipment	3-10 years

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, subsuppliers 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 demolition and decommissioning of assets 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.

Accounting policies for exploration assets appear from note 3.2, to which reference is made.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Impairment test

Production assets and property, plant and equipment under construction are tested for impairment annually if there is any indication of impairment. For production assets with a limited lifetime such as offshore wind farms, CHP plants and oil and gas fields, cash flows are calculated based on forecasts for the entire lifetime of the asset. For power distribution, cash flows are calculated based on forecasts for the first 25 years with the addition of a 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, power, biofuel, coal, CO₂,-Certificates estimated oil and gas reserves, weighted average cost of capital (WACC), exchange rates, etc. The market prices applied are based on available forward prices for a period of up to five years and management's best estimate of long-term prices for the remainder of the period.

When calculating the recoverable amount of property, plant and equipment under construction, the expected completion costs and the commissioning date are also material assumptions.

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 have been obtained to assess each asset's technical and commercial potential and when exploration assets are reclassified as 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 drillings, 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.

²Depreciation is based on the straight-line method or the diminishing-balance method, resulting in declining depreciation over the lifetime of the asset

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 uses may subsequently prove not to be realisable, which may require the 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 EXPLORATION ACTIVITIES AND LICENCES

The Oil & Gas exploration activities have been reduced over the years, resulting in net costs of DKK 461 million in 2015. The activities have been reduced significantly relative to 2014 and 2013. In 2015, the exploration wells Xana and Solsort were expensed, reducing assets from exploration assets to DKK 39 million at 31 December 2015. The reason is primarily the fall in oil and gas prices, which leads to uncertainty regarding the financial viability of any further development of these. In 2014, the exploration wells in Rosebank and Cambo, among others, were expensed, which was the primary reason for the decline from 2013 to 2014.

EXPLORATION ACTIVITIES

2015	2014	2013
407	26	
(868)	(1,292)	(1,726)
(461)	(1,266)	(1,726)
39	486	1,347
(26)	(316)	(597)
13	170	750
(240)	(928)	(1,791)
(139)	(404)	(1,082)
(379)	(1,332)	(2,873)
	407 (868) (461) 39 (26) 13 (240) (139)	407 26 (868) (1,292) (461) (1,266) 39 486 (26) (316) 13 170 (240) (928) (139) (404)

ACCOUNTING POLICIES

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 drilling 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 drilling expenses for commercial discoveries are transferred to property, plant and equipment under construction on commencement of the construction of a field. All exploration drilling 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.

HYDROCARBON EXPLORATION AND EXTRACTION LICENCES IN DENMARK AND ABROAD

■ Producing oil/gas field ● Oil/gas field under development ▲ Oil/gas field under evaluation

Country	Licence	Ownership interest	•	
Denmark	7/86 Lulita part	80%		
Denmark	7/89 Syd Arne Field	37%		

3.2 EXPLORATION ACTIVITIES AND LICENCES CONTINUED

Country	Licence	Ownership interest		•	A
Denmark	1/90 Lulita	40%			
Denmark	4/95 Nini Field	57%			
Denmark	6/95 Siri	100%			
Denmark	9/95 Maja	70%			
Denmark	4/98 Svane/Solsort	70%			
Denmark	5/98 Hejre	60%			
Denmark	16/98 Cecilie Field	56%			
Denmark	1/06 Hejre Extension	48%			
Denmark	3/09 Solsort	35%			
Faroe Islands	F018 Naddoddur	100%			
Faroe Islands	F019 Marjun	100%			
Greenland	G2013/40 Amaroq	18%			
Norway	PL019A Ula	20%			
Norway	PL019B Gyda	34%			
Norway	PL019D	34%	_		A
Norway	PL065 Tambar	45%			
Norway	PL113 Mjølner	70%			A
Norway	PL122 Marulk	30%			
Norway	PL122B Marulk	30%			
Norway	PL122C Marulk	30%			
Norway	PL122D Marulk	30%			
Norway	PL147 Trym/Trym South	50%			
Norway	PL159B Alve	15%			
Norway	PL208 Ormen Lange	45%			
Norway	PL250 Ormen Lange	9%			
Norway	PL274 Oselvar	55%			
Norway	PL274CS Oselvar	55%			
Norway	PL289 Musling	50%			A
Norway	PL300 Tambar East	45%			
Norway	PL613 Fafner	40%			<u> </u>
Norway	PL656 Clipper	20%			<u> </u>
Norway	PL669 Ula NE	40%			<u> </u>
Norway	PL689 Hyse	40%			<u> </u>
Norway	PL698 Carmen	10%			A
Norway	PL699 Ormen Korte	10%			A
Norway	PL728 Turtles	45%			A
Norway	PL728B Turtles	45%		_	A
UK	P911 Laggan	20%			
UK	P967 Tobermory	33%			A
UK	P1026 Rosebank	10%			A
UK	P1028 Cambo	20%			
UK	P1159 Tormore	20%			
UK	P1189 Cambo	20%			A
UK	P1190 Tornado	20%			A
UK	P1191 Rosebank South	10%			
UK	P1195 Glenlivet	20%			
UK	P1262 Tornado	20%			A
UK	P1272 Rosebank	10%			
UK	P1453 Edradour	20%			
UK	P1598 Cragganmore	55%			
UK	P1678 Tormore	20%			
UK	P1830 Black Rock	25%			A
UK	P2014 Flett Basin	60%			<u> </u>
UK	P2044 Dalwhinnie	35% 159/			<u> </u>
UK	P2067 Catcher Area	15%			A
UK UK	P2138 Rockall P2194 Longjohn	10% 20%			A
OIX.	12177 Longjoilli	2070			

3.3 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

2015

	Decomissioning			
DKK million	obligations	Onerous contracts	Other liabilities	Total
Provisions at 1 January	10,368	3,084	2,482	15,934
Exchange rate adjustments	(84)		88	4
Disposals	(44)	(323)	(472)	(839)
Provisions reversed during the year			(264)	(264)
Provisions made during the year	368	2,579	738	3,685
Change in estimates of other factors	516			516
Addition on acquisition of enterprises				-
Disposal on divestment of enterprises/ transferred to assets classified as held for				
sale	(474)			(474)
Interest element of provisions	494	132		626
Provisions at 31 December	11,144	5,472	2,572	19,188
Falling due as follows:				
0-1 year	31	1,070	333	1,434
1-5 years	1,894	2,993	1,688	6,575
After 5 years	9,219	1,409	551	11,179

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

Onerous contracts comprise: a contract for LNG terminal capacity in the Netherlands, DKK 1,158 million (2014: DKK 1,122 million and 2013: DKK 475 million), contracts for leasing of gas storage capacity in Germany, DKK 1,324 million (2014: DKK 1,478 million and 2013: DKK 2,264 million), contract regarding the Stenlille Gas Storage Facility, DKK 410 million (2014: DKK 484 million and 2013: DKK 0 million) and contracts relating to the construction of oil and gas-related production facilities, DKK 2,516 million. The provision concerning the construction of production facilities is recognised in depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment in the income statement.

Other provisions primarily include provisions for guarantee obligations, divestments, CO₂ obligations, contractual obligations, etc., as well as expected repayments to power consumers etc., relating to litigation. Provisions for CO₂ obligations relate to the Group's own emissions. In 2015, DKK 235 million (2014: DKK 407 million and 2013: DKK 136 million) was spent, and further provisions of DKK 204 million were made (2014: DKK 235 million and 2013: DKK 347 million).

DECOMMISSIONING OBLIGATIONS BY SEGMENT

			Distribution &		
	Wind	Bioenergy &	Customer	Oil	
DKK million		Thermal Power	Solutions	& Gas	Total
0-5 years	57	115	3	1,750	1,925
5-10 years	298			1,577	1,875
10-20 years	1,612	480	72	4,381	6,545
After 20 years	494	195	110		799
2015	2,461	790	185	7,708	11,144
2014	2,074	789	609	6,896	10,368
2013	1,575	852	606	5,788	8,821

3.3 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES CONTINUED

2014				
DKK million	Decomissioning obligations	Onerous contracts	Other liabilities	Total
Provisions at 1 January	8,821	2,811	1,978	13,610
Exchange rate adjustments	(127)	=,011	47	(80)
Disposals	(256)	(300)	(527)	(1,083)
Provisions reversed during the year	(18)	(716)	(265)	(999)
Provisions made during the year	769	1,171	1,249	3,189
Change in estimates of other factors	684	,	,	684
Addition on acquisition of enterprises	141			141
Disposal on divestment of enterprises/ transferred to assets classified as held for sale	(62)			(62)
Interest element of provisions	416	118		534
Provisions at 31 December	10,368	3,084	2,482	15,934
Falling due as follows:	10,500	3,004	2,402	13,754
0-1 year	16	192	329	537
1-5 years	2.162	1,209	1,722	5,093
After 5 years	8,190	1,683	431	10,304
2013				
Provisions at 1 January	8,415	2,911	1,649	12,975
Exchange rate adjustments	(366)	2,711	(28)	(394)
Disposals	(32)	(296)	(665)	(993)
Provisions reversed during the year	()	(=> *)	(248)	(248)
Provisions made during the year	377	72	1,256	1,705
Change in estimates of other factors	135		-,	135
Addition on acquisition of enterprises				
Disposal on divestment of enterprises/ transferred to assets classified as held for				
sale	(71)			(71)
Interest element of provisions	363	124	14	501
Provisions at 31 December	8,821	2,811	1,978	13,610
Falling due as follows:	20	100	492	710
0-1 year	38	199	482	719
1-5 years	1,917	795	1,281	3,993
After 5 years	6,866	1,817	215	8,898

Contingent assets

Deferred tax

The DONG Energy Group has deferred tax assets of DKK 30,949 million (2014: DKK 20,160 million and 2013: DKK 12,949 million) that have not been recognised. Reference is made to note 5.4.

Litigation

DONG Energy has initiated arbitration proceedings against suppliers regarding long-term, oil-indexed gas purchase contracts. The contingent effect of the claims has 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 Salg & Service A/S, DONG Oil Pipe A/S, DONG E&P A/S, DONG E&P Danmark 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.

3.3 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES CONTINUED

Guarantees

DONG Energy A/S has furnished the Danish State with guarantees for fulfilment of licence obligations and liability in damages towards the State or third parties incurred by DONG E&P A/S or DONG E&P DK A/S in connection with the companies' participation in exploration and production licences, irrespective of whether the obligations and liability rest on DONG E&P A/S or DONG E&P DK A/S alone or jointly and severally with others. The guarantees are not capped, but if claims are made under a guarantee due to obligations assumed by DONG E&P A/S or DONG E&P DK A/S on a joint and several basis with other licensees, the guarantee sum cannot exceed a sum corresponding to twice DONG E&P A/S's or DONG E&P DK A/S's share of each obligation or liability.

As a condition for approval of its participation in oil and gas exploration and production on the Norwegian, UK, Greenland and Faroese continental shelves, DONG Energy A/S has provided a guarantee 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.

Litigation

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 power market in some periods. Following a merger in 2008, Elsam Kraft A/S is now part of DONG Energy Thermal Power A/S.

The Competition Appeals Tribunal has concluded that Elsam A/S and Elsam Kraft A/S to some extent abused their dominant position in the wholesale power market in Western Denmark 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 appeals have been lodged with the Copenhagen Maritime and Commercial Court.

A group of power consumers has filed a claim with the Copenhagen Maritime and Commercial Court for compensation of up to DKK 4.4 billion with the 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 the addition of interest), which has been determined on the basis of the Danish Competition Council's calculation of the consumers' losses.

In addition, DONG Energy is a party to a number of litigation proceedings and legal disputes, none of which will significantly impact the company's financial position, either individually or collectively.

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 made 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. Provisions concerning CO_2 emissions are recognised when actual emissions exceed the Group's holding of CO_2 emissions allowances classified as intangible assets.

Decommissioning obligations are measured at the present value of the future liability in respect of demolition and decommissioning 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 the 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 the 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. As regards the Danish CHP plants, it is assessed that these must be removed no later than 12 years after they have been decommissioned.

In measuring provisions, the costs required to meet the obligations are discounted. In determining decommissioning obligations at 31 December 2015, a discount rate of 4.5% is applied, the same discount rate that the Group applied at 31 December 2014 and at 31 December 2013. The applied discount rate of 4.5% is still expected to be applied over a

3.3 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES CONTINUED

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 demolition and decommissioning 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, and the obligations incurred by the Group as a result of these contracts may also be subject to uncertainty.

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.

3.4 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

INDIVIDUALLY MATERIAL ASSOCIATES

Name	Ownership interest	Registered office	Activity
Etzel Kavernenbetriebsgesellschaft mbH & Co. KG	33%	Bremen, Germany	Gas storage facility

INDIVIDUALLY MATERIAL JOINT VENTURES

Name	Ownership interest	Registered office	Activity
			50% ownership interest
Lincs Renewable Energy Holdings Ltd.	50%	London, UK	in offshore wind farm

The table on the next page provides financial information on 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 significant associates and joint ventures in the DONG Energy Group are Etzel Kavernenbetriebsgesellschaft mbH & Co. KG and Lincs Renewable Energy Holdings Ltd.

In 2015, the Group's share of the profit (loss) for the year in associates and joint ventures totalled DKK 104 million (2014: DKK -577 million and 2013: DKK -768 million) and was recognised in the income statement as share of profit (loss) in associates and joint ventures. Of this amount, DKK 112 million (2014: DKK -93 million and 2013: DKK -711 million) was recognised in income from the Group's principal activities and DKK -8 million (2014: DKK -484 million and 2013: DKK -57 million) was recognised in the Group's non-principal activities.

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 100% at the end of 2014.

3.4 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES CONTINUED

Capital commitments

At the end of 2015 and 2014, the Group had not assumed capital commitments in respect of, for example, offshore wind farm projects in connection with associates and joint ventures.

The capital commitments of DKK 780 million in 2013 included investments in offshore wind farm projects in joint ventures.

									-	DONG E	
2015 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	Non-current liabilities	Current liabilities	Profit (loss) for the year	Equity
Associates											
Etzel Kavernenbetriebsge- sellschaft mbH & Co. KG	466	(131)	11	(26)	818	91	767		142	(9)	256
Other associates										35	19
Joint ventures Lincs Renewable Energy Holdings Ltd. Other joint ventures			(30)	31	517	1,617	2,170		18	16 62	1,085 61
Total										104	1,421
2014											
Associates Etzel Kavernenbetriebsgesellschaft mbH & Co. KG Other associates	463	(1,448)	13	(1,357)	919	94	791		222	(453) (41)	263 10
Joint ventures Lincs Renewable Energy Holdings Ltd. Other joint ventures			(27)	68	585	1,569	2,122		32	(34) (49)	1,061 (19)
Total										(577)	1,315
2013											
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

3.4 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES CONTINUED

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 enterprise's deficit, 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 gains (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 and in connection with any restructuring 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 to 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.

3.5 GROSS AND NET INVESTMENTS

DKK million	2015	2014	2013
Cash flows from investing activities	(12,799)	(14,796)	(6,483)
Dividends received and capital reduction, reversed	(20)	(15)	(39)
Purchase and sale of securities, reversed	(3,237)	10,330	1,204
Loans to associates and joint ventures, reversed	(32)	(250)	(760)
Sale of non-current assets, reversed	(2,605)	(10,628)	(15,156)
Gross investments	(18,693)	(15,359)	(21,234)
Transactions with non-controlling interests in connection with divestments	(32)	(1)	65
Interest-bearing balances on acquisition and divestment of enterprises		26	111
Sale of non-current assets	2,605	10,628	15,156
Total cash flows from divestments	2,573	10,653	15,332
Net investments	(16,120)	(4,706)	(5,902)

3.5 GROSS AND NET INVESTMENTS

CONTINUED

The table specifies the calculation of gross investments and net investments on the basis of cash flows from investing activities.

In 2015, gross investments totalled DKK 18,693 million (2014: DKK 15,359 million and 2013: DKK 21,234 million). Gross investments in Wind Power primarily comprise development of wind activities (DKK 10,192 million), including the German offshore wind farms Borkum Riffgrund 1 and Gode Wind 1 and 2, the acquisition of the remaining ownership interest in Hornsea 1 and project rights to Hornsea 2 and the offshore wind farms Westermost Rough and Burbo Bank Extension in the UK.

In Oil & Gas, the most significant investments were made in the development of oil and gas fields (DKK 5,985 million), including Hejre and Syd Arne in Denmark and Laggan-Tormore in the UK.

In 2015, cash flows from the divestment of assets and enterprises totalled DKK 2,573 million (2014: DKK 10,653 million and 2013: DKK 15,332 million).

Divestments in Wind Power primarily consist of the divestment of 50% of Gode Wind 1 to Global Infrastructure Partners and the receipt of a deferred selling price relating to the divestment of 50% of Westermost Rough in 2014. Divestments in Bioenergy & Thermal Power primarily consist of the divestment of the Måbjerg CHP Plant. In Oil & Gas, divestments primarily consist of the divestment of the ownership interest in the Norwegian Gassled transmission grid and an earn-out payment related to the sale of 60% of DONG Energy's ownership interest in the Glenlivet gas field in the UK in 2014.

In 2014, divestments in Wind Power primarily consisted of the divestment of 50% of the ownership interests in London Array and Westermost Rough, and in Distribution & Customer Solutions they concerned the divestments of the Dutch trading company DONG Energy Sales B.V. and DONG Storage A/S.

3.6 ACQUISITION OF ENTERPRISES

Acquisition of enterprises in 2015

There were no business combinations in 2015.

Acquisition of enterprises in 2014

In 2014, DONG Energy 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 was determined at DKK 0.

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

If DONG Energy had 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, respectively.

Acquisition of enterprises in 2013

There were no business combinations in 2013.

2014	Previous ownership interest	Ownership interest acquired	DONG Energy ownership interest, total	Acquisition date	Core activity
Barrow Offshore Wind Ltd.	50%	50%	100%	19.12.2014	Power generation

3.6 ACQUISITION OF ENTERPRISES CONTINUED

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, after which 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 12 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.

3.7 DIVESTMENT OF ENTERPRISES

DKK million	2015	2014	2013
Non-current assets	870	1,002	7,319
Current assets	36	479	250
Assets classified as held for sale			556
Non-current liabilities	(326)	(163)	(430)
Current liabilities	(36)	(465)	(3,490)
Liabilities relating to assets classified as held for sale			(115)
Gain on divestment of enterprises in the income statement	16	1,253	2,045
Selling price on divestment of enterprises	560	2,106	6,135
Of which selling price receivable		340	(125)
Of which recognised as other provisions	16	481	57
Cash transferred		206	3,117
Cash selling price on divestment of enterprises	576	3,133	9,184

In 2015, gains on the divestment of enterprises primarily concerned gains on the divestment of Måbjergværket A/S (Bioenergy & Thermal Power) and the divestment of the ownership interest in the Norwegian Gassled gas pipeline network (Oil & Gas).

In 2014, gains on the divestment of enterprises consisted primarily of gains on the divestment of DONG Storage A/S (Stenlille Gas Storage Facility) (Distribution & Customer Solutions).

In 2013, gains on the divestment of enterprises consisted primarily of Kraftgården AB (Wind Power), Polish and Danish onshore wind activities (Wind Power), Severn Power Limited (Bioenergy & Thermal Power) and Stadtwerke Lübeck (Distribution & Customer Solutions).

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

3.7 DIVESTMENT OF ENTERPRISES CONTINUED

ACCOUNTING POLICIES

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

Comparative figures are not restated to reflect disposals.

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.

3.8 ASSETS CLASSIFIED AS HELD FOR SALE

DKK million	2015	2014	2013
Intangible assets	1		13
Property, plant and equipment	2,328		1
Other non-current assets	73		
Non-current assets	2,402	-	14
Current assets	183		266
Assets classified as held for sale at 31.12	2,585	-	280
Non-current liabilities	766		
Current liabilities	367		2
Liabilities related to assets classified as held for sale at 31.12	1,133	-	2
Assets classified as held for sale, net	1,452	-	278

On 18 September 2015, the Danish Ministry of Finance announced a plan for an IPO of DONG Energy. On this occasion, it was announced that DONG Energy's ownership of the gas distribution grid as well as oil and gas pipelines shall be divested to Energinet.dk. A process for the divestment of the Group's gas distribution activities and the North Sea oil pipeline (Distribution & Customer Solutions) has been initiated and is expected to be completed within 12 months. Consequently, both activities have been classified as assets held for sale at 31 December 2015. Assets classified as held for sale have been impaired by DKK 1,000 million due to the continued fall in oil and gas prices. Reference is made to the section on critical accounting estimates and judgements on page F-77.

In 2013, assets classified as held for sale consisted of the Dutch sales company DONG Energy Sales B.V. (Distribution & Customer Solutions), which was divested in 2014. Reference is made to note 3.7.

ACCOUNTING POLICIES

Assets classified as held for sale are measured at the lower of carrying amount before the reclassification and fair value less costs to sell.

3.9 NON-CONTROLLING INTERESTS

DKK million	2015	2014	2013
Transactions with non-controlling interests			
Dividends paid to non-controlling interests	(548)	(528)	(319)
Disposal of equity investments to non-controlling interests	(71)	(87)	(303)
Other capital transactions with non-controlling interests	(2)	(6)	148
Transactions in total, see statement of cash flows	(621)	(621)	(474)
Disposal of equity investments to non-controlling interests			
Selling price	22	34	(35)
Of which change in receivables relating to acquisition and disposal of non-controlling interests	(41)	(90)	(222)
Of which change in payables relating to acquisition and disposal of non-controlling interests	(52)	(31)	(46)
Cash selling price, total	(71)	(87)	(303)

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

	Non-controlling	
	interest	Registered office
A2SEA A/S	49.0%	Fredericia, DK
Gunfleet Sands Holding Ltd.	49.9%	London, UK
Walney (UK) Offshore Windfarms Ltd.	49.9%	London, UK

ACCOUNTING POLICIES

The amounts stated are the consolidated accounting figures of the individual enterprises/groups, determined applying the DONG Energy Group's accounting policies. Transactions with non-controlling interests are accounted for as transactions with the shareholder base. Gains and losses on the divestment 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.

A2SEA A/S group

DKK million	2015	2014	2013
Statement of comprehensive income			
Revenue	1,293	1,685	1,489
Profit (loss) for the year	(209)	191	250
Total comprehensive income	(209)	197	239
Profit (loss) for the year attributable to non-controlling interests	(124)	54	50
Balance sheet			
Non-current assets	2,332	2,859	2,691
Current assets	459	228	346
Non-current liabilities	258	320	293
Current liabilities	399	248	216
Carrying amount of non-controlling interests	961	1,171	1,194
Statement of cash flows			
Cash flows from operating activities	165	427	386
Cash flows from investing activities	(92)	(453)	(588)
Cash flows from financing activities	(163)	(227)	252
- of which dividends paid to non-controlling interests	(86)	(102)	(14)

3.9 NON-CONTROLLING INTERESTS CONTINUED

Gunfleet Sands Holding Ltd. group

DKK million	2015	2014	2013
Statement of comprehensive income			
Revenue	484	429	392
Profit (loss) for the year	54	(49)	36
Total comprehensive income	186	81	22
Profit (loss) for the year attributable to non-controlling interests	90	(20)	(115)
Balance sheet			
Non-current assets	3,252	3,128	3,132
Current assets	169	166	156
Non-current liabilities	313	269	225
Current liabilities	40	74	36
Carrying amount of non-controlling interests	1,531	1,472	1,510
Statement of cash flows			
Cash flows from operating activities	264	210	219
Cash flows from investing activities	-	-	-
Cash flows from financing activities	(255)	(221)	(280)
			(1.40)
	(127)	(110)	(140)
- of which dividends paid to non-controlling interests Walney (UK) Offshore Windfarms Ltd. DKK million	(127)	2014	2013
Walney (UK) Offshore Windfarms Ltd.			
Walney (UK) Offshore Windfarms Ltd. DKK million			
Walney (UK) Offshore Windfarms Ltd. DKK million Statement of comprehensive income Revenue	2015	2014	2013
Walney (UK) Offshore Windfarms Ltd. DKK million Statement of comprehensive income Revenue	2015 1,267	2014	2013
Walney (UK) Offshore Windfarms Ltd. DKK million Statement of comprehensive income Revenue Profit (loss) for the year Total comprehensive income	2015 1,267 179	2014 1,142 6	2013 985 99
Walney (UK) Offshore Windfarms Ltd. DKK million Statement of comprehensive income Revenue Profit (loss) for the year	2015 1,267 179 323 63	2014 1,142 6 271	2013 985 99 (237)
Walney (UK) Offshore Windfarms Ltd. DKK million Statement of comprehensive income Revenue Profit (loss) for the year Total comprehensive income Profit (loss) for the year attributable to non-controlling interests	2015 1,267 179 323	2014 1,142 6 271	2013 985 99 (237)
Walney (UK) Offshore Windfarms Ltd. DKK million Statement of comprehensive income Revenue Profit (loss) for the year Total comprehensive income Profit (loss) for the year attributable to non-controlling interests Balance sheet	2015 1,267 179 323 63	2014 1,142 6 271 21	2013 985 99 (237) (131)
Walney (UK) Offshore Windfarms Ltd. DKK million Statement of comprehensive income Revenue Profit (loss) for the year Total comprehensive income Profit (loss) for the year attributable to non-controlling interests Balance sheet Non-current assets	2015 1,267 179 323 63	2014 1,142 6 271 21 8,359	2013 985 99 (237) (131) 8,322
Walney (UK) Offshore Windfarms Ltd. DKK million Statement of comprehensive income Revenue Profit (loss) for the year Total comprehensive income Profit (loss) for the year attributable to non-controlling interests Balance sheet Non-current assets Current assets	2015 1,267 179 323 63 8,318 301	2014 1,142 6 271 21 8,359 276	2013 985 99 (237) (131) 8,322 262 477 182
Walney (UK) Offshore Windfarms Ltd. DKK million Statement of comprehensive income Revenue Profit (loss) for the year Total comprehensive income Profit (loss) for the year attributable to non-controlling interests Balance sheet Non-current assets Current assets Non-current liabilities	2015 1,267 179 323 63 8,318 301 712	2014 1,142 6 271 21 8,359 276 688	2013 985 99 (237) (131) 8,322 262 477
Walney (UK) Offshore Windfarms Ltd. DKK million Statement of comprehensive income Revenue Profit (loss) for the year Total comprehensive income Profit (loss) for the year attributable to non-controlling interests Balance sheet Non-current assets Current assets Current liabilities Current liabilities Carrying amount of non-controlling interests Statement of cash flows	2015 1,267 179 323 63 8,318 301 712 134	2014 1,142 6 271 21 8,359 276 688 153	2013 985 99 (237) (131) 8,322 262 477 182
Walney (UK) Offshore Windfarms Ltd. DKK million Statement of comprehensive income Revenue Profit (loss) for the year Total comprehensive income Profit (loss) for the year attributable to non-controlling interests Balance sheet Non-current assets Current assets Current liabilities Current liabilities Carrying amount of non-controlling interests Statement of cash flows Cash flows from operating activities	2015 1,267 179 323 63 8,318 301 712 134	2014 1,142 6 271 21 8,359 276 688 153	2013 985 99 (237) (131) 8,322 262 477 182
Walney (UK) Offshore Windfarms Ltd. DKK million Statement of comprehensive income Revenue Profit (loss) for the year Total comprehensive income Profit (loss) for the year attributable to non-controlling interests Balance sheet Non-current assets Current assets Current liabilities Current liabilities Carrying amount of non-controlling interests Statement of cash flows Cash flows from operating activities Cash flows from investing activities	2015 1,267 179 323 63 8,318 301 712 134 3,886	2014 1,142 6 271 21 8,359 276 688 153 3,896	2013 985 99 (237) (131) 8,322 262 477 182 3,914 602 (114)
Walney (UK) Offshore Windfarms Ltd. DKK million Statement of comprehensive income Revenue Profit (loss) for the year Total comprehensive income Profit (loss) for the year attributable to non-controlling interests Balance sheet Non-current assets Current assets Current liabilities Current liabilities Carrying amount of non-controlling interests Statement of cash flows Cash flows from operating activities	2015 1,267 179 323 63 8,318 301 712 134 3,886	2014 1,142 6 271 21 8,359 276 688 153 3,896	2013 985 99 (237) (131) 8,322 262 477 182 3,914

4 WORKING CAPITAL

DONG Energy continuously strives to optimise funds tied up in working capital

-2.9bn

The Group's net working capital, excluding trade payables relating to capital expenditures in 2015

1.3bn

The Group reduced its working capital by DKK 1,255 million relative to 2014

IN THIS SECTION

- **4.1** Inventories
- **4.2** Construction contracts
- **4.3** Trade receivables
- **4.4** Other receivables
- **4.5** Other payables
- **4.6** Change in net working capital

Working capital

DONG Energy's most significant working capital items are inventories, construction contracts, trade receivables, trade payables and other payables, including prepayments from heat customers and connection charges from power and gas customers.

Working capital items vary across the year in line with the seasonal variations in the Group's production and sales. Contracts in Wind Power for the construction of offshore wind farms with co-investors and for the construction of offshore transmission systems in the UK also vary over the year and from year to year, as payments are received in the form of milestone payments upon divestment of the transmission systems after construction.

The Group's trade payables relating to capital investments are not included in this section as they are presented as part of the cash flows from investing activities.

DKK million	2015	2014	2013
Inventories	3,567	2,938	3,560
Construction contracts, net	3,193	144	1,475
Trade receivables	7,739	8,346	8,875
Other receivables	1,737	2,632	4,315
Receivables from associates and joint ventures	6	1	97
Trade payables, excluding trade payables relating to capital expenditure	(7,092)	(6,616)	(5,796)
Other payables	(12,037)	(9,077)	(10,422)
Net working capital, excluding trade payables relating to capital expenditure, at 31.12	(2,887)	(1,632)	2,104

WORKING CAPITAL BY SEGMENT

DKK million	2015	2014	2013
Wind Power	3,077	605	2,629
Bioenergy & Thermal Power	(2,344)	(1,223)	(708)
Distribution & Customer Solutions	(4,755)	(2,686)	(279)
Oil & Gas	812	1,819	1,657
Other activities/eliminations	323	(147)	(1,195)
Net working capital, excluding trade payables relating to capital expenditure, at 31.12	(2,887)	(1,632)	2,104

4.1 INVENTORIES

DKK million	2015	2014	2013
Biomass	136	74	78
Gas	1,232	727	1,801
Coal	288	309	459
Oil	135	173	211
Green certificates	1,578	1,390	817
CO ₂ emissions allowances	127	179	96
Other inventories	71	86	98
Inventories at 31 December	3,567	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 with a view to generating gains from short-term price changes 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.

4.2 CONSTRUCTION CONTRACTS

DKK million	2015	2014	2013
Selling price of construction contracts	11,761	4,861	9,125
Progress billings	(8,568)	(4,717)	(7,650)
Construction contracts at 31 December	3,193	144	1,475
Construction contracts (assets)	3,864	1,811	1,890
Construction contracts (liabilities)	(671)	(1,667)	(415)
Construction contracts at 31 December	3,193	144	1,475

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, by reference to the completion degree of the contract at the balance sheet date and total expected income from the contract.

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.

4.2 CONSTRUCTION CONTRACTS CONTINUED

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The determination of the expected selling price of construction contracts includes estimates of the degree of completion, the value of incentive agreements, liabilities assumed, early generation 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.

Construction contracts

Construction contracts in progress relate to the construction of 50% of the offshore wind farms Borkum Riffgrund 1, Gode Wind 1 and Gode Wind 2, which are owned by co-investors and are expected to be handed over in 2016, and the construction of five offshore transmission systems in the UK, which are expected to be handed over in 2016-2020.

In 2014, construction contracts in progress concerned the construction of 50% of the offshore wind farms Borkum Riffgrund 1 and Gode Wind 2, and the construction of three offshore transmission systems in the UK. In 2013, construction contracts in progress included Anholt and Borkum Riffgrund 1 as well as the construction of two offshore transmission systems in the UK.

4.3 TRADE RECEIVABLES

DKK million	2015	2014	2013
Trade receivables, not overdue	7,345	7,544	8,401
Trade receivables, 1-30 days overdue	270	676	286
Trade receivables, more than 30 days overdue	228	229	353
Trade receivables, write-down	(104)	(103)	(165)
Trade receivables at 31 December	7,739	8,346	8,875

Trade receivables

The Group's trade receivables primarily concern residential customers in Distribution & Customer Solutions, 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 24 million (2014: DKK 17 million and 2013: DKK 48 million). Losses for the year totalled DKK 21 million (2014: DKK 63 million and 2013: DKK 53 million).

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.

4.4 OTHER RECEIVABLES

DKK million	2015	2014	2013
Receivables from the divestment of equity investments to non-controlling interests	468	408	304
Receivables from the divestment of assets and investments	1,043	665	367
VAT and other indirect taxes receivable	456	369	623
Central clearing counterparties	40	546	1,656
Prepayments	657	892	1,009
Other accounts receivable	744	990	1,248
Other receivables	3,408	3,870	5,207
Of which working capital	1,737	2,632	4,315
Of which other capital employed	754	595	588
Of which interest-bearing net debt	917	643	304

Other receivables

Receivables from the divestment of assets and investments concern primarily the divestment of 50% of the German offshore wind farm Gode Wind 1 (Wind Power) as well as receivables from the divestment of ownership interests in Glenlivet in 2014 (Oil & Gas).

Receivables from the divestment of assets and investments in 2014 primarily concerned the divestment of 50% of 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 divestment of ownership interests in Glenlivet (Oil & Gas).

The Group's central clearing counterparties comprise receivables from banks in connection with exchange trading. Prepayments consist primarily of prepaid drilling equipment and spare parts for ongoing developments and prepayments to partners.

The short-term portion of other receivables amounts to DKK 2,657 million (2014: DKK 3,357 million and 2013: DKK 4,929 million).

4.5 OTHER PAYABLES

DKK million	2015	2014	2013
Payables to associates and joint ventures	345	264	
Prepaid VAT on exports	1,549	1,357	1,357
CO ₂ rights	111	179	362
VAT and other indirect taxes payable	1,389	1,397	2,182
Pay-related items payable	838	825	888
Accrued interest	801	766	855
Virtual gas storage	40	167	593
Prepayments from heat customers	1,891	1,062	402
Grid connection charges	1,645	1,558	1,414
Other deferred income	1,037	1,289	1,436
Clearing clearing counterparties	1,952	35	
Other payables	2,223	1,605	2,127
Other payables	13,821	10,504	11,616
Of which working capital	12,037	9,077	10,422
Of which other capital employed	1,006	771	890
Of which interest-bearing net debt	778	656	304

4.5 OTHER PAYABLES

CONTINUED

Other payables

Other payables consist primarily of collateral provided in respect of counterparties in connection with trading on energy exchanges (Distribution & Customer Solutions), and constitute the primary reason for the change relative to 2014. In addition, other payables consist of debt to business partners (Oil & Gas).

The short-term portion of other payables amounts to DKK 7,908 million (2014: DKK 5,905 million and 2013: DKK 7,658 million).

4.6 CHANGE IN NET WORKING CAPITAL

Change in net working capital

The change in net working capital is due to falling oil and gas prices, higher receivables from construction contracts, and higher payables due to collateral provided in respect of counterparties in connection with trading on energy exchanges.

DKK million	2015	2014	2013
Change in inventories	(589)	705	199
Change in construction contracts	(2,879)	1,435	(685)
Change in trade receivables	432	450	(1,305)
Change in other receivables	726	2,332	(315)
Change in trade payables	539	800	(531)
Change in other payables	3,089	(1,594)	550
Change in net working capital	1,318	4,128	(2,087)
Of which change relating to construction contracts and related trade payables	(1,418)	1,395	(1,592)
Of which change relating to other working capital	2,736	2,733	(495)

5 TAX

A large part of the Group's earnings comes from Oil & Gas's activities in Norway, where oil and gas production is taxed at a rate of 78%, resulting in significant tax payments in Norway each year. DONG Energy's tax payments in other countries such as Denmark, the UK and Germany have been limited in recent years due to the significant investments made by the Group

-9.4bn

A loss before tax of DKK -9,367 million is recorded according to business performance

5.1bn

The Group's income tax paid amount to DKK 5,091 million

4.3bn

Current tax in 2015 amounts to DKK 4,315 million

IN THIS SECTION

- **5.1** Tax in the DONG Energy Group
- **5.2** Borne and collected taxes and duties
- 5.3 Tax on profit (loss) for the year
- 5.4 Deferred tax

DONG Energy's tax policy

DONG Energy's tax policy is public. DONG Energy acknowledges that tax plays a key role for society. We also believe that a responsible approach to tax is essential to the long-term sustainability of our business in the countries in which we operate.

Taxes and duties in DONG Energy

DONG Energy' borne taxes and duties are DKK 5,165 million in 2015. 90% hereof is tax to Norway relating to Oil & Gas's hydrocarbon activities. In step with the commissioning of investment projects currently in progress, the Group expects to start paying taxes to Denmark again within the near future.

Deferred tax

The development in deferred tax is significantly impacted by the impairment of property, plant and equipment in 2015.

INCOME TAX PAID BY COUNTRY

DKK million	2015
Denmark	350
Norway	4,689
UK Other	-
	52
Total	5,091

DEVELOPMENT IN DEFERRED TAX ASSETS AND LIABILITIES

DKK million	2015
Deferred tax at 1 January	3,649
Property, plant and equipment	(2,339)
Other assets	(116)
Decommissioning obligations	208
Onerous contracts	(252)
Other liabilities	725
Retaxation	247
Tax loss carryforwards	(750)
Deferred tax at 31 December	1,372

5.1 TAX IN THE DONG ENERGY GROUP

Tax policy in DONG Energy

DONG Energy acknowledges the key role that tax plays for society. DONG Energy also believes that a responsible approach to tax is essential to the long-term sustainability of the company's business in the countries where it operates.

The nature of the company's business implies that a number of different direct, indirect and colleted taxes apply and that there are many transactions between DONG Energy business units across country borders and between different tax regimes. The complexity of the company's business requires a significant focus on tax management.

DONG Energy published its tax policy in 2014. The tax policy sets out the principles by which DONG Energy manages its tax affairs and applies to the parent company DONG Energy A/S and its subsidiaries (the Group).

Compliance

DONG Energy regularly assesses internal processes and controls to ensure that the business complies with the local and the international tax rules applying to the business. The nature of the company's business and the extent of its intragroup transactions across geographical borders make transfer pricing and VAT particularly important areas when it comes to conducting DONG Energy's tax practice responsibly.

DONG Energy does not use contrived or abnormal tax structures that are intended for tax avoidance, have no commercial substance, or do not meet the spirit of local or international tax law.

In 2015, DONG Energy founded a subsidiary in the Isle of Man. The decision to establish the company was not driven by tax reasons, but was done solely with the purpose of allowing DONG Energy to bid on wind projects in the area.

Use of incentives

DONG Energy uses the incentives and tax reliefs applicable in areas where the company has commercial substance and where this is the legislator's intention. Relevant incentives, particularly for the Group's Oil & Gas business, include accelerated depreciation and amortisation etc., which the Group makes use of.

Dialogue with tax authorities

As a proactive approach to handling any uncertainties about the interpretation of tax rules, DONG Energy maintains an open dialogue with national tax authorities, both in Denmark and abroad, about completed as well as contemplated transactions.

Tax regimes to which the Group is subject

DONG Energy is subject to a number of different tax regimes in the countries in which it operates. At the end of 2015, the countries in which the Group had the most activities are Norway, Denmark and the UK.

International joint taxation

Since 2005, DONG Energy has chosen to use Danish rules on international joint taxation, which are tax rules that were originally introduced to promote Danish companies' investments abroad. International joint taxation means that depreciation and amortisation for tax purposes and expenses incurred abroad can be deducted in the Danish calculated taxable income, just as profit earned abroad is taxed in Denmark. In recent years, DONG Energy has made significant investments in Denmark and abroad, especially in wind power and in developing oil and gas production. Over the past decade, DONG Energy has thus realised significant depreciation and amortisation for tax purposes and thereby increased deductions, resulting in some of DONG Energy's Danish tax payments being postponed to subsequent years.

The rules on Danish international joint taxation only result in a postponement of the tax payments to Denmark and will thus result in increased Danish tax payments at a later point in time, corresponding to the tax savings the Group has realised from foreign investments in previous years.

The deferred tax liability resulting from Danish international joint taxation is provided for in the consolidated financial statements and amounted to DKK 2,903 million in 2015 against DKK 2,656 million in 2014 (2013: DKK 2,763 million). Reference is made to note 5.4 for a specification of deferred tax.

Local taxes

In Denmark, DONG Energy has for a number of years paid only modest income taxes. The reason for this is that the Group has incurred significant costs in connection with the establishment of wind farms, biomass conversions in Bioenergy & Thermal Power and the development and maintenance of existing production facilities in Oil & Gas. In addition, earnings in Denmark have decreased considerably due, among other things, to falling power prices. For Oil & Gas, exchange rate fluctuations have also meant that no hydrocarbon tax has been paid in recent years.

In Norway, DONG Energy pays two types of income taxes: ordinary income tax at a rate of 27% and a special tax, the so-called hydrocarbon tax, at a rate of 51% on the oil and gas extracted. The total hydrocarbon income from the extracted oil and gas is thus taxed at 78%.

5.1 TAX IN THE DONG ENERGY GROUP CONTINUED

The payment of income taxes in Norway is divided so that half of the expected income tax for the year is paid to the Norwegian State as provisional tax on account in the current year, and the remaining part is settled in the first half of the following year.

The Group's Oil & Gas activities in the UK are subject to a tax regime similar to the one in Norway as concerns taxation of oil and gas. In the UK, hydrocarbon income is subject to special income tax at a rate of 30% and hydrocarbon tax at a rate of 20%, resulting in a total rate of 50%. Ordinary income tax in, for example, our wind business is subject to ordinary income tax rules at a rate of 20% (in 2015). Concurrently with the development of our oil and gas fields, the Group has made significant investments in offshore wind farms in the UK. Due to the substantial costs associated with establishing both oil, gas and wind power production facilities in the UK, resulting in the accumulation of significant tax assets, the Group does not expect to have to pay tax in the UK in the foreseeable future.

5.2 BORNE AND COLLECTED TAXES AND DUTIES

Borne taxes and duties

DONG Energy's borne taxes and duties in 2015 consist of the Group's energy taxes, real property taxes, VAT, etc., as well as hydrocarbon tax and income tax for the year. The Group's own taxes and duties are paid primarily to Norway as a large portion of the income taxes paid by the Group is hydrocarbon tax paid to the Norwegian State.

Costs, including depreciation and amortisation for tax purposes, have for a number of years exceeded revenue in Denmark and the UK, and we have therefore not paid any significant income tax in the years from 2010 to 2013.

In 2015, DONG Energy has paid DKK 404 million in Danish corporate taxes regarding 2014.

TOTAL BORNE TAXES AND DUTIES

DKK million	2015
Energy taxes etc.	346
VAT etc.	7
PAYE tax etc.	106
Property taxes etc.	88
Income tax	4,618
Total	5,165

Taxes and duties collected on behalf of the Danish State

Collected taxes and duties consist primarily of energy taxes collected from customers, collected VAT and payroll taxes withheld on wages and salaries. Collected taxes and duties are primarily collected in Denmark and are therefore paid to the Danish State.

TOTAL COLLECTED TAXES AND DUTIES

DKK million	2015
Energy taxes etc.	7,909
VAT etc.	5,280
PAYE tax etc.	1,575
Total	14,764

5.2 BORNE AND COLLECTED TAXES AND DUTIES CONTINUED

Combined borne and collected taxes and duties

The combined taxes and duties paid and collected by DONG Energy amounted to DKK 19,929 million in 2015 against DKK 20,008 million in 2014 (2013: DKK 20,330 million). The combined taxes and duties consist of borne taxes and duties as well as taxes and duties collected.

By far the largest share of the combined taxes and duties is made up of energy taxes (41%) and VAT (22%) paid to the Danish State. In addition, significant amounts are paid each year in hydrocarbon tax to Norway (21%).

The contributions are calculated in accordance with the Total Tax Contribution (TTC) model.

TOTAL BORNE AND COLLECTED TAXES AND DUTIES (TTC MODEL)

DKK million	2015
Energy taxes etc.	8,255
VAT etc.	5,287
PAYE tax etc.	1,681
Property taxes etc.	88
Income tax	4,618
Total	19,929

5.3 TAX ON PROFIT (LOSS) FOR THE YEAR

Corporate tax

In 2015, tax on profit (loss) according to business performance for the year amounts to DKK 2,717 million against DKK 3,171 million in 2014 (2013: DKK 1,222 million). The effective tax rate was -29% in 2015 against -150% in 2014 (2013: 534%)

Three significant factors affected the effective tax rate in 2015. The tax rate is increased as a result of the taxation of earnings from oil and gas production in Norway, where hydrocarbon income is taxed at 78%. Combined with non-deductible amortisation of licence rights, the effective tax rate for Norway is 83%. In the UK, the tax rate is affected by the capitalisation of deferred tax relating to certain tax loss carryforwards in respect of previous years, which are expected to be utilised in the Group. The effective tax rate in 2015 is also significantly impacted by impairment losses in respect of assets primarily from the oil and gas business in Denmark, Norway and the UK, where tax assets are not fully recognised as there is uncertainty about the possibilities of utilising these losses in the foreseeable future.

In 2014, the tax rate was increased as a result of the taxation of earnings from oil and gas production in Norway at a rate of 84%. In addition, the tax rate was affected by losses in Oil & Gas as well as impairment in the UK, where tax assets were not recognised as there was 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.

In 2013, the tax rate was significantly affected by the fact that earnings from oil and gas production in Norway, where hydrocarbon income is taxed at 78%, were significantly higher than the Group's consolidated profit before tax, while it was reduced by non-taxable gains from divestments.

BUSINESS PERFORMANCE

2015	Profit (loss)	Tax on profit	
DKK million	before tax	(loss) for the year	Tax rate
Oil and gas activities in Norway (hydrocarbon income)	4,664	(3,887)	83%
Oil and gas exploration activities in the UK and the Faroe Islands	(67)	547	816%
Gain (loss) from divestments and other non-taxable income and	,		
non-deductible costs	23	(16)	70%
Impairment losses	(17,033)	1,236	7%
Effect of change in tax rate		63	n.a.
Rest of DONG Energy	3,046	(660)	22%
Effective tax for the year	(9,367)	(2,717)	(29%)
2014			
Oil and gas activities in Norway (hydrocarbon income)	5,817	(4,893)	84%
Oil and gas exploration activities in the UK and the Faroe Islands	(1,176)	0	0%
Gain (loss) from divestments and other non-taxable income and	(-,-,-)	,	,,,
non-deductible costs	2,766	(160)	6%
Impairment losses	(8,324)	1,632	20%
Effect of change in tax rate	0	(3)	n.a.
Rest of DONG Energy	(1,196)	253	21%
Effective tax for the year	(2,113)	(3,171)	(150%)
2013			
Oil and gas activities in Norway (hydrocarbon income)	5,364	(4,007)	75%
Oil and gas exploration activities in the UK and the Faroe Islands	(757)	0	0%
Gain (loss) from divestments and other non-taxable income and non-deductible costs	2,287	(233)	10%
Impairment losses	(5,008)	2,726	54%
Effect of change in tax rate	0	(21)	n.a.
Rest of DONG Energy	(1,657)	313	19%
Effective tax for the year	229	(1,222)	534%

ACCOUNTING POLICIES

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 consolidated financial statements and up to the date on which they are no longer included in the consolidation.

Effective tax for the year consists of current tax, changes in deferred tax and adjustment in respect of previous years. Tax on profit (loss) for the year is recognised in the income statement, and tax on other comprehensive income items is recognised in 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 include 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.

Liabilities in respect of uncertain tax positions are measured according to the single best estimate method and are recognised under income tax payable or deferred tax, depending on the relevant potential impact of the realisation of an uncertain tax position.

INCOME TAX, 2015

	Business	
DKK million	performance	IFRS
Tax on profit (loss) for the year	(2,717)	(3,524)
Tax on other comprehensive income	(881)	(74)
Tax on hybrid capital	172	172
Total tax for the year	(3,426)	(3,426)
Tax on profit (loss) for the year can be broken down as follows:		
Current tax calculated applying normal tax rates	(1,724)	(1,724)
Current tax, hydrocarbon tax calculated applying higher tax rate	(2,591)	(2,591)
Deferred tax calculated applying normal tax rates	1,197	390
Deferred tax, hydrocarbon tax calculated applying higher tax rate	429	429
Adjustment of tax concerning previous years	(28)	(28)
Tax on profit (loss) for the year	(2,717)	(3,524)
Tax on other comprehensive income can be broken down as follows:		
Current tax calculated applying normal tax rates	(74)	(74)
Deferred tax calculated applying normal tax rates	(807)	0
Tax on other comprehensive income	(881)	(74)

EFFECTIVE TAX RATE, 2015

DKK million/%	DKK million	%
Tax on profit (loss) for the year can be explained as follows:		
Calculated 23.5% tax on profit (loss) before tax (2014: 24.5% and 2013: 25%)	1,393	24
Adjustments of calculated tax in foreign subsidiaries in relation to 23.5% (2014: 24.5% and 2013: 25%)	62	1
Hydrocarbon tax	(2,162)	(37)
Tax effect of:		
Non-taxable income and non-deductible costs, net	(1,939)	(33)
Unrecognised tax assets and capitalisation of tax assets not previously capitalised	(875)	(15)
Share of profit (loss) in associates and joint ventures	24	1
Adjustment of tax concerning previous years	110	2
Effect of change in tax rate	(137)	(2)
Effective tax for the year, IFRS	(3,524)	(59)
Effective tax for the year, business performance	(2,717)	(29)

THEORIE TAX, 2014	Business	
DKK million	performance	IFRS
Tax on profit (loss) for the year	(3,171)	(4,136)
Tax on other comprehensive income	(882)	83
Tax on hybrid capital	166	166
Total tax for the year	(3,887)	(3,887)
Tax on profit (loss) for the year can be broken down as follows:		
Current tax calculated applying normal tax rates	(2,496)	(2,496)
Current tax, hydrocarbon tax calculated applying higher tax rate	(3,526)	(3,526)
Deferred tax calculated applying normal tax rates	1,941	976
Deferred tax, hydrocarbon tax calculated applying higher tax rate	1,037	1,037
Adjustment of tax concerning previous years	(127)	(127)
Tax on profit (loss) for the year	(3,171)	(4,136)
Tax on other comprehensive income can be broken down as follows:		
Current tax calculated applying normal tax rates	186	186
Deferred tax calculated applying normal tax rates	(1,068)	(103)
Tax on other comprehensive income	(882)	83

EFFECTIVE TAX RATE, 2014

DKK million/%	DKK million	%
Tax on profit (loss) for the year can be explained as follows:		
Calculated 23.5% tax on profit (loss) before tax (2014: 24.5% and 2013: 25%)	(447)	25
Adjustments of calculated tax in foreign subsidiaries in relation to 23.5% (2014: 24.5% and 2013 : 25%)	296	(16)
Hydrocarbon tax	(2,489)	136
Tax effect of:		
Non-taxable income and non-deductible costs, net	267	(15)
Unrecognised tax assets and capitalisation of tax assets not previously capitalised	(1,495)	82
Share of profit (loss) in associates and joint ventures	(141)	8
Adjustment of tax concerning previous years	(124)	6
Effect of change in tax rate	(3)	1
Effective tax for the year, IFRS	(4,136)	227
Effective tax for the year, business performance	(3,171)	(150)

INCOME TAX, 2013

DKK million	Business performance	IFRS
Tax on profit (loss) for the year	(1,222)	(1,015)
Tax on other comprehensive income	(284)	(491)
Tax on hybrid capital	224	224
Total tax for the year	(1,282)	(1,282)
Tax on profit (loss) for the year can be broken down as follows:		
Current tax calculated applying normal tax rates	(1,142)	(1,142)
Current tax, hydrocarbon tax calculated applying higher tax rate	(1,105)	(1,105)
Deferred tax calculated applying normal tax rates	1,087	1,294
Deferred tax, hydrocarbon tax calculated applying higher tax rate	(6)	(6)
Adjustment of tax concerning previous years	(56)	(56)
Tax on profit (loss) for the year	(1,222)	(1,015)
Tax on other comprehensive income can be broken down as follows:		
Current tax calculated applying normal tax rates	(289)	(289)
Deferred tax calculated applying normal tax rates	5	(202)
Tax on other comprehensive income	(284)	(491)

EFFECTIVE TAX RATE, 2013

DKK million/%	DKK million	%
Tax on profit (loss) for the year can be explained as follows:		
Calculated 23.5% tax on profit (loss) before tax (2014: 24.5% and 2013: 25%)	144	25
Adjustments of calculated tax in foreign subsidiaries in relation to 23.5% (2014: 24.5% and 2013: 25%)	14	2
Hydrocarbon tax	(1,111)	(193)
Tax effect of:		
Non-taxable income and non-deductible costs, net	502	87
Unrecognised tax assets and capitalisation of tax assets not previously capitalised	(317)	(55)
Share of profit (loss) in associates and joint ventures	(192)	(33)
Adjustment of tax concerning previous years	(34)	(6)
Effect of change in tax rate	(21)	(3)
Effective tax for the year, IFRS	(1,015)	(176)
Effective tax for the year, business performance	(1,222)	534

Tax on profit (loss) for the year and other comprehensive income

In 2015, tax on profit (loss) according to IFRS for the year amounted to DKK 3,524 million consisting of current tax of DKK 4,315 million, a change in deferred tax of DKK -819 million and an adjustment of tax in respect of previous years of DKK 28 million. The change in deferred tax for the year is primarily due to impairment losses in respect of property, plant and equipment.

In 2014, tax on profit (loss) for the year totalled DKK 4,136 million consisting of current tax of DKK 6,022 million, a change in deferred tax of DKK -2,013 million and an adjustment of tax in respect of previous years of DKK 127 million. The change in deferred tax was due to impairment losses and increased decommissioning obligations in Denmark and Norway as well as a reduction of the retaxation balance.

In 2013, tax on profit (loss) for the year amounted to DKK 1,015 million, including a change in deferred tax of DKK -1,288 million. The change in deferred tax was primarily due to impairment losses on property, plant and equipment and increased decommissioning obligations.

DEVELOPMENT IN DEFERRED TAX ASSETS AND LIABILITIES

2015	Balance sheet at I January	Exchange rate adjustments	Additions, individual assets and activities, net	Recognised in profit (loss) for the year	Transfers to assets classified as held for sale	Adjustments in respect of previous years etc.	Balance sheet at 31 December
DKK million			7 8				
Intangible assets	173			(23)		1	151
Property, plant and equipment	7,146	(96)	(276)	(2,285)	(279)	597	4,807
Other non-current assets	119	1		(165)		5	(40)
Current assets	(46)			63		2	19
Decommissioning obligations	(4,165)	137		(157)	95	133	(3,957)
Onerous contracts	(678)			(252)			(930)
Other non-current liabilities	(402)	47		54	2	66	(233)
Current liabilities	806			592		(36)	1,362
Retaxation	2,656			677		(430)	2,903
Tax loss carryforwards	(1,960)	(73)		676		(1,353)	(2,710)
Deferred tax	3,649	16	(276)	(820)	(182)	(1,015)	1,372

Development in deferred tax assets and liabilities

Of the deferred tax of DKK 1,372 million (2014: DKK 3,649 million and 2013: DKK 5,366 million), DKK 1,594 million (2014: DKK 548 million and 2013: DKK 226 million) is expected to fall due within 12 months.

In 2015, deferred tax was reduced by DKK 2,277 million, due primarily to impairment. The tax base of impairment reduced deferred tax by a total of DKK 1,236 million. Furthermore, a major adjustment of deferred tax in respect of previous years was recognised due to additional payment of income tax for 2014 for Denmark. Finally, an amount was transferred to tax payable in respect of uncertain tax positions which are expected to materialise as tax payable if the uncertain tax position is realised.

DEFERRED TAX BY SEGMENT		er	Solutions			£.
2015 DKK million	Wind Power	Bioenergy & Thermal Pow	Distribution & Customer Sol	Oil & Gas	Other activities/ eliminations	Deferred tax at 31 December
Deferred tax, assets	143	681	56	156	(762)	274
Deferred tax, liabilities	1,677	224	221	0	(476)	1,646
Unrecognised tax, assets	177	1	276	30,495	0	30,949

Deferred tax by segment

Deferred tax (equity and liabilities) in Wind Power primarily concerns property, plant and equipment which have been depreciated for tax purposes. Deferred tax assets in Bioenergy & Thermal Power and Oil & Gas are primarily attributable to property, plant and equipment for which impairment has been made.

Other activities/eliminations include the value of the deferred tax liability resulting from Danish international joint taxation (tax base of retaxation balance) as well as intragroup eliminations due to joint taxation across segments.

CONTINUED

Unrecognised deferred tax assets in 2015

Unrecognised deferred tax assets in the DONG Energy Group relate partly to unutilised losses in hydrocarbon income in Denmark and the UK, respectively, and partly to the basis of tax depreciation in Denmark in the hydrocarbon tax regime. It is considered unlikely that these tax assets can be utilised in the foreseeable future. The increase on 2014 is primarily due to impairment in Oil & Gas.

Of the non-recognised tax assets, losses in Danish hydrocarbon income (Chapter 3A of the Danish Hydrocarbon Tax Act (DHTA)) with a tax value of DKK 312 million expire in 2016. All other losses can be carried forward indefinitely.

UNRECOGNISED TAX ASSETS, OIL & GAS

DKK million	2015
Denmark, hydrocarbon income (Chapter 3 of DHTA), tax base	23,717
Denmark, hydrocarbon income (Chapter 2 of DTHA), tax base	546
UK, hydrocarbon income, special income tax and hydrocarbon tax, tax base	6,011
Greenland and the Faroe Islands, hydrocarbon income, tax base	221
Total at 31 December	30,495

DEVELOPMENT IN DEFERRED TAX ASSETS AND LIABILITIES

2014 DKK million	Balance sheet at 1 January	Exchange rate adjustments	Additions, individual assets and activities, net	Recognised in profit (loss) for the year	Recognised in other comprehensive income	Adjustments in respect of previous years etc.	Balance sheet at 31 December
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)
Onerous contracts	(619)			(59)			(678)
Other non-current liabilities	(66)	110	36	(641)	64	95	(402)
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

DEFERRED TAX BY SEGMENT			Solutions			
2014 DKK million	Wind Power	Bioenergy & Thermal Powe	Distribution & Customer Solv	Oil & Gas	Other activities/ eliminations	Deferred tax at 31 December
Deferred tax, assets	89	1,015	31	557	(1,060)	632
Deferred tax, liabilities	1,201	178	148	0	2,754	4,281
Unrecognised tax, assets	215	5	0	19,940	0	20,160

Unrecognised deferred tax assets in 2014

Unrecognised deferred tax assets in the DONG Energy Group relate primarily to the Group's Oil & Gas activities in Denmark and the UK.

CONTINUED

DEVELOPMENT IN DEFERRED TAX ASSETS AND LIABILITIES

2013 DKK million	Balance sheet at 1 January	Exchange rate adjustments	Additions, individual assets and activities, net	Recognised in profit (loss) for the year	Recognised in other comprehensive income	Adjustments in respect of previous years etc.	Balance sheet at 31 December
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)
Onerous contracts	(727)			21		87	(619)
Other non-current liabilities	(173)	3	65	196	46	(203)	(66)
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

DEFERRED TAX BY SEGMENT			ons			
2013 DKK million	Wind Power	Bioenergy & Thermal Power	Distribution & Customer Solutions	Oil & Gas	Other activities/ eliminations	Deferred tax at 31 December
Deferred tax, assets	205	605	33	0	(713)	130
Deferred tax, liabilities	1,586	(397)	723	2,292	1,292	5,496
Unrecognised tax, assets	171	6	68	12,704	0	12,949

Unrecognised deferred tax assets in 2013

Unrecognised deferred tax assets in the DONG Energy Group relate primarily to the Group's Oil & Gas activities in Denmark and the UK.

CONTINUED

ACCOUNTING POLICIES

Deferred tax is measured using the balance sheet liability method in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, this does not apply to 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 gains 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 materialise 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.

No provision is made for deferred tax on temporary differences between the carrying amounts and the tax base of acquisitions of joint operations, including licence interests.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Deferred tax assets, including the tax base of tax loss carryforwards, are reassessed on a regular basis and recognised to the extent that it is probable that they will be utilised in the foreseeable future. In DONG Energy's Oil & Gas companies, the tax losses related to new fields are recognised when production is stable. As the taxable income (loss) in the Oil & Gas business is not part of the jointly taxable income, the recognition of tax assets is assessed on a stand-alone basis. However, in Denmark and in the UK, it is possible to transfer tax losses from the ring-fenced Oil & Gas business to utilise against profit in other business areas.

When a business is conducted 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.

6 CAPITAL STRUCTURE

DONG Energy's capital consists of 43% equity and 57% hybrid capital and interest-bearing debt. The capital is raised across several financing markets, financing institutions and maturities. In addition, the Group maintains a solid cash reserve

40.4%

FFO to adjusted interest-bearing net debt was 40.4% at 31 December 2015

31.1bn

The Group's adjusted interestbearing net debt totalled DKK 31,070 million at 31 December 2015 35.4bn

The Group's cash reserve totalled DKK 35,428 million at 31 December 2015

IN THIS SECTION

- **6.1** Capital structure
- **6.2** Interest-bearing debt
- **6.3** Funds from Operations (FFO)/ adjusted interest-bearing net debt
- **6.4** Financial resources
- **6.5** Financial income and expenses
- 6.6 Hybrid capital

Financial resources

DONG Energy has decided to maintain robust financial resources to limit the company's sensitivity to unrest in the financial markets. The financial resources consist of cash, in the form of bank deposits and securities, as well as non-cancellable credit facilities from a group of strong Nordic and international banks. To ensure flexible and efficient access to financing in the bond market, DONG Energy also has an EUR 7 billion bond programme.

At 31 December 2015, the freely available cash and cash equivalents and securities totalled DKK 22,367 million, and the undrawn non-cancellable credit facilities amounted to DKK 13,061 million.

Issuance of new hybrid capital

On 6 May 2015, DONG Energy issued new hybrid bonds with a face value of EUR 600 million (coupon 3.0%). The issuance refinanced hybrid bonds issued in 2005 with an outstanding balance of EUR 600 million, which was repaid on 29 June 2015. Read more in note 6.6.

CAPITAL BASE

DKK million	2015
Equity	38,488
Hybrid capital	13,248
Interest-bearing debt	37,179
Total	88,915

6.1 CAPITAL STRUCTURE

Capital structure

Management evaluates the Group's capital structure on an ongoing basis to ensure that it is aligned with the interests of the Group and its shareholders and that it underpins the Group's strategy.

At the end of 2015, DONG Energy's capital base totalled DKK 88,915 million; it consists of equity, non-controlling interests, hybrid capital, bond loans and bank loans.

The Group's share capital did not change in 2015, but hybrid capital of EUR 600 million, issued in 2005, was repaid and replaced by new hybrid capital of the same amount.

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.

To ensure the financial strength to operate in the international energy and capital markets and secure financing on attractive terms, DONG Energy has defined a number of credit rating and capital structure targets.

The overarching capital structure targets are a credit rating of Baa1/BBB+ and an FFO/adjusted net debt credit metric of around 30%.

RATING, category BBB+ BBB-Baa3 2010 2011 2012 2013 2014 2015 2016 2020 31 Dec S&P Moody's ■ Fitch Financial objective

Credit rating

Standard & Poor's	Minimum BBB+
Moody's	Minimum Baa1
Fitch	Minimum BBB+

Plan for IPO of DONG Energy

The political agreement concerning the IPO plans for DONG Energy was published on 18 September 2015. The Danish State confirmed its intention to retain a majority stake in DONG Energy after an IPO.

Financing policy

DONG Energy manages its financing activities, debt portfolio and financial resources via various policies that are designed to ensure optimum financing arrangements and at the same time minimise DONG Energy's financial expenses and liquidity and refinancing risks.

The Group has diversified its borrowing activities among various funding sources and maturities and secured robust financial resources.

It is part of the Group's overall policy to concentrate its borrowing activities in the parent company in so far as is possible. The cash resources are made available to the Group via the internal bank.

Cash management

DONG Energy has decided to maintain robust financial resources to limit the company's sensitivity to unrest in the financial markets. The financial resources consist of cash, in the form of bank deposits and securities, as well as non-cancellable credit facilities from a group of strong Nordic and international banks.

At 31 December 2015, financial resources totalled DKK 35,428 million (2014: DKK 45,806 million and 2013: DKK 34,712 million).

6.1 CAPITAL STRUCTURE CONTINUED

Share capital

DONG Energy's share capital is DKK 4,177,263,730, divided into shares of DKK 10 (2014: DKK 4,177,263,730 and 2013: DKK 2,937,099,000). All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up.

DKK million	2015	2014	2013
Share capital at 1 January	4,177	2,937	2,937
Capital injection		1,240	
Share capital at 31 December	4,177	4,177	2,937

Dividends

The Board of Directors recommends that no dividends be paid for the 2015 financial year. No dividends were paid for the 2014 and 2013 financial years.

DKK million	2015	2014	2013
Equity attributable to shareholders of DONG Energy A/S	32,090	41,736	31,599
Hybrid capital	13,248	13,236	13,236
Non-controlling interests	6,398	6,561	6,708
Issued bonds	29,215	28,414	31,330
Bank loans	7,186	7,643	14,826
Other interest-bearing debt	778	656	304
Capital base at 31 December	88,915	98,246	98,003

Earnings per share

In connection with the injection of equity capital in 2014, new shares in DONG Energy A/S was issued with effect on average number of shares outstanding and diluted average number of shares outstanding from 2014.

DKK	2015	2014	2013
Basic earnings per share	(24.41)	(7.44)	(7.92)
Diluted earnings per share	(24.34)	(7.41)	(7.92)
'000			
Average number of shares outstanding	417,726	400,158	293,710
Dilutive effect of free shares in the share programme	1,311	1,311	0
Diluted average number of shares outstanding	419,037	401,468	293,710
DKK million			
Profit (loss) for the year	(9,453)	(2,310)	(1,591)
Coupon payments and costs after tax, hybrid capital holders of DONG Energy A/S	(714)	(588)	(765)
Non-controlling interets	(31)	(78)	29
Profit (loss) for the year attributable to shareholders of DONG Energy A/S	(10,198)	(2,976)	(2,327)

6.2 INTEREST-BEARING DEBT

Interest-bearing net debt

Interest-bearing net debt totalled DKK 9,193 million at the end of 2015, an increase of DKK 5,215 million relative to 2014. The increase is partly due to an increase in interest-bearing debt of DKK 466 million and a decrease in interest-bearing assets as a result of a smaller portfolio of securities and cash and cash equivalents. In 2014, interest-bearing net debt fell by DKK 21,825 million from DKK 25,803 million in 2013, primarily due to the DKK 13,007 million equity increase and to cash flows from operating activities substantially in excess of net investments.

Fair value of bank loans and issued bonds

At 31 December 2015, the fair value of bank loans and issued bonds was DKK 7,433 million and DKK 33,980 million, respectively, (2014: DKK 7,851 million and DKK 33,868 million, respectively, and 2013: DKK 12,910 million and DKK 34,018 million, respectively).

The fair value of issued bonds and bank loans exceeds the carrying amounts due to the fall in interest levels since the arrangement of the debt. The fair value of issued bonds, (Level 1 – quoted prices) has been determined as the market value at 31 December 2015. 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.

Loan arrangements

At 31 December 2015, DONG Energy had loan obligations totalling DKK 7,186 million (2014: DKK 7.568 million and 2013: DKK 12,689 million) 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 met 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 2015, the Group had non-cancellable credit facilities of DKK 13,061 million (2014: DKK 17,343 million and 2013: DKK 17,378 million) with a number of Nordic and international banks. In connection with these credit facilities, the Group may be met with demands requiring cancellation and repayment of any drawn amounts in the event of parties other than a group consisting of the Danish State and Danish power 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.

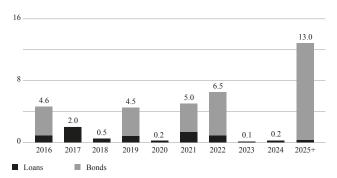
6.2 INTEREST-BEARING DEBT CONTINUED

INTEREST-BEARING DEBT AND INTEREST-BEARING ASSETS

DKK million	2015	2014	2013
Interest-bearing debt comprises:			
Bank loans	7,186	7,643	14,826
Issued bonds	29,215	28,414	31,330
Bank loans and issued bonds	36,401	36,057	46,156
Other interest-bearing debt	778	656	304
Total interest-bearing debt	37,179	36,713	46,460
Interest-bearing assets comprise:			
Securities	21,221	24,948	16,118
Cash	4,965	6,028	2,894
Receivables from associates and joint ventures	883	1,116	1,341
Other receivables	917	643	304
Total interest-bearing assets	27,986	32,735	20,657
Total interest-bearing net debt	9,193	3,978	25,803

MATURITY PROFILE,

DKK billion



The above figure indicates the maturity profile of the principal amounts of DONG Energy's loans and issued bonds. At 31 December 2015, the principal amount of outstanding loans and issued bonds was DKK 36,635 million (2014: DKK 36,291 million and 2013: DKK 46,149 million).

OUTSTANDING BONDS AT 31 DECEMBER 2015

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	700	6.250	Year 3013	Luxembourg
EUR	500	4.875	Year 3013	Luxembourg
EUR	600	3.000	Year 3015	Luxembourg

6.2 INTEREST-BEARING DEBT

CONTINUED

Interest rate risk

DONG Energy's interest rate risks relate to interest-bearing debt, interest-bearing assets and financial price hedges. The interest rate risk is managed through the composition of assets and the variability of the cash flows generated by the assets. Fixed-interest financing over a longer term is sought for assets with fixed, interest-insensitive cash flows over a longer term. Conversely, more variable-interest financing is sought for assets with more varying, interest-sensitive cash flows.

DONG Energy has hedged part of its future interest payments. The hedging is in the form of raising fixed-rate debt and entering into interest rate swaps. At the end of 2015, 89% (2014: 88% and 2013: 71%) of the Group's debt was fixed-rate debt.

At 31 December 2015, the loan portfolio had an average time to maturity of 10.9 years (2014: 10.5 years and 2013: 10.2 years).

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

Hedging of future interest payments

The table below shows interest rate swaps entered into to hedge interest payments on the loan portfolio.

At 31 December 2015, debt in the amount of DKK 5,781 million (2014: DKK 5,761 million and 2013: DKK 5,975 million) had been swapped from variable to fixed interest. The market value of interest rate swaps is negative at DKK 446 million (2014: DKK 552 million and 2013: DKK 431 million) due to the fact that the hedged interest rate exceeds the current market rate. The market value is recognised in other comprehensive income and transferred to the income statement over the term of the interest rate swap. In 2016, DKK -161 million (2014: DKK -131 million in 2015 and 2013: DKK -125 million in 2014) is expected to be transferred to the income statement.

HEDGING OF FUTURE INTEREST PAYMENTS

DKK million	Notional amount	Fair value	Recognition in comprehensive income	Expected date of	of transfer to p	profit (loss) for the year
				2016	2017	After 2017
Interest rate swaps at 31.12.2015	5,781	(446)	(461)	(161)	(101)	(199)
				2015	2016	After 2016
Interest rate swaps at 31.12.2014	5,761	(552)	(574)	(131)	(131)	(312)
				2014	2015	After 2015
Interest rate swaps at 31.12.2013	5,975	(431)	(495)	(125)	(93)	(277)

ACCOUNTING POLICIES

Issued bonds, bank loans and other payables are recognised at inception 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 expenses 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.

The fair value of issued bonds has been determined as the market value at 31 December.

The fair value of bank loans 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.

6.3 FUNDS FROM OPERATIONS (FFO)/ADJUSTED INTEREST-BEARING NET DEBT

Funds from Operations (FFO)

In connection with the preparation of the annual report for 2013, FFO to adjusted interest-bearing net debt was introduced as a new credit metric. 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, the interest element of decommissioning obligations, 50% of the hybrid capital coupon payments and calculated interest paid on the Group's operating lease obligations, operating lease payments in profit (loss) for the year and total current tax.

FUNDS FROM OPERATIONS (FFO)

DKK million	2015	2014	2013
EBITDA – business performance	18,484	16,389	15,004
Interest expenses, net	(767)	(1,145)	(1,661)
Reversal of interest expenses transferred to assets	(389)	(339)	(282)
Interest element of decommissioning obligations	(494)	(416)	(363)
50% of coupon payments on hybrid capital	(411)	(377)	(337)
Calculated interest paid on operating lease obligations	(219)	(217)	(153)
Adjusted interest expenses, net	(2,280)	(2,494)	(2,796)
Reversal of recognised operating lease payments in profit (loss)			
for the year	753	545	354
Total current tax	(4,390)	(5,835)	(2,536)
Funds from Operations (FFO)	12,567	8,605	10,026

Adjusted interest-bearing net debt

In the calculation of adjusted interest-bearing net debt, 50% of the hybrid capital is added as the Group's rating agencies use a similar calculation method. Similarly, the Group's decommissioning obligations less tax and operating lease obligations are regarded as part of the interest-bearing debt, regardless of the fact that the associated assets are not recognised under non-current assets.

The Group's adjusted interest-bearing net debt totalled DKK 31,070 million at 31 December 2015, which is an increase of DKK 7,257 million relative to 2014. The primary reason for this is the Group's programme of continued investments in both Wind Power and Oil & Gas throughout 2015.

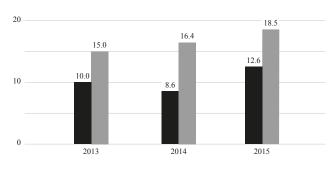
FUNDS FROM OPERATIONS (FFO)/ADJUSTED INTEREST-BEARING NET DEBT

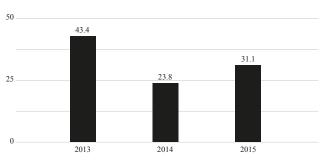
DKK million	2015	2014	2013
Total interest-bearing net debt	9,193	3,978	25,803
50% of hybrid capital	6,624	6,618	6,618
Cash and securities not available for distribution, excluding repo loans	3,818	2,519	1,678
Present value of operating lease payments	4,248	4,495	3,933
Decommissioning obligations	11,144	10,368	8,821
Deferred tax on decommissioning obligations	(3,957)	(4,165)	(3,471)
Adjusted interest-bearing net debt	31,070	23,813	43,382
Funds from Operations (FFO)	12,567	8,605	10,026
Funds from Operations (FFO)/adjusted interest-bearing net debt	40.4%	36.1%	23.1%

6.3 FUNDS FROM OPERATIONS (FFO)/ADJUSTED INTEREST-BEARING NET DEBT CONTINUED

DEVELOPMENT IN FFO AND EBITDA, DKK billion

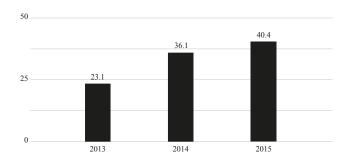






■ FFO ■ EBITDA

DEVELOPMENT IN FFO/ADJUSTED INTEREST-BEARING NET DEBT, %



6.4 FINANCIAL RESOURCES

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 significant 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 its debt maturity profile. DONG Energy therefore defines minimum financial resources for the coming calendar year. Due to divestment activities and a capital increase primarily in 2013 and 2014, the Group's cash reserves at 31 December 2015 were still significantly above the minimum financial resource level defined. At 31 December 2015, financial resources totalled DKK 35,428 million (2014: DKK 45,806 million and 2013: DKK 34,712 million). The composition of the financial resources is shown below:

FINANCIAL RESOURCES

DKK million	2015	2014	2013
Cash, available	3,677	4,782	1,909
Securities, available	18,690	23,681	15,425
Undrawn non-cancellable credit facilities	13,061	17,343	17,378
Total	35,428	45,806	34,712

6.4 FINANCIAL RESOURCES CONTINUED

Cash and cash equivalents and securities

Cash not available for use which is not part of the financial resources primarily comprises:

- cash and cash equivalents tied up for use in jointly controlled wind power projects and oil and gas licences
- cash and cash equivalents pledged as collateral for negative market values of financial instruments
- cash and cash equivalents pledged as collateral for insurance-related provisions, and
- cash and cash equivalents received from users of the North Sea oil pipeline for the maintenance of the pipeline.

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 and to a lesser extent in other bonds. Most of the securities qualify for repo transactions in Danmarks Nationalbank.

Securities not available for use comprise:

- securities that form part of genuine sale and repurchase transactions (repo transactions). At 31 December 2015, these amounted to DKK 0 million (2014: DKK 0 million and 2013: DKK 0 million)
- securities used to cover insurance-related provisions and
- securities used as collateral for negative market values of financial instruments. At 31 December 2015, these amounted to DKK 2,072 million (2014: DKK 823 million and 2013: DKK 283 million).

At 31 December 2015, DONG Energy had received collateral from trading in financial instruments of DKK 65 million (2014: DKK 321 million and 2013: DKK 192 million).

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 796 million (2014: DKK 795 million and 2013: DKK 2,796 million). Market value amounts to DKK -10 million (2014: DKK -10 million and 2013: DKK 6 million).

CASH AND CASH EQUIVALENTS AND SECURITIES

DKK million	2015	2014	2013
Cash, available	3,677	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	3,677	4,770	1,431
Cash can be specified as follows:			
Cash, available	3,677	4,782	1,909
Cash, not available for use, interest-bearing	1,288	1,252	985
Cash at 31 December	4,965	6,034	2,894
Securities can be specified as follows:			
Securities, available	18,690	23,681	15,425
Securities, not available for use, other	2,531	1,267	693
Securities at 31 December	21,221	24,948	16,118

OVERVIEW OF SECURITIES	rate	ng rate		rate	ng rate		rate	ng rate	
DKK million Maturities	Fixed	Floating	2015	Fixed	Floating	2014	Fixed	Floating	2013
0-2 years	9,146	1,621	10,767	7,774	1,263	9,037	8,505	2,127	10,632
2-5 years	6,251	2,652	8,903	10,677	1,974	12,651	2,962	2,524	5,486
After 5 years	1,207	344	1,551	2,927	333	3,260			-
Total carrying amount	16,604	4,617	21,221	21,378	3,570	24,948	11,467	4,651	16,118

6.4 FINANCIAL RESOURCES CONTINUED

MATURITY ANALYSIS OF LOANS AND BORROWINGS

2015					
DKK million	2016	2017	2018-2019	After 2019	2015
Bank loans and issued bonds					
- Principal amount	4,626	2,043	4,997	24,969	36,635
- Interest payments	1,560	1,405	2,624	11,909	17,498
Trade payables	10,673				10,673
Other payables	8,002	668	597	4,647	13,914
Derivative financial instruments	5,717	2,007	1,660	262	9,646
Liabilities relating to assets classified as held for sale	1,133				1,133
Total payment obligations	31,711	6,123	9,878	41,787	89,499
2014					
DKK million	2015	2016	2017-2018	After 2018	2014
Bank loans and issued bonds					
- Principal amount	208	4,779	2,491	28,813	36,291
- Interest payments	1,414	1,404	2,500	12,479	17,797
Trade payables	8,929	51	51		9,031
Other payables	5,913	303	488	3,820	10,524
Derivative financial instruments	5,231	2,027	1,242	748	9,248
Total payment obligations	21,695	8,564	6,772	45,860	82,891
2012					
2013 DKK million	2014	2015	2016-2017	After 2017	2013
Bank loans and issued bonds					
- Principal amount	9,389	458	6,686	29,616	46,149
- Interest payments	1,617	1,413	2,773	14,337	20,140
Trade payables	7,329				7,329
Other payables	7,691	312	302	2,990	11,295
Derivative financial instruments	5,968	1,815	1,119	302	9,204
Liabilities relating to assets classified as held for sale	2				2
Total payment obligations	31,996	3,998	10,880	47,245	94,119

Maturity analysis of loans and borrowings

The Group's cash needs in respect of its financial loans and borrowings are shown in the table above. The maturity analysis was determined at 31 December 2015.

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 2015.

The maturity analysis does not include hybrid capital. At 31 December 2015, DONG Energy had issued hybrid capital with a principal amount totalling DKK 13,435 million due in 3013 (DKK 8,957 million) and 3015 (DKK 4,478 million).

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.

6.5 FINANCIAL INCOME AND EXPENSES

NET FINANCIAL INCOME AND EXPENSES

DKK million	2015	2014	2013
Interest expenses, net	(767)	(1,145)	(1,661)
Interest element of provisions etc.	(683)	(572)	(501)
Capital losses on early repayment of loans and interest rate swaps			(665)
Value adjustments of derivative financial instruments, net	(109)	(255)	(293)
Exchange rate adjustments, net	131	534	(210)
Divestment of assets held under finance leases			(201)
Value adjustments of securities, net	(496)	(297)	(189)
Other financial income and expenses, net	(201)	25	(80)
Net financial income and expenses	(2,125)	(1,710)	(3,800)

Financial income and expenses are presented net above as currency and interest rate risks are managed on a net basis, for which reason foreign exchange gains cannot meaningfully be shown without including foreign exchange losses.

Derivative financial instruments entered into to hedge currency risks and exchange rate adjustments are presented net in the line 'Exchange rate adjustments, net'.

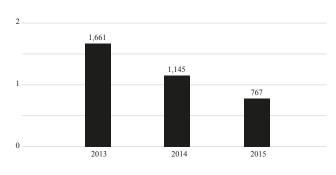
Exchange rate adjustments of currency derivatives are recognised in revenue and cost of sales with a loss of DKK 1,647 million (2014: a loss of DKK 922 million and 2013: a loss of DKK 656 million).

Borrowing costs transferred to assets under construction are calculated at the weighted average effective interest rate for general borrowing, which was 4.3% (2014: 4.1% and 2013: 4.0%).

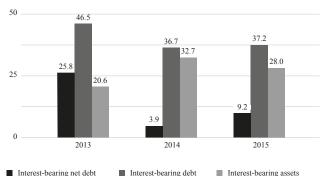
Net financial income and expenses

Net interest expenses were reduced in 2014 and 2015 due to a continuous reduction in interest-bearing debt and an increase in interest-bearing assets. As the interest rate payable on most of the debt has been fixed for a long period of time and as DONG Energy is expected to have a net financing requirement in the coming years due to investing activities, repaying the debt has not made financial sense. Instead, surplus cash is invested in securities even though the return is significantly lower than the interest paid on the debt.

DEVELOPMENT IN NET INTEREST EXPENSES,



DEVELOPMENT IN INTEREST-BEARING NET DEBT, DKK billion



ACCOUNTING POLICIES

Fair value adjustments of interest 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.

6.5 FINANCIAL INCOME AND EXPENSES CONTINUED

FINANCIAL INCOME AND EXPENSES

DKK million	2015	2014	2013
Interest income from cash etc.	147	173	267
Interest income from securities at fair value	571	499	297
Capital gains on securities at fair value	99	21	19
Foreign exchange gains	5,837	3,390	2,091
Value adjustments of derivative financial instruments	2,613	1,151	554
Other financial income	8	27	45
Financial income	9,275	5,261	3,273
Interest expenses relating to loans and borrowings	(1,874)	(2,156)	(2,507)
Interest expenses transferred to assets	389	339	282
Interest element of provisions	(626)	(534)	(501)
Capital losses on securities at fair value	(607)	(302)	(214)
Foreign exchange losses	(5,821)	(2,957)	(1,709)
Value adjustments of derivative financial instruments	(2,600)	(1,321)	(1,916)
Other financial expenses	(261)	(40)	(508)
Financial expenses	(11,400)	(6,971)	(7,073)

6.6 HYBRID CAPITAL

Hybrid capital with a total nominal value of DKK 13,435 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.

In May 2015, DONG Energy issued new hybrid bonds due in 3015 for nominally EUR 600 million (DKK 4,478 million). The issuance refinanced hybrid bonds due in 3005 and issued in 2005 with an outstanding balance of EUR 600 million.

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 3013 and hybrid bonds due in 3015. Further details on DONG Energy's three hybrid bonds are provided on the next page.

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, defer coupon payments to bond holders. Deferred coupon becomes payable, however, if DONG Energy A/S subsequently pays dividends to its shareholders or pays coupon on another hybrid bond. So far, DONG Energy A/S has not used the option to defer coupon payments. Any deferred coupon will lapse upon maturity of the hybrid bonds in 3013 and 3015, respectively.

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 coupon is discretionary, and any deferred coupon therefore lapses upon maturity of the hybrid capital. 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.

6.6 HYBRID CAPITAL CONTINUED

On redemption of the hybrid capital, the payment 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 reclassified to loans and borrowings. The reclassification will be made at the fair value of the hybrid capital at the date the decision is made. Coupon and exchange rate adjustments following the reclassification to loans and borrowings will be recognised in profit (loss) for the year as financial income or expenses.

	Hybrid capital due in 3013 (June)	Hybrid capital due in 3013 (July)	Hybrid capital due in 3015 (November)
Carrying amount	DKK 5,127 million	DKK 3,698 million	DKK 4,423 million
Notional amount	EUR 700 million (DKK 5,225 million)	EUR 500 million (DKK 3,732 million)	EUR 600 million (DKK 4,478 million)
Issued	June 2013	July 2013	May 2015
Due	June 3013	July 3013	November 3015
First possible redemption date at par	26 June 2023	8 July 2018	6 November 2020
Interest	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	Coupon for the first 5.5 years is fixed at 3.0% p.a., after which it is adjusted every five years with the 5-year euro swap + 2.819 percentage points from 2020, 3.069 percentage points from 2025 and 3.819 percentage points from 2040.
Deferral of interest payment	Optional deferral option	Optional deferral option	Optional deferral option

7 RISK MANAGEMENT

Market and credit 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

5 years

DONG Energy's energy, currency and interest rate exposures are hedged with a risk management horizon of up to five years

2.5bn

In 2015, the Group's business performance EBITDA was positively impacted by DKK 2,485 million from hedging contracts

52.9bn

Hedging contracts in the amount of DKK 52,904 million have been entered into to hedge the Group's energy and related currency risks

IN THIS SECTION

- 7.1 Market risks
- **7.2** Hedge accounting and economic hedging
- **7.3** Trading portfolio
- **7.4** Sensitivity analysis of financial instruments
- 7.5 Credit risks

Energy and currency exposures

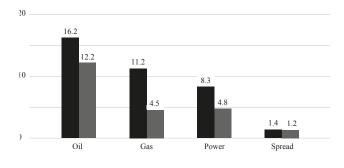
At the end of 2015, the Group's energy and currency exposures from production, sales, investments and divestments had been reduced from DKK 82.0 billion to DKK 30.9 billion via hedging.

Trading portfolio

DONG Energy has a limited trading portfolio, the main purpose of which is to optimise the execution of hedging contracts and gain from short-term energy price fluctuations. The trading activities comply with the mandates approved by the Board of Directors. Read more in note 7.3.

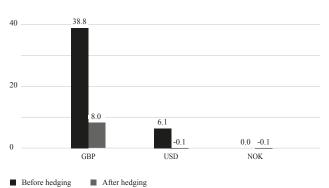
ENERGY EXPOSURE, DKK billion 2016-2020

Before hedging



After hedging

CURRENCY EXPOSURE, DKK billion 2016-2020



Market risks and market risk management

DONG Energy's most significant market risks relate primarily to energy prices, foreign exchange rates and interest rates (see note 6.2).

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

To reduce the fluctuations in the Group's cash flows in the short and medium terms, hedging contracts are concluded with a risk management horizon of up to five years. In the long term (beyond the five-year horizon), the Group's market risks are determined by the strategic choices made concerning the composition of the Group's production assets and long-term physical contracts.

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

Energy price risks

The Group's 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 or so), a high degree of hedging is wanted to secure results and cash flows after tax, 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.

DONG Energy's net oil, gas and power price exposures amount to DKK 12.2 billion, DKK 4.5 billion and DKK 4.7 billion for the 2016-2020 period.

Currency risks

DONG Energy's international activities entail a financial risk in relation to exchange rate fluctuations. The most significant risk relates to GBP due to the Group's substantial investments in offshore wind farms in the UK.

The purpose of DONG Energy's currency risk management is to minimise the Group's currency risks over a five-year horizon. The main risk management principle is that the currency exposures are hedged once it is deemed relatively certain that the underlying cash flows in foreign currencies will materialise.

Thus, hedging of the currency risk associated with the energy prices takes place concurrently with the hedging of the energy price risk. Similarly, the currency risk associated with divestments and investments is hedged once the price is known. On the other hand, due to varying and thereby uncertain correlations between exchange rates and energy prices, currency risks associated with unhedged energy price risks are not hedged. This is the case, for example, with the USD risk associated with an unhedged oil price risk.

The hedging of cash flows relating to green certificates and fixed tariff elements from offshore wind farms in the UK derogates from the main principle as the hedging of these cash flows (less operating expenses) is based on a declining level of hedging over the risk management horizon. The target is to hedge 100% of the risk in year 1, declining by 20 percentage points each year, with 20% hedging in year 5. Fluctuations in GBP therefore constitute a strategic risk for DONG Energy.

The Group's EUR risk is subject to continuous assessment, but is generally not hedged as Denmark is deemed very unlikely to abandon its fixed exchange rate policy.

DONG Energy's GBP exposures after hedging amount to DKK 8.0 billion (long position) for the 2016-2020 period, consisting of DKK 8.2 billion regarding green certificates and DKK -0.2 billion regarding other exposures. USD and NOK exposures after hedging amount to DKK 0.1 billion (short position) and DKK 0.1 billion (short position) for the 2016-2020 period.

GBP EXPOSURE BEFORE HEDGING

DKK billion	2016	2017	2018	2019	2020
From hedged energy	3.2	2.2	1.7	0.5	(0.2)
From green certificates	0.7	1.5	3.0	3.9	4.0
From divestments and investments	6.1	8.9	2.7	0.6	
Total	10.0	12.6	7.4	5.0	3.8

GBP EXPOSURE AFTER HEDGING

DKK billion	2016	2017	2018	2019	2020
From green certificates		0.6	1.5	2.5	3.5
From hedged energy, divestments etc.	(0.2)	0.1			
Total	(0.2)	0.7	1.5	2.5	3.5

CONTINUED

Wind Power

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

At the end of 2015, such fixed tariffs and guaranteed minimum prices cover 90% of the expected income from the wind power portfolio over the next five years.

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

The net exposure associated with power generation from offshore wind farms amounts to DKK 4.4 billion for the 2016-2020 period.

Bioenergy & Thermal Power

DONG Energy's CHP plant portfolio consists of gas, coal and biomass-fired plants in Denmark and a gas-fired power station in the Netherlands. The profitability of the individual CHP plants depends on the general supply and demand situation, the relative prices of the individual fuels, the price of CO₂ emissions allowances as well as the varying generation from renewable energy sources such as hydro, wind and solar power.

WIND POWER'S PRICE EXPOSURE

DKK billion	2016	2017	2018	2019	2020
Before hedging	1.3	1.4	1.8	1.7	1.8
After hedging	0.2	0.5	0.8	1.2	1.7

Risk management for the CHP plants is based on the fixing of the contribution margin for the future power generation through the concurrent selling and buying of fuel and CO₂ emissions allowances. Heat generation does not give rise to direct exposures as the associated costs are borne by the heat customers, but to indirect exposures as a large number of the Group's CHP plants produce both power and heat. The risk management horizon is three years and thus shorter than for oil and gas due to lower liquidity in the market for power, coal and carbon price hedging instruments.

At the end of 2015, the price of 48% of the expected thermal power generation in 2016 was hedged. The total net exposure associated with thermal power generation for the period 2016-2020 is DKK 1.2 billion.

Distribution & Customer Solutions

Distribution & Customer Solutions' price exposure primarily stems from the purchase and sale of gas and power.

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 gas sales are expected to be increasingly indexed to pure gas prices, while the conventional indexing relative to oil is expected to fall. In 2015, oil-indexed gas purchases accounted for 18% of total Distribution & Customer Solutions purchases. 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, the level of hedging may need adjusting.

The price risk associated with Distribution & Customer Solutions' power purchases and sales is constituted by the difference between the purchase and sales prices. The price risk relates primarily to timing differences between purchases and sales and is therefore considered to be limited.

For the 2016-2020 period, the business unit's net gas, oil and power exposures total DKK 1.0 billion (short position), DKK 0.3 billion (short position) and DKK 0.4 billion (long position), or DKK 0.9 billion in all.

DISTRIBUTION & CUSTOMER SOLUTIONS' PRICE EXPOSURE

DKK billion	2016	2017	2018	2019	2020
Before hedging	(1.4)	(0.8)	0.3	0.6	0.6
After hedging	(0.8)	(0.3)	(0.2)	(0.2)	0.6

CONTINUED

Oil & Gas

Oil & Gas's price exposures relate to the 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 2016-2020, the net gas and oil exposures amount to DKK 5.6 billion and DKK 12.5 billion, respectively, or DKK 18.1 billion in total.

OIL & GAS'S PRICE EXPOSURE

DKK billion	2016	2017	2018	2019	2020
Before hedging	3.7	4.0	5.8	7.3	7.4
After hedging	0.3	0.3	3.1	7.0	7.4

Accounting impact of hedging

DONG Energy's hedging of market risks is based on a number of different accounting principles depending on the type of risk being hedged.

Under the business performance principle, value adjustments of contracts hedging energy and related currency risks are postponed and recognised in the period in which the hedged exposure materialises. The figure below shows the expected time of transfer of the Group's energy and currency hedges to EBITDA.

EXPECTED YEAR OF TRANSFER TO BUSINESS PERFORMANCE EBITDA FOR THE GROUP

DKK billion	2016	2017	2018	After 2018
Oil	1.3	0.7	0.2	
Gas	2.9	1.0	0.7	
Power	0.8	0.4	0.2	0.1
Coal	(0.2)			
Currency	(0.7)	(0.4)	(0.2)	(0.2)
Total	4.1	1.7	0.9	(0.1)

EXPECTED YEAR OF TRANSFER TO BUSINESS PERFORMANCE EBITDA FOR OIL & GAS

DKK billion	2016	2017	2018	After 2018
Oil	2.4	1.5	0.3	0.1
Gas	1.3	1.0	0.5	
Currency	(1.0)	(0.5)		
Total	2.7	2.0	0.8	0.1

ACCOUNTING POLICIES

Exposure is calculated as the expected production (or net purchase/sale) multiplied by the forward price for the respective years. The oil and gas exposure is calculated on the basis of a reduced exposure volume so as to factor in 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 renegotiations of oil-indexed gas purchase contracts.

7.1 MARKET RISKS CONTINUED

OVERVIEW OF THE GROUP'S POSITIONS	-	Energy he	edging	Currency/interest hedging	
2015		Contractual principal amount	Fair value	Contractual principal amount	Fair value
DKK million	Note				
Economic hedging	2.2, 7.2	32,564	8,791	20,340	(1,658)
Hedging of fair value, securities	6.4			796	(10)
Hedging of fair value, currency	7.2			18,930	1,403
Hedging of cash flows, interest	6.2			5,781	(446)
Hedging of cash flows, currency	7.2			9,512	62
Hedging of net investments	7.2			27,958	(2,655)
Trading portfolio	7.3	1,672	496		
Other interest derivatives	7.2			2,752	15
Other currency derivatives	7.2			2,258	113
Total		34,236	9,287	88,327	(3,176)
Economic hedging Hedging of fair value, securities Hedging of fair value, currency Hedging of cash flows, interest Hedging of cash flows, currency Hedging of net investments Trading portfolio Other interest derivatives Other currency derivatives Total	2.2, 7.2 6.4 7.2 6.2 7.2 7.2 7.3 7.2 7.2	34,379 1,765 36,144	4,419 271 4,690	20,406 795 15,914 5,761 23,464 2,746 2,043 71,129	(651) (10) 611 (552) (1,181) 50 (87) (1,820)
Economic hedging Hedging of fair value, securities Hedging of fair value, currency Hedging of cash flows, interest Hedging of cash flows, currency Hedging of net investments	2.2, 7.2 6.4 7.2 6.2 7.2 7.2	39,480	293	7,940 2,796 15,115 5,975	(263) 6 (127) (431) 733
Trading portfolio	7.3	3,883	470	•	
Other interest derivatives	7.2	•		4,952	81
Other currency derivatives	7.2			1,331	(134)
Total		43,363	763		. ,

CONTINUED

Accounting for hedges

The above table shows the Group's derivative and hedging contracts according to method of recognition. The method of recognition and classification of hedging contracts 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 the business performance principle (see note 2.2 for detailed
 description), whereby the value adjustment is postponed and only recognised during the period in which the hedged
 transaction materialises. 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 and currencies comprises hedging of future interest payments and currency risks on future income.
- hedging of net investments comprises hedging of the currency risk associated with investments in assets located in foreign countries.
- the trading portfolio and other interest and currency derivatives are recognised at fair value in the income statement.

Note 2.2 provides further details concerning economic hedging, including information about the underlying products traded.

At 31 December 2015, the contractual value of contracts categorised as economic hedging was DKK 52,904 million against DKK 54,785 million at 31 December 2014 (2013: DKK 47,420 million).

ACCOUNTING POLICIES

DONG Energy applies the provisions on hedge accounting to derivative financial instruments and loans for hedging currency and interest rate risks. Hedging of commodities and related currency 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 that are part of the Group's trading portfolio are recognised as financial income and expenses.

DISTRIBUTION OF ENERGY HEDGING

Total	32,564
Coal	472
Power	8,351
Gas Power	17,556
Oil	6,185
DKK million	2015

7.2 HEDGE ACCOUNTING AND ECONOMIC HEDGING

Economic hedging and commercial contracts

The purpose of economic hedging is to reduce the Group's risk, for which reason the fluctuations in value are expected to be offset by the underlying exposure.

DONG Energy has entered into a number of commercial contracts under which physical delivery is made and which are managed together with the financial contracts, for which reason they are recognised at fair value in accordance with IFRS.

Under the business performance principle, the market value adjustment of contracts concluded for the purpose of economic hedging and commercial contracts is postponed to the period during which the hedged transaction affects results, see note 2.2.

DONG Energy's hedging of energy prices and commercial contracts recognised at fair value is specified below. The table shows an overall effect on EBITDA from agreements with a contractual principal amount of DKK 52,904 million (2014: DKK 54,785 million and 2013: DKK 47,420 million).

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 changes are recognised as revenue.

Under the business performance principles, economic hedging is accounted for as effective hedging, and the resulting market value adjustment is consequently postponed to the period in which the hedged transaction affects results.

2014

2013

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

2015

ECONOMIC HEDGING AND COMMERCIAL CONTRACTS

DKK million	Contractual principal amount	Fair value	Contractual principal amount	Fair value	Contractual principal amount	Fair value	
Energy							
Oil swaps	6,185	2,211	463	(194)	4,150	(190)	
Oil options					173	(2)	
Gas swaps	17,499	4,588	24,777	3,661	26,719	353	
Gas options	57	37	624	21			
Power swaps	8,179	2,154	6,948	1,269	5,211	704	
Power options	172	(8)	580	(83)	1,627	(358)	
Coal	472	(191)	987	(255)	1,600	(214)	
Currency							
Forward exchange contracts	20,340	(1,658)	20,406	(651)	5,775	(142)	
Options					2,165	(121)	
Total	52,904	7,133	54,785	3,768	47,420	30	

Hedging of net investments in foreign subsidiaries

DONG Energy's foreign activities entail a currency risk. The table below shows the distribution of the Group's net investments in foreign currencies. The currency risk is hedged through the raising of loans in foreign currencies as well as forward exchange contracts and currency swaps.

The table above presents DONG Energy's currency risk from investments in foreign enterprises after hedging. The net position expresses the accounting exposure. If, for example, the GBP/DKK exchange rate had gone up by 10% on 31 December 2015, equity would have increased by DKK 1,066 million, corresponding to 10% of 10,662.

At 31 December 2015, the accumulated exchange rate adjustments totalled DKK -167 million in the form of the exchange rate adjustment of the net investment of DKK 2,860 million and the hedging thereof of DKK -3,027 million.

Ineffectiveness relating to hedging of net investments in foreign subsidiaries was DKK 9 million (2014: DKK 24 million and 2013: DKK 8 million) and is recognised in financial income and expenses.

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.

2015 DKK million	Net investments, including equity-like loans	Of which non-controlling 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 netinvestments, including equity-like loan.	Accumulated net exchange rate adjustment recognised in equity
Currency							
GBP	39,311	(5,418)	(23,231)	10,662	3,847	(3,489)	358
NOK	4,203		(249)	3,954	(994)	487	(507)
SEK	205			205	(15)	(14)	(29)
EUR	12,159		(4,478)	7,681	22	(11)	11
Other	15			15			
Total	55,893	(5,418)	(27,958)	22,517	2,860	(3,027)	(167)
2014 Currency GBP NOK SEK EUR Other	32,858 5,505 281 4,505 9 43,158	(5,369)	(20,624) (2,840) (23,464)	6,865 2,665 281 4,505 9 14,325	1,903 (704) (43) (2) 1,154	(2,283) 672 (14) (1,625)	(380) (32) (57) (2) (471)
2013							
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)

HEDGING OF FAIR VALUE, CURRENCY

2015

DKK million	EUR	USD	GBP	NOK	Other	Total
Financial assets	16,373	2,664	7,571	214	196	27,018
Financial liabilities	(30,717)	(2,282)	(18,686)	(281)	(175)	(52,141)
Hedged using hedging instruments	6,269		12,661			18,930
Net position	(8,075)	382	1,546	(67)	21	(6,193)
Fair value of hedging instruments	14		1,389			1,403
2014						
Financial assets	16,871	779	6,833	431	321	25,235
Financial liabilities	(31,292)	(1,516)	(16,267)	(526)	(105)	(49,706)
Hedged using hedging instruments	4,020		11,894			15,914
Net position	(10,401)	(737)	2,460	(95)	216	(8,557)
Fair value of hedging instruments	(11)		622			611
2013						
Financial assets	12,036	2,180	4,646	976	395	20,233
Financial liabilities	(34,592)	(2,911)	(15,298)	(612)	(53)	(53,466)
Hedged using hedging instruments	5,036		10,079			15,115
Net position	(17,520)	(731)	(573)	364	342	(18,118)
Fair value of hedging instruments	17		(144)			(127)

Hedging of fair value, currency

The table above presents the currency risk from financial assets and liabilities based on the currencies with the greatest impact on DONG Energy. A portion of this currency risk is hedged 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.

The net position expresses the Group's currency risk from financial assets and liabilities at 31 December.

Other currency and interest derivatives

Changes to the fair value of currency and interest derivatives which are not categorised as hedging are recognised in financial income and expenses. These are shown in the table on the next page.

The contractual principal amount of other currency and interest derivatives was DKK 5,010 million at 31 December 2015 (2014: DKK 4,789 million and 2013: DKK 6,283 million), and the market value was DKK 128 million at 31 December 2015 (2014: DKK -37 million and 2013: DKK -53 million).

Cash flow hedging, currency

Forward exchange contracts have been concluded for the purpose of hedging the currency risk associated with the construction of wind farms which are expected to be divested. The forward exchange contracts corresponded to a contractual principal amount of DKK 6,204 million and a market value of DKK 113 million at 31 December 2015. The market value is expected to be transferred to revenue in the following amounts: DKK 70 million in 2016 and DKK 43 million in 2017.

Forward exchange contracts have been concluded for the purpose of hedging the currency risk associated with interest payments on loans in GBP. These forward exchange contracts correspond to a contractual principal amount of DKK 3,308 million and a market value of DKK -51 million and are expected to be transferred to financial income and expenses in the following amounts: DKK -9 million in 2016, DKK -9 million in 2017 and DKK -33 million after 2017.

Ineffectiveness of currency hedging amounted to a charge of DKK 0 million (2014: DKK -4 million and 2013: DKK -85 million).

OTHER CURRENCY AND INTEREST DERIVATIVES

2015

-,,,,,=	
4,952	81
1,331	(134)
4,789	(37)
2,746	50
2,043	(87)
5,010	128
2,752	15
2,258	113
principal amount	Fair value
	2,258 2,752 5,010 2,043 2,746 4,789

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.

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.

7.3 TRADING PORTFOLIO

DONG Energy's trading portfolio

DONG Energy has a trading portfolio which is managed by Distribution & Customer Solutions for the purpose of:

- optimising the execution of hedging contracts,
- · contributing to increased market insight, and
- profiting from short-term fluctuations in energy prices

The trading portfolio consists primarily of positions in oil, gas and power. The table on the next page shows the composition of the trading portfolio at 31 December.

The trading portfolio constitutes a small part of the Group's total portfolio of derivatives, and the associated risk is limited. Also, earnings from the trading portfolio constitute a limited share of DONG Energy's total earnings. The graph on the next page shows annual earnings from the trading portfolio in the past five years.

7.3 TRADING PORTFOLIO CONTINUED

Trading portfolio mandate

Trading activities are carried out within mandates approved by the Board of Directors. The mandates comprise a Value-at-Risk (VaR) mandate and a stress mandate and a limit for the maximum positions measured in energy units per product (oil, gas, etc.). The mandates are described on the next page. The Group's central Risk Management department performs daily follow-ups. The graph below shows the daily VaR of the trading portfolio relative to the maximum limit permitted for all products traded as part of the trading portfolio.

When hedging instruments do not fully correspond to the hedged risk, any difference between the development in market value of the hedging contract and the market value of the hedged exposure is recognised immediately in the income statement as part of the gain (loss) from the trading portfolio. The gain (loss) from the trading portfolio thus expresses the internal measurement of the performance of the trading portfolio. The trading portfolio mandates are measured on the basis of the open position, regardless of whether this is due to the transfer of an internal position which needs executing in the market, or whether the open position is due to trading with external parties. An overview of risk management principles is provided in note 7.1.

OVERVIEW OF THE GROUP'S TRADING PORTFOLIO

	20	15	20	14	2013		
DKK million	Contractual principal amount ¹	Fair value	Contractual principal amount ¹	Fair value	Contractual principal amount ¹	Fair value	
Energy							
Oil swaps	199	(312)	104	75	301	112	
Oil options					49	(1)	
Gas swaps	1,365	823	1,115	165	819	160	
Gas options			177	(3)			
Power swaps	57	8	232	76	2,537	247	
Power options			24		70	5	
CO, emissions allowances	49	(21)	102	(42)	15	(1)	
Coal	2	(2)	11		92	(52)	
Total	1,672	496	1,765	271	3,883	470	

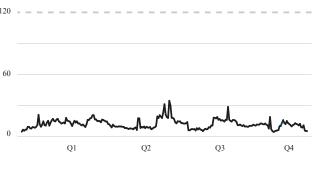
¹The contractual principal amount has been determined as the net position per derivative type.

ACCOUNTING POLICIES

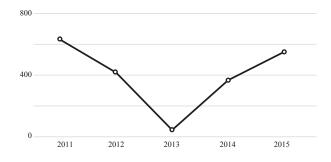
Fair value adjustments of physical and financial contracts relating to energy that are concluded in the course of the Group's trading activities with a view to generating gains from short-term price changes are recognised as revenue.



VaR Limit



GROSS PROFIT FROM THE TRADING PORTFOLIO, DKK million



7.3 TRADING PORTFOLIO

CONTINUED

MARKET TRADING MANDATES

VaR max in 2015: DKK 120 million (January 2016: DKK 70 million) VaR indicates the largest loss in one tra-

ding day to a probability of 95%. VaR is based on data for the past 60 trading days with the heaviest weighting being assigned to the most recent trading days.

Stress max in 2015: DKK 500 million (January 2016: DKK 400 million)

Stress indicates the largest daily loss which could be sustained with the given

portfolio. Stress based on data from 1 January 2006 to the present day. Maximum open positions in trading portfolio

- Max 10TWh gas
- Max 4 million boe oil
- Max 8TWh power
- Max 3 million tonnes CO,
- Max 2 million tonnes coal

7.4 SENSITIVITY ANALYSIS OF FINANCIAL INSTRUMENTS

31 December 2015

		Effect on profit (loss) before tax			
Risk	Price change	Trading portfolio	Economic hedging ¹	Effect on equity before tax	
Oil	10%	(6)	(396)		
	-10%	6	407		
Gas	10%	(18)	(928)		
	-10%	18	939		
Power	10%	(3)	(506)		
	-10%	3	515		
Coal	10%		(34)		
	-10%		34		
USD	10%	(2)	(501)	3	
	-10%	2	501	(8)	
GBP	10%	(109)	(979)	(286)	
	-10%	109	979	286	
NOK	10%		(7)		
	-10%		7		
EUR	10%	107	(288)		
	-10%	(107)	288		
Interest	100 basis points	(333)		210	

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.

7.4 SENSITIVITY ANALYSIS OF FINANCIAL INSTRUMENTS CONTINUED

31 December 2014

		Effect on profit (loss		
Risk	Price change	Trading portfolio	Economic hedging ¹	Effect on equity before tax
Oil	10%	(11)	(56)	
	-10%	11	56	
Gas	10%	(62)	(1,470)	
	-10%	58	1,484	
Power	10%	42	(464)	
	-10%	(41)	456	
Coal	10%	1	(34)	
	-10%	(1)	34	
USD	10%	(7)	(182)	
	-10%	7	182	
GBP	10%	(9)	(1,588)	
	-10%	9	1,588	
NOK	10%	4	(10)	
	-10%	(4)	10	
EUR	10%	164	(600)	
	-10%	(164)	600	
Interest	100 basis points	(426)		222

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.

31 December 2013

		Effect on profit (loss			
Risk	Price change	Trading portfolio	Economic hedging ¹	Effect on equity before tax	
Oil	10%	(16)	(219)		
	-10%	15	216		
Gas	10%	(58)	(3,244)		
	-10%	58	3,244		
Power	10%	(227)	(423)		
	-10%	229	403		
Coal	10%	(2)	(5)		
	-10%	2	5		
USD	10%	(3)	1		
	-10%	3	32		
GBP	10%	97	(612)	(526)	
	-10%	(97)	612	526	
NOK	10%	9	36		
	-10%	(9)	(36)		
EUR	10%	114	(2,042)		
	-10%	(114)	2,059		
Interest	100 basis points	(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.

7.4 SENSITIVITY ANALYSIS OF FINANCIAL INSTRUMENTS CONTINUED

The sensitivity analysis in the table shows the effect of market value changes assuming a relative price change at 31 December. 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 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.

Effect on equity before tax comprises financial instruments that remained open at the balance sheet date and are valueadjusted 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 hedged exposure had been included in the sensitivity analysis, the effect of a price change would have been reduced. The Group's expected exposures before and after hedging are illustrated in note 7.1.

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 2,796 million (2014: DKK 2,346 million and 2013: DKK 3,875 million) 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 7.2, 'Hedging of net investments in foreign subsidiaries'.

7.5 CREDIT RISKS

THE CREDIT QUALITY OF THE GROUP'S COUNTERPARTIES

DKK million	2015	2014	2013
Clearing centres	3,734	1,967	2,336
AAA/Aaa	14,877	18,962	13,969
AA/Aa	6,176	6,294	2,345
A/A	8,601	8,476	7,697
BBB/Baa	4,209	4,463	3,029
Not rated	19,547	15,161	15,474
Total credit exposure	57,144	55,323	44,850

DONG Energy's counterparty risks are mainly 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 significant 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 did not suffer any losses from any single major counterparty in the 2013-2015 period.

7.5 CREDIT RISKS

CONTINUED

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, Moody's and Fitch. Positions have been calculated before offsetting any collateral, and the figures therefore do not reflect the Group's actual credit exposure.

The AAA/Aaa category covers DONG Energy's position in Danish AAA-rated government and mortgage bonds and the non-rated category predominantly consists of trade receivables from customers such as end-users and PSO customers.

The increased credit exposure in 2014 can mainly be explained by the increase in the Group's portfolio of securities and cash and cash equivalents.

THE GROUP'S CREDIT EXPOSURE DISTRIBUTED BY LINE OF BUSINESS

DKK million	2015
Securities	21,221
Financial institutions	14,739
Not distributed	9,048
Energy and supply	6,793
Private and small businesses	2,761
Other large businesses	1,314
Oil & Gas companies	1,268
Total	57,144

OFFSETTING OF FINANCIAL ASSETS DKK million	Derivate financial instruments	Trade receivables	2015	Derivate financial instruments	Trade receivables	2014	Derivate financial instruments	Trade receivables	2013
Financial assets	29,555	39,953	69,508	21,606	17,697	39,303	3,835	19,484	23,319
Financial liabilities, offset	(19,386)	(37,843)	(57,229)	(15,635)	(15,100)	(30,735)	(2,307)	(17,275)	(19,582)
Financial assets in the balance sheet	10,169	2,110	12,279	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	(1,610)		(1,610)	(1,052)		(1,052)	(352)		(352)
Collateral received in the form of bonds	(65)		(65)	(321)		(321)	(192)		(192)
Net	8,494	2,110	10,604	4,598	2,597	7,195	984	2,209	3,193

OFFSETTING OF FINANCIAL LIABILITIES DKK million	Derivate financial instruments	Trade payables	2015	Derivate financial instruments	Trade payables	2014	Derivate financial instruments	Trade payables	2013
Financial assets	26,936	40,532	67,468	21,418	18,462	39,880	3,397	19,940	23,337
Financial liabilities, offset	(19,386)	(37,843)	(57,229)	(15,635)	(15,100)	(30,735)	(2,307)	(17,275)	(19,582)
Financial assets in the balance sheet	7,550	2,689	10,239	5,783	3,362	9,145	1,090	2,665	3,755
Amounts not offset in the balance sheet:									
Liabilities with right of set-off	(1,610)		(1,610)	(1,052)		(1,052)	(352)		(352)
Collateral received in the form of bonds	(2,072)		(2,072)	(823)		(823)	(283)		(283)
Net	3,868	2,689	6,557	3,908	3,362	7,270	455	2,665	3,120

7.5 CREDIT RISKS CONTINUED

Offsetting of financial assets and liabilities

DONG Energy has offsetting agreements with many of its financial counterparties. Both long and short positions are traded with a number of these counterparties where gross financial assets and liabilities can be significant before offsetting. 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 criteria.

The table above 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 company is entitled to and intends to settle several financial instruments net.

8 OTHER NOTES

This section contains the remaining statutory notes

163 companies

The DONG Energy group comprises 163 Danish and foreign companies

44.5bn

DONG Energy's contractual obligations are DKK 44,457 million at 31 December 2015

5.9bn

DONG Energy's operating lease obligations are DKK 5,893 million at 31 December 2015

IN THIS SECTION

- **8.1** Related-party transactions
- **8.2** Auditor's fees
- **8.3** Operating lease obligations
- **8.4** Contractual obligations
- **8.5** Assets and liabilities measured at fair value
- **8.6** Categories of financial instruments
- **8.7** Company overview
- **8.8** Events after the reporting period

Operating lease obligations

DONG Energy has entered into operating leases, both in relation to the operation of commissioned assets and the construction of offshore wind farms.

Assets held under operating leases comprise, among other things, land and seabed relating to offshore wind farms in the UK, gas storage facilities in Germany as well as harbour areas and drilling rigs. Finally, the office premises in Gentofte and London are also held under operating leases.

Contractual obligations

DONG Energy has entered into agreements on investments in property, plant and equipment in connection with the construction of offshore wind farms, biomass conversion of power station units, improvement of the power distribution grid and construction of oil and gas production facilities.

8.1 RELATED-PARTY TRANSACTIONS

JOINT VENTURES

DKK million	2015	2014	2013
Dividends received and capital reductions	53	20	
Capital transactions, net		(53)	(41)
Sales of goods and services		23	33
Purchase of goods and services	(72)	(91)	(110)
Interest, net	28	40	38
Receivables	883	879	1,202
Payables	344	261	

ASSOCIATES

DKK million	2015	2014	2013
Dividends received and capital reductions	5	2	74
Capital transactions, net		(50)	(29)
Sales of goods and services	36	92	49
Purchase of goods and services	(24)	(29)	(42)
Interest, net	(201)	1	1
Receivables	5	239	238
Payables		3	

OWNERS

DKK million	2015	2014	2013
Capital transactions, net		8,000	
Sales of goods and services	954	965	
Purchase of goods and services	(17)		
Receivables	256	102	

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 and the Executive Board and other senior executives.

Reference is made to note 8.7 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 notes 2.7 and 2.8.

Related-party transactions are made on arm's length terms. Intragroup 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.

8.2 AUDITOR'S FEES

DKK million	2015	2014	2013
Statutory audit	9	12	13
Other assurance engagements	6	2	9
Tax and VAT services	8	5	16
Non-audit services	11	7	26
Total fees to PwC	34	26	64

PwC is 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 and confidentiality. Examples of assignments undertaken by DONG Energy's auditors appointed by the general meeting include consulting and related assignments in connection with the upcoming IPO, other assurance engagements as well as accounting advice on matters closely related to annual reporting.

Other assurance engagements primarily include reviews of quarterly figures as well as review of non-financial data and of regulatory financial statements.

Tax and VAT advice primarily includes advice in connection with the divestment of assets and companies 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 IPO, divestment of assets and companies, capital injections, etc.

8.3 OPERATING LEASE OBLIGATIONS

OPERATING LEASE OBLIGATIONS BY SEGMENT

2015 DKK million	Wind Power	Bioenergy & Thermal Power	Distribution & Customer Solutions	Oil & Gas	Reporting segments	Other activities	Total
0-1 year	207	7	147	271	632	177	809
1-5 years	444	21	462		927	800	1,727
After 5 years	1,309	114	181		1,604	1,753	3,357
Total	1,960	142	790	271	3,163	2,730	5,893
Present value	1,306	82	677	183	2,248	2,000	4,248
2014							
0-1 year	278	10	148	507	943	137	1,080
1-5 years	476	24	529	208	1,237	738	1,975
After 5 years	590	130	260		980	1,733	2,713
Total	1,344	164	937	715	3,160	2,608	5,768
Present value	1,055	96	789	676	2,616	1,879	4,495
2013							
0-1 year	350	16	147	11	524	174	698
1-5 years	286	25	602	17	930	615	1,545
After 5 years	863	137	487		1,487	1,565	3,052
Total	1,499	178	1,236	28	2,941	2,354	5,295
Present value	1,125	90	1,010	26	2,251	1,682	3,933

8.3 OPERATING LEASE OBLIGATIONS

CONTINUED

SUPPLEMENTARY INFORMATION TO OPERATING LEASE OBLIGATIONS

DKK million	2015	2014	2013
Present value of lease payments	4,248	4,495	3,933
Lease payments recognised in profit (loss) for the year	753	545	354
Calculated interest expenses on lease obligations	219	217	153
Internal rate of return applied	4.5%	4.5%	4.5%

Assets held under operating leases comprise land and seabed relating to wind farms in the UK until 2039, a harbour area in Belfast, Northern Ireland until 2017 (Wind Power), a power station site in the Netherlands until 2039 (Bioenergy & Thermal Power), gas storage facilities in Germany until 2023 (Distribution & Customer Solutions), drilling rigs until 2016 (Oil & Gas), office premises in Gentofte and London until 2029 and other office premises, etc. (Other activities).

In addition, the Group has entered into leases for drilling rigs (Oil & Gas) for the period 2016-2017, which are not included in the statement of operating lease obligations. The minimum lease payments are calculated at DKK 493 million.

Lease payments relating to leasing of seabed in connection with off-shore wind farms in the UK vary with the MWh generated, but with agreed minimum lease payments.

Lease payments recognised in profit (loss) for the year amount to DKK 753 million (2014: DKK 545 million and 2013: DKK 354 million).

For the purpose of calculating the FFO/adjusted interest-bearing net debt credit metric, the present value and interest expenses of the lease obligations are calculated. The results etc. are shown in the table with supplementary information for operating lease obligations.

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 step with the construction of the asset.

8.4 CONTRACTUAL OBLIGATIONS

CONTRACTUAL OBLIGATIONS BY SEGMENT

			Distribution &		
		Bioenergy &	Customer		
DKK million	Wind Power	Thermal Power	Solutions	Oil & Gas	Total
0-1 year	19,800	984	157	924	21,865
1-5 years	19,649	137	1,255	1,548	22,589
After 5 years	3				3
2015	39,452	1,121	1,412	2,472	44,457
2014	38,418	1,041	33	3,297	42,789
2013	37,096	212	-	5,933	43,241

Contractual obligations at 31 December 2015 in Wind Power mainly relate to wind turbines, foundations and cables, etc., for construction of offshore wind farms. The obligations of Bioenergy & Thermal Power relate to biomass conversion of power station units at Studstrup Power Station and Skærbæk Power Station, among other things, while obligations in Distribution & Customer Solutions relate to roll-out of intelligent meters. In Oil & Gas the obligations relate to constructing production facilities in the Hejre field and the area west of the Shetland Islands.

8.5 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

DKK million Quoted prices (level 1) Observable imputs (level 2) inputs (level 3) Total Securities Securities 16,739 4,482 - 21,221 Total securities 16,739 4,482 - 21,221 Commodities 4,993 8,569 796 14,335 Currency 1,195 1,195 1,195 Interest 89 89 89 Total derivative financial instruments 4,993 9,853 796 36,863 Commodities 680 3,573 818 5,071 Currency 3,930 3,930 3,930 Interest 530 530 530 Total derivative financial instruments 680 8,033 818 9,531 2014 Securities 24,376 572 24,948 Securities 24,376 572 - 24,948 Total accurities 2,953 6,239 673 9,865 Currency 1,180 1,180 1,180 <th>2015</th> <th></th> <th></th> <th>Non-observable</th> <th></th>	2015			Non-observable	
Securities 16,739 4,482 21,221 Total securities 16,739 4,482 - 21,221 Commodities 4,993 8,569 796 14,358 Currency 1,195 1,195 1,195 Interest 89 796 15,642 Total derivative financial instruments 4,993 9,853 796 15,642 Total assets 21,732 14,335 796 36,863 Commodities 680 3,573 818 5,071 Currency 3,930 3,930 3,930 Interest 530 530 530 Total derivative financial instruments 680 8,033 818 9,531 2014 2 24,376 572 24,948 Securities 24,376 572 - 24,948 Total securities 2,953 6,239 673 9,865 Currency 1,180 1,180 1,180 Interest 1,48 1		Quoted prices	Observable inputs	inputs	
Total securities 16,739 4,482 - 21,221 Commodities 4,993 8,569 796 14,358 Currency 1,195 1,195 Interest 89 89 Total derivative financial instruments 4,993 9,853 796 36,663 Commodities 680 3,573 818 5,071 Currency 3,930 3,930 3,930 Interest 530 530 530 Total derivative financial instruments 680 8,033 818 9,531 Total equity and liabilities 680 8,033 818 9,531 Total equity and liabilities 24,376 572 24,948 Securities 24,376 572 - 24,948 Commodities 2,953 6,239 673 9,865 Currency 1,180 1,180 1,180 Interest 148 148 148 Total derivative financial instruments 2,953 7,567 673	DKK million	,	(level 2)	(level 3)	
Commodities 4,993 8,569 796 14,358 Currency 1,195 1,195 1,195 Interest 89 89 89 Total derivative financial instruments 4,993 9,853 796 15,642 Total assets 21,732 14,335 796 36,863 Commodities 680 3,573 818 5,071 Currency 3,930 3,930 3,930 Interest 530 530 530 Total derivative financial instruments 680 8,033 818 9,531 2014	Securities		4,482		21,221
Currency Interest 1,195 89 1,195 89 Interest 89 89 Total derivative financial instruments 4,993 9,883 796 15,642 Total assets 21,732 14,335 796 36,863 Commodities 680 3,573 818 5,071 Currency 3,930 530 530 Interest 530 530 530 Total derivative financial instruments 680 8,033 818 9,531 Total equity and liabilities 680 8,033 818 9,531 2014 Securities 24,376 572 24,948 Total securities 24,376 572 24,948 Commodities 2,953 6,239 673 9,865 Currency 1,180 1,180 1,180 Interest 148 148 148 148 Total derivative financial instruments 2,953 7,567 673 11,193 Total derivative financial instruments	Total securities		, -	-	
Interest 89 89 Total derivative financial instruments 4,993 9,8853 796 15,642 Total assets 21,732 14,3355 796 36,863 Commodities 680 3,573 818 5,071 Currency 3,930 3,930 3,930 Interest 530 530 530 Total derivative financial instruments 680 8,033 818 9,531 Total equity and liabilities 680 8,033 818 9,531 2014 Securities 24,376 572 24,948 Securities 24,376 572 - 24,948 Total securities 2,953 6,239 673 9,865 Currency 1,180 1,180 1,180 1,180 Interest 148 148 148 148 148 148 148 148 148 148 148 148 148 148 148 148 148 148 148	Commodities	4,993	8,569	796	14,358
Total derivative financial instruments 4,993 9,853 796 36,863 Total assets 21,732 14,335 796 36,863 Commodities 680 3,573 818 5,071 Currency 3,930 3,930 Interest 530 530 Total derivative financial instruments 680 8,033 818 9,531 Total quity and liabilities 680 8,033 818 9,531 Total equity and liabilities 680 8,033 818 9,531 Total securities 24,376 572 24,948 Securities 24,376 572 - 24,948 Total securities 2,953 6,239 673 9,865 Currency 1,180 1,180 1,180 1,180 Interest 148 148 148 148 Total assets 2,953 7,567 673 11,193 Total derivative financial instruments 2,884 1,831 461 5,17	Currency		1,195		1,195
Total assets 21,732 14,335 796 36,863 Commodities 680 3,573 818 5,071 Currency 3,930 3,930 Interest 530 530 Total derivative financial instruments 680 8,033 818 9,531 Total equity and liabilities 680 8,033 818 9,531 2014 Securities 24,376 572 24,948 Securities 24,376 572 - 24,948 Commodities 2,953 6,239 673 9,865 Currency 1,180 1,180 1,180 1,180 Interest 148 148 148 148 Total derivative financial instruments 2,953 7,567 673 11,193 Total assets 27,329 8,139 673 36,141 Commodities 2,884 1,831 461 5,176 Currency 2,884 4,978 461 8,323	Interest		89		89
Commodities 680 3,573 818 5,071 Currency 3,930 3,930 3,930 Interest 530 530 530 Total derivative financial instruments 680 8,033 818 9,531 Zotal equity and liabilities 24,376 572 24,948 Commodities 2,953 6,239 673 9,865 Currency 1,180 1,180 1,180 Interest 148 148 148 Total derivative financial instruments 2,953 7,567 673 11,193 Total assets 27,329 8,139 673 36,141 Currency 2,884 1,831 461 5,176 Currency 2,884 4,978	Total derivative financial instruments	4,993	9,853	796	15,642
Currency Interest 3,930 solutions 3,931 solutions 3,931 solutions 3,941 solutions 3,943 solutions 4,948 so	Total assets	21,732	14,335	796	36,863
Interest 530 530 Total derivative financial instruments 680 8,033 818 9,531 Total equity and liabilities 680 8,033 818 9,531 2014 Securities 24,376 572 24,948 Total securities 24,376 572 - 24,948 Commodities 2,953 6,239 673 9,865 Currency 1,180 1,180 1,180 Interest 148 148 148 Total derivative financial instruments 2,953 7,567 673 11,193 Total derivative financial instruments 2,953 7,567 673 11,193 Total derivative financial instruments 2,953 7,567 673 36,141 Commodities 2,884 1,831 461 5,176 Currency 2,489 2,489 2,489 Interest 658 658 658 Total equity and liabilities 2,884 4,978 461 8,323	Commodities	680	3,573	818	5,071
Total derivative financial instruments 680 8,033 818 9,531 Total equity and liabilities 680 8,033 818 9,531 2014 Securities 24,376 572 24,948 Total securities 24,376 572 - 24,948 Commodities 2,953 6,239 673 9,865 Currency 1,180 1,180 1,180 Interest 148 648 1,180 Interest 148 673 31,193 Total derivative financial instruments 2,953 7,567 673 11,193 Total assets 27,329 8,139 673 36,141 Commodities 2,884 1,831 461 5,176 Currency 2,884 4,978 461 8,323 Total derivative financial instruments 2,884 4,978 461 8,323 Total securities 16,118 - - 16,118 Total securities 16,118 -	Currency		3,930		3,930
Total equity and liabilities 680 8,033 818 9,531	Interest		530		530
Securities 24,376 572 24,948 Total securities 24,376 572 - 24,948 Commodities 2,953 6,239 673 9,865 Currency 1,180 1,180 1,180 Interest 148 148 148 Total derivative financial instruments 2,953 7,567 673 11,193 Total assets 27,329 8,139 673 36,141 Commodities 2,884 1,831 461 5,176 Currency 2,489 2,489 2,489 1,180	Total derivative financial instruments	680	8,033	818	9,531
Securities 24,376 572 24,948 Total securities 24,376 572 - 24,948 Commodities 2,953 6,239 673 9,865 Currency 1,180 1,180 1,180 Interest 148 148 148 Total derivative financial instruments 2,953 7,567 673 11,193 Total assets 27,329 8,139 673 36,141 Commodities 2,884 1,831 461 5,176 Currency 2,489 2,489 2,489 Interest 658 658 658 Total derivative financial instruments 2,884 4,978 461 8,323 2013 Securities 16,118 - - 16,118 Commodities 1,804 5,415 765 7,984 Currency 1,008 1,008 1,008 Interest 155 155 155 Total derivative financial instruments 1,8	Total equity and liabilities	680	8,033	818	9,531
Securities 24,376 572 24,948 Total securities 24,376 572 - 24,948 Commodities 2,953 6,239 673 9,865 Currency 1,180 1,180 1,180 Interest 148 148 148 Total derivative financial instruments 2,953 7,567 673 11,193 Total assets 27,329 8,139 673 36,141 Commodities 2,884 1,831 461 5,176 Currency 2,489 2,489 2,489 Interest 658 658 658 Total derivative financial instruments 2,884 4,978 461 8,323 2013 Securities 16,118 - - 16,118 Commodities 1,804 5,415 765 7,984 Currency 1,008 1,008 1,008 Interest 155 155 155 Total derivative financial instruments 1,8					
Total securities 24,376 572 - 24,948 Commodities 2,953 6,239 673 9,865 Currency 1,180 1,180 1,180 Interest 148 148 148 Total derivative financial instruments 2,953 7,567 673 11,193 Total assets 27,329 8,139 673 36,141 Commodities 2,884 1,831 461 5,176 Currency 2,489 2,489 Interest 658 658 Total derivative financial instruments 2,884 4,978 461 8,323 Total equity and liabilities 2,884 4,978 461 8,323 Total securities 16,118 - - 16,118 Total securities 1,804 5,415 765 7,984 Currency 1,008 1,008 1,008 Interest 155 155 155 Total derivative financial instruments 1,804					
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	Total equity and liabilities	2,856	4,742	921	8,519

The table shows the distribution of assets and liabilities recognised at fair value based on their calculated fair values. Market values are included in 'quoted prices (level 1)' if the fair value can be derived directly from an active market, for example for listed securities. Market values are included in 'observable inputs (level 2)' if the market value has been calculated using inputs which can be derived from active markets etc. Market values are included in 'non-observable inputs (level 3)' if the market value has been calculated using inputs which cannot be derived from active markets etc., often because trading in the active market is within a short time horizon. The valuation of this group is therefore subject to some uncertainty.

8.5 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.

The most significant parameter resulting in contracts being classified as level 3 (material non-observable inputs) is the power price. Normally, the price can be observed for a maximum of five years in the power market, after which an active market no longer exists. Beyond the five-year horizon, the energy price is thus projected on the basis of material non-observable inputs, with the projection being based on the observable forward price for years 1 to 5. As the forward price of power develops stably during the five-year period for which an observable price is available, the projection over a small number of years is not deemed to be associated with any material risk.

ACCOUNTING POLICIES

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 the purchase/sale of, in particular, power and gas, and oil options. The fair values are based on assumptions concerning the long-term prices of, in particular, power, 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 power, 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.

All assets and liabilities measured at fair value are measured on a recurring basis.

8.6 CATEGORIES OF FINANCIAL INSTRUMENTS

DKK million	2015	2014	2013
Financial assets measured at fair value through profit (loss) for the year (Derivative financial instruments)	8,213	10,234	7,806
Financial assets measured at fair value through profit (loss) for the year (Securities)	21,221	24,948	16,118
Financial assets used as hedging instruments	7,429	959	1,341
Loans and receivables	15,548	17,841	16,612
Available-for-sale financial assets	190	242	261
Financial liabilities measured at fair value through profit (loss) for the year	456	6,232	7,359
Financial liabilities used as hedging instruments	9,075	2,091	1,160
Financial liabilities measured at amortised cost	53,255	48,529	57,330

Categories of financial instruments

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 6.2.

8.7 COMPANY OVERVIEW

Parent company	Segment/company/registered office	Type ¹	Ownership interest
Nind Power	Parent company		
A2Sea A.S., Fredericia, Denmark A2Sea Deutschland GmbH, Hamburg, Germany A2Sea Lid., London, UK A1Sea Lid., London, UK A1Sea Lid., London, UK S S S S S S S S S S S S S S S S S S S			-
A2Sea Ltd., London, UK A2Sea Ltd., London, UK A2Sea Ltd., London, UK A2Sea Ltd., London, UK Barrow Olfshore Wind Ltd., London, UK Barrow Olfshore Wind Ltd., London, UK S Barrow Olfshore Wind Ltd., London, UK S Barrow Olfshore Wind Ltd., London, UK S By State Wind Lt.C., Delaware, USA S Borkum Riffgrund I Holding A/S, Fredericia, Denmark S Borkum Riffgrund I Holding A/S, Fredericia, Denmark S Breweretien II Wind Farm B.V., Rotterdam, the Netherlands S Breevertien II Wind Farm B.V., Rotterdam, the Netherlands S Breevertien II Wind Farm B.V., Rotterdam, the Netherlands S Cetile Arnay Ltd., Berkshire, UK S CT Offshore A/S, Fredericia, Denmark S CT Offshore A/S, Fredericia, Denmark S DONG Energy -Anholt Offshore A/S, Fredericia, Denmark S DONG Energy Sorkum Riffgrand I Holdico Gembl, Hamburg, Germany S DONG Energy Borkum Riffgrand I Holdico Gembl, Hamburg, Germany S DONG Energy Borkum Riffgrand I Holdico Gembl, Hamburg, Germany S DONG Energy Borkum Riffgrand West I GmbH, Hamburg, Germany S DONG Energy Borkum Riffgrand West I GmbH, Hamburg, Germany S DONG Energy Borkum Riffgrand West I GmbH, Hamburg, Germany S DONG Energy Burbo (UK) Ltd., London, UK S DONG Energy Burbo (UK) Ltd., London, UK S DONG Energy Burbo Extension (UK) Ltd., London, UK S DONG Energy Burbo Extension (UK) Ltd., London, UK S DONG Energy Gode Wind 2 Holding GmbH, Hamburg, Germany S DONG Energy Gode Wind Birding, Germany S DONG Energy Gode Wind Birding, Germany S DONG Energy Horns Rev 2 A/S, Fredericia, Denmark S DONG Energy Horns Rev 1 A/S, Fredericia, Denmark S DONG Energy Horns Rev 2 A/S, Fredericia, Denmark S DONG Energy Horns Rev 2 A/S, Fredericia, Denmark S DONG Energy Horns Rev 2 A/S, Fredericia, Denmark S DONG Energy Horns Rev 2 A/S, Fredericia, Denmark S DONG Energy Horns Rev 2 A/S, Fredericia, Denmark S DONG Energy Horns Rev 2 A/S, Fredericia, Denmark S DONG Energy Nysted I A/S, Fredericia, Denmark S DONG Energy Nysted I A/S, Fredericia, Denmark S DONG Energy Nysted I A/S, Fredericia, Denmark S DONG Energy Newer (UK) Ltd., London, UK S DON	Wind Power		
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8.7 COMPANY OVERVIEW

CONTINUED

Segment/company/registered office	Type ¹	Ownership interest
Eolien Maritimes de France S.A.S., Paris, France	A	40%
Gode Wind 04 GmbH, Hamburg, Germany	S	100%
Gode Wind 1 Offshore Wind Farm GmbH & Co. oHG, Norden, Germany	JO	50%
Gode Wind 2 Offshore Wind Farm P/S GmbH & Co. oHG, Norden, Germany	JO	50%
Gunfleet Sands Ltd., London, UK	S	100%
Gunfleet Sands II Ltd., London, UK	S	100%
Gunfleet Sands Holding Ltd., London, UK	S	50%
Heron Wind Ltd., London, UK	S	100%
Horns Rev I Offshore Wind Farm	JO	40%
Lincs Renewable Energy Holdings Ltd., London, UK	JV	50%
Lincs Wind Farm Ltd., Aberdeen, UK	JV	50%
London Array Ltd., Kent, UK	JO	25%
London Array Unincorporated JV	JO	25%
Morecambe Wind Ltd., London, UK	JO	50%
Njord Ltd., London, UK	S	100%
Northern Energy OWP West GmbH, Hamburg, Germany	S	100%
Nysted Havmøllepark I	JO	50%
OFTRAC Ltd., London, UK	S	100%
Optimus Wind Ltd., London, UK	S	100%
Optimus Wind Transmission Ltd., London, UK	S	100%
P/S New Energy Solutions, Copenhagen, Denmark	A	22%
Rhiannon Wind Farm Ltd., Windsor, UK	JV	100%
Scarweather Sands Ltd., Coventry, UK	JV	50%
SMart Wind Ltd., London, UK	S	100%
	S	100%
SMart Wind SPC5 Ltd., London, UK SMart Wind SPC6 Ltd., London, UK	S	100%
SMart Wind SPC6 Ltd., London, UK SMart Wind SPC7 Ltd., London, UK	S	100%
SMart Wind SPC7 Ltd., London, UK SMart Wind SPC8 Ltd., London, UK	S	100%
		90%
UMBO GmbH, Hamburg, Germany	A	
VI Aura Transmission Ltd. London, UK	S	100%
VI Aura Transmission Ltd., London, UK	S	100%
Walney (UK) Offshore Windfarms Ltd., London, UK	S	50%
West of Duddon Sands	JO	50%
West Rijn Wind Farm B.V., Rotterdam, the Netherlands	S	100%
Westermost Rough (Holding) Ltd., London, UK	JO	50%
Westermost Rough Ltd., London, UK	JO	100%
Bioenergy & Thermal Power	C	1000/
Cure DONG Energy REnescience B.V., Rotterdam, the Netherlands	S	100%
DE Thermal Power Nr. 1 A/S, Fredericia, Denmark	S	100%
DONG Energy Holding Ludwigsau I GmbH, Hamburg, Germany	S	100%
DONG Energy Kraftwerke Emden GmbH in liquidation, Hamburg, Germany	S	100%
DONG Energy Kraftwerke Greifswald Verwaltungs GmbH in liquidation, Hamburg, Germany	S	100%
DONG Energy Kraftwerke Holding GmbH, Hamburg, Germany	S	100%
DONG Energy Maabjerg Energy Concept A/S, Fredericia, Denmark	S	70%
DONG Energy Netherlands B.V., Rotterdam, the Netherlands	S	100%
DONG Energy New Bio Solutions (China) A/S, Fredericia, Denmark	S	100%
DONG Energy New Bio Solutions Co. Ltd., Beijing, China	S	100%
DONG Energy New Bio Solutions Holding A/S, Fredericia, Denmark	S	100%
DONG Energy Power Rotterdam B.V., Rotterdam, the Netherlands	S	100%
DONG Energy REnescience Northwich Ltd., London, UK	S	100%
DONG Energy REnescience Northwich O&M Ltd., London, UK	S	100%

8.7 COMPANY OVERVIEW

CONTINUED

Segment/company/registered office	Type ¹	Ownership interest
DONG Energy SP (UK) Ltd., London, UK	S	100%
DONG Energy SP Holding (UK) Ltd., London, UK	S	100%
DONG Energy Thermal Power A/S ³ , Fredericia, Denmark	S	100%
DONG Energy Waste (UK) Ltd., London, UK	S	100%
Emineral A/S, Aalborg, Denmark	JV	50%
Enecogen V.O.F, Rotterdam, the Netherlands	JO	50%
Haderslev Kraftvarmeværk A/S, Fredericia, Denmark	S	100%
Inbicon A/S, Fredericia, Denmark	S	100%
Konsortiet for etablering af Maabjerg Energy Concept I/S, Holstebro, Denmark	NC	50%
Pyroneer A/S, Fredericia, Denmark	S	100%
REnescience A/S, Fredericia, Denmark	S	100%
Severn Power Funding Ltd., London, UK	S	100%
Stigsnæs Vandindvinding I/S, Slagelse, Denmark	NC	64%
Vejen Kraftvarmeværk A/S, Fredericia, Denmark	S	100%
Distribution & Customer Solutions		
Dansk Gasteknisk Center A/S, Rudersdal, Denmark	A	36%
DONG Energy AB, Gothenburg, Sweden	S	100%
DONG Energy Eldistribution A/S, Fredericia, Denmark	S	100%
DONG Energy Infrastructure GmbH ³ , Hamburg, Germany	S	100%
DONG Energy Leitung E GmbH, Hamburg, Germany	S	100%
DONG Energy Markets GmbH, Hamburg, Germany	S	100%
DONG Energy Pipelines A/S, Fredericia, Denmark	S	100%
DONG Energy Power Sales UK Ltd., London, UK	S	100%
DONG Energy Real Estate A/S, Fredericia, Denmark	S	100%
DONG Energy S&D UK Ltd., London, UK	S	100%
DONG Energy Sales (UK) Ltd., London, UK	S	100%
DONG Energy Sales & Distribution A/S ³ , Fredericia, Denmark	S	100%
DONG Energy Sales GmbH, Hamburg, Germany	S	100%
DONG Energy Salg & Service A/S³, Fredericia, Denmark	S	100%
DONG Energy Services B.V., Hertogenbosch, the Netherlands	S	100%
DONG Energy Speicher E GmbH, Hamburg, Germany	S	100%
DONG Energy Speicher R GmbH, Hamburg, Germany	S	100%
DONG Gas Distribution A/S³, Fredericia, Denmark	S	100%
DONG Offshore Gas Systems A/S, Fredericia, Denmark	S	100%
DONG Oil Pipe A/S ³ , Fredericia, Denmark	S	100%
Etzel-Kavernenbetriebs-verwaltungsgesellschaft mbH, Bremen, Germany	A	33%
Etzel-Kavernenbetriebsgesellschaft mbH & Co. KG, Bremen, Germany	A	33%
Kalundborg Bioenergi ApS, Skanderborg, Denmark	S	40%
Oil & Gas		
DONG E&P A/S ³ , Fredericia, Denmark	S	100%
DONG E&P DK A/S³, Fredericia, Denmark	S	100%
DONG E&P Føroyar P/F, Torshavn, Faroe Islands	S	100%
DONG E&P Grønland A/S, Sermersooq, Greenland	S	100%
DONG E&P Norge A/S, Stavanger, Norway	S	100%
DONG E&P nr. 1 2008 A/S ² , Fredericia, Denmark	S	100%
DONG E&P Services (UK) Ltd., London, UK	S	100%
DONG E&P (Siri) UK Ltd., London, UK	S	100%
DONG E&P (UK) Ltd., London, UK	S	100%
Shetland Land Lease Ltd., London, UK	A	20%

COMPANY OVERVIEW 8.7 CONTINUED

Segment/company/registered office	Type ¹	Ownership interest
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%
DONG Energy Oil & Gas A/S3, Fredericia, Denmark	S	100%
DONG Insurance A/S³, Fredericia, Denmark	S	100%
EM El Holding A/S, Fredericia, Denmark	S	100%
EnergiGruppen Jylland El A/S, Fredericia, Denmark	S	100%
EnergiGruppen Jylland El Holding A/S, Fredericia, Denmark	S	100%
Lithium Balance A/S, Ishøj, Denmark	A	20%

S = subsidiary, A = associate, JO = joint operation, JV = joint venture, NC = non-consolidated entity.

8.8 EVENTS AFTER THE REPORTING PERIOD

DONG Energy concludes on the strategic review of O&G business

On 26 January 2016, DONG Energy concluded on the strategic review of its Oil & Gas business with among others the following key conclusions:

- DONG Energy has decided to keep O&G as part of the planned IPO. Going forward, the cash flows from O&G will be part of funding DONG Energy's investments in renewable energy.
- In line with the rest of the industry, O&G needs to adapt to the significant decline in oil and gas prices. Actions are being undertaken to de-risk the O&G portfolio and focus on cash generation within the new market reality.

DONG Energy to build Hornsea offshore wind farm

On 3 February 2016, the Board of Directors of DONG Energy decided that the Group shall invest in building the offshore wind farm Hornsea Project One in the UK with a capacity of 1.2 gigawatt.

The offshore wind farm will on completion become the world's largest offshore wind farm and is expected to be fully commissioned in 2020. Hornsea was granted a Final Investment Decision Enabling contract (Contract of Difference) by the UK government and will receive a fixed tariff for the first 15 years of production.

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.

ANNEX A—ARTICLES OF ASSOCIATION OF DONG ENERGY A/S

AS LAST AMENDED ON 20 May 2016

- 1 NAME
- 1.1 The name of the Company is DONG Energy A/S.
- 1.2 The Company also carries on business under the secondary name Dansk Olie og Naturgas A/S.
- 2 REGISTERED OFFICE AND CORPORATE LANGUAGE
- 2.1 The registered office of the Company is in the Municipality of Fredericia.
- 2.2 The corporate language of the Company is English.
- 3 OBJECTS
- 3.1 The objects of the Company are to carry on business in the energy sector and activities related thereto.
- 4 SHARE CAPITAL AND AUTHORISATIONS TO INCREASE THE SHARE CAPITAL
- 4.1 The Company's share capital is DKK 4,177,263,730 divided into shares of DKK 10 each or multiples thereof.
- 4.2 At the extraordinary general meeting on 20 February 2014 the shareholders authorised the Company's Board of Directors until 19 February 2019 to increase the share capital of the Company on one or several occasions without pre-emptive rights for the existing shareholders by up to nominally DKK 490,000,000 by way of conversion of debt in exchange for issuance of compensation shares to the shareholders (or their permitted assignees) that subscribed for shares in connection with the capital increase in the Company adopted on 20 February 2014. The capital increase shall take place at market price.
- 4.3 In connection with any single or aggregate exercise of the authorisation in article 4.2 the Board of Directors shall ensure that the total number of shares and voting rights in the Company owned by the Danish State (represented by the Ministry of Finance) always shall represent more than 50% of the total shares and voting rights of the Company following any such increase in the Company's share capital.
- 4.4 At the extraordinary general meeting on 20 February 2014 the shareholders authorised the Company's Board of Directors until 19 February 2019 to increase the share capital of the Company on one or several occasions without pre-emptive rights for the existing shareholders by up to nominally DKK 26,868,840 by issuance of bonus shares to employees, including executive employees and leaders, of the Company and a number of its (directly and/or indirectly) wholly owned subsidiaries. For the avoidance of doubt, such bonus shares may be issued to an account in the name of the Company for distribution to the relevant employees, including executive employees and leaders.
- 4.5 The following shall apply to any increase of the share capital pursuant to articles 4.2 and 4.4: (i) the new shares shall be issued to named holders and shall be registered by name in the Company's register of shareholders, (ii) the new shares shall be negotiable instruments, (iii) no restrictions shall apply to the transferability of the new shares, (iv) the new shares shall be registered with VP Securities A/S and will thus be subject to the rules applicable to shares registered with VP Securities A/S, and (v) the new shares shall carry the same rights as the Company's existing shares, including the same pre-emptive subscription rights in connection with future capital increases as the existing shares.
- 4.6 The Board of Directors shall decide on the further conditions for effecting the capital increases pursuant to the authorisations in articles 4.2 and 4.4, including decision on when the rights attached to the new shares shall accrue. The Board of Directors is authorised to make the required amendments of the Articles of Association if the authorisations in articles 4.2 and/or 4.4 to increase the share capital are exercised.

5 SHARES AND REGISTER OF SHAREHOLDERS

- 5.1 The shares of the Company shall be issued to named holders and shall be registered in the name of holder in the Company's register of shareholders.
- 5.2 The Company's shares are negotiable instruments. No restrictions apply to the transferability of the shares.
- 5.3 No shareholder shall be under an obligation to let its shares be redeemed in full or in part.
- 5.4 The shares are registered with VP Securities A/S, Central Business Register (CVR) No. 21 59 93 36, and therefore the Company shall not issue any physical share certificates. All rights attaching to the shares shall be notified to VP Securities A/S in accordance with the rules applicable to shares registered with VP Securities A/S. Any dividends may be paid through transfer to the accounts designated by the shareholders in compliance with the rules of VP Securities A/S in force from time to time.
- 5.5 The Company's register of shareholders is kept by Computershare A/S, Central Business Register (CVR) No. 27 08 88 99.

6 GENERAL MEETINGS, NOTICE, TIME AND PLACE

- 6.1 The general meeting has the supreme authority in all the Company's affairs.
- 6.2 General meetings are held as directed by the Board of Directors in the municipality of Fredericia or in the greater Copenhagen area.
- 6.3 An annual general meeting shall be held each year in due time for the audited and approved annual report to be received by the Danish Business Authority (*Erhvervsstyrelsen*) before the applicable time limit.
- 6.4 Extraordinary general meetings for the purpose of transacting specific business requested by the Board of Directors or one of the Company's auditors shall be convened within two weeks of such request. Furthermore, extraordinary general meetings for the purpose of transacting specific business shall be convened no later than two weeks after receipt of a written request submitted from a shareholder or shareholders holding at least five per cent of the share capital. The two week period shall run from the date of the Company's receipt of the shareholder's written request for the extraordinary general meeting.
- 6.5 General meetings shall be convened by the Board of Directors no later than three weeks and no earlier than five weeks prior to the general meeting by publishing a notice on the Company's website and, where requested, by e-mail to shareholders registered in the register of shareholders, see article 16.3.

7 AGENDA OF ANNUAL GENERAL MEETING; CHAIRMAN OF THE MEETING AND MINUTE BOOK; EXTRAORDINARY DIVIDENDS

- 7.1 No later than eight weeks before the date of the annual general meeting, the Board of Directors shall announce the scheduled date of the general meeting as well as the latest date for the submission of requests by shareholders to have specific issues included on the agenda. If a proposal for a specific agenda item is received no later than 6 weeks prior to the annual general meeting, the shareholder is entitled to have the proposed item included on the agenda for the annual general meeting in question.
- 7.2 For a continuous period of three weeks beginning no later than three weeks before the date of any general meeting (including the date of the meeting), the Company shall make the following information available to the shareholders on the Company's website:
 - 1. The notice convening the general meeting.
 - 2. The aggregate number of shares and voting rights at the date of the notice.
 - 3. The documents to be submitted to the general meeting, including, in the case of the annual general meeting, the audited annual report.
 - 4. The agenda of the general meeting and the full text of any proposal to be submitted to the general meeting.

- 5. Proxy and postal voting forms, if applicable, unless such forms are sent directly to the shareholders.
- 7.3 The agenda of the annual general meeting must comprise the following items:
 - 1. A report from the Board of Directors on the activities of the Company and its subsidiaries during the past year.
 - 2. A presentation of the audited annual report for approval.
 - 3. A proposal to discharge the Board of Directors and the Executive Board from their obligations.
 - 4. A proposal for the appropriation of the profit or for the treatment of the loss according to the approved annual report.
 - 5. A proposal, if any, from the Board of Directors for authorisation to acquire treasury shares.
 - 6. Any other proposals from the Board of Directors or the shareholders.
 - 7. Election of chairman and deputy chairman of the Board of Directors, and election of other members of the Board of Directors.
 - 8. Determination of the remuneration of the Board of Directors for the financial year in which the general meeting is held.
 - 9. Appointment of auditor.
 - 10. Any other business.
- 7.4 General meetings are presided over by a chairman who is appointed by the Board of Directors and who ensures that the general meeting is held in a responsible and appropriate manner. The chairman decides all matters concerning the proceedings at the meeting, the voting and the results thereof.
- 7.5 Minutes of the proceedings at general meetings are recorded in a minute book signed by the chairman of the meeting and the chairman of the Board of Directors.
- 7.6 The Board of Directors is authorised to resolve to distribute extraordinary dividends. The authorisation of the Board of Directors is not limited (by an amount or otherwise) except as set out in the Danish Companies Act.
- 7.7 The general meeting has adopted a remuneration policy for the Company's Board of Directors and Executive Board. The remuneration policy is available on the Company's website.

8 ATTENDANCE AND VOTING RIGHTS AT GENERAL MEETINGS

- 8.1 Shareholders may attend general meetings in person or by proxy and may in both cases be accompanied by an adviser. Proxies may exercise voting rights on behalf of shareholders subject to presenting a written and dated instrument of proxy. The Company shall make a written or electronic proxy form available to all shareholders entitled to vote at general meetings.
- 8.2 Shareholders' rights to attend and vote at general meetings shall be determined on the basis of the shares held by the shareholders on the date of registration. The date of registration shall be one week before the date of the general meeting.
- 8.3 Shareholders shall notify the Company of their attendance or their proxy's attendance at any general meeting no later than three days before the date of the meeting. This requirement shall also apply to any adviser. The Company shall issue admission cards to shareholders and others entitled to attend the general meeting. The admission cards may be sent from the Company by e-mail.
- 8.4 Shareholders may vote by post. Postal votes shall reach the Company no later than 12.00 am on the last business day before the general meeting. For purposes of identification of individual shareholders exercising their right to vote by post, postal votes shall specify the shareholder's full name and security account number. If the shareholder is a legal person, the shareholder's Central Business Register (CVR) No. or other similar identification number shall also be clearly set out on the postal vote.

- 8.5 Within the three months immediately preceding the date of any general meeting, any shareholder may submit questions in writing to the Company's management about matters of significance to the assessment of the annual report and the general position of the Company or of significance to any proposed resolution to be submitted to the general meeting.
- 8.6 Each share amount of a nominal value of DKK 10 carries one vote.
- 8.7 Members of the press are entitled to attend general meetings.

9 RESOLUTIONS PASSED AT GENERAL MEETINGS, MAJORITY OF VOTES AND QUORUM

- 9.1 Resolutions at general meetings shall be passed by a simple majority of votes unless otherwise stipulated by legislation or by these Articles of Association.
- 9.2 Resolutions to amend the Articles of Association or to dissolve the Company require that at least 50% of the share capital is represented at the general meeting and that the resolution is passed by at least two-thirds of the votes cast as well as of the share capital represented at the general meeting unless otherwise stipulated by legislation or by these Articles of Association. If the above-mentioned share capital is not represented at the general meeting in question but at least two-thirds of the votes cast as well as of the share capital represented at the general meeting have adopted the resolution, the Board of Directors shall call a new general meeting within two weeks, at which meeting the proposed resolution may be adopted by two-thirds of both the votes cast and the share capital represented, irrespective of the proportion of share capital represented. However, article 9.2 shall not apply to amendments to the Articles of Association covered by section 106(2) of the Danish Companies Act.
- 9.3 In the event that a new general meeting is called due to a lack of quorum at the first general meeting, proxies to attend the first general meeting are also valid for the second general meeting unless revoked in writing to the extent that the agenda for the second general meeting reflects the agenda of the first general meeting.

10 BOARD OF DIRECTORS AND BOARD OBSERVERS

- 10.1 The Board of Directors and the Executive Board are responsible for managing the Company's affairs.
- 10.2 The Company's Board of Directors consists of six to eight members elected by the shareholders at a general meeting and any additional number of members elected by the employees according to legislation. Alternates for the employee representatives are elected according to legislation. All members of the Board of Directors elected by the general meeting shall hold office until the next annual general meeting and are eligible for re-election.
- 10.3 The general meeting shall elect a chairman and a deputy chairman of the Board of Directors who shall hold office until the next annual general meeting. Members of the Executive Board cannot be elected chairman or deputy chairman.
- 10.4 All resolutions of the Board of Directors are passed by a simple majority of votes. In the event of an equality of votes, the chairman, or in his absence, the deputy chairman, has the casting vote.
- 10.5 The Board of Directors forms a quorum when a majority of its members are represented. Board members may be represented by proxy granted to another Board member or, in respect of an employee representative by an alternate, in each case as set out in the Danish Companies Act.
- 10.6 The Board of Directors adopts its own Rules of Procedure.
- 10.7 Minutes of the proceedings of the meetings of the Board of Directors are recorded in a minute book to be signed by all members of the Board of Directors attending the meeting.
- 10.8 The long-form audit report shall be submitted at each board meeting. Each entry in the long-form audit report shall be signed by all members of the Board of Directors.
- 10.9 The Board of Directors represented by its chairman may, as long as the Danish State (represented by the Ministry of Finance) is the Company's majority shareholder, disclose confidential information to the Danish State (represented by the Ministry of Finance), always provided that such disclosure is in compliance with applicable law.

- 10.10 The remuneration of the members of the Board of Directors is determined by the general meeting.
- 10.11 The Company's Board of Directors may by simple majority appoint one or more observers with right to participate and speak at meetings of the Board of Directors and at any committee thereof. An observer shall not have any voting right or count towards the quorum at any such meetings. An observer can by decision by the Board of Directors be given access to the same materials as is given to the Board of Directors or committees thereof. Observers are not entitled to remuneration and shall sign a customary confidentiality undertaking. The Board of Directors can in its rules of procedure further specify the rights and obligations of observers.

11 EXECUTIVE BOARD

11.1 The Board of Directors appoints an Executive Board consisting of one or more persons, including a chief executive officer, to manage the day-to-day operations of the Company. The terms of employment of the members of the Executive Board are determined by the Board of Directors.

12 NOMINATION COMMITTEE

- 12.1 Each year following the annual general meeting, a Nomination Committee shall be formed consisting of up to six members. Up to four members shall be shareholder representatives, and each of the four largest registered shareholders (subject to the next sentence) of the Company shall be entitled to appoint one member of the Nomination Committee. The Board of Directors may in its discretion require evidence that any large registered shareholder otherwise entitled to appoint one member of the Nomination Committee is the owner of the shares for which it is registered in the share register (and e.g. not a nominee), and to the extent that such evidence is not provided within the timeframe set by the Board of Directors, such shares shall be disregarded for the purposes of identifying the largest shareholders entitled to appoint a member of the Nomination Committee. Shareholdings held by several companies deemed to constitute a group pursuant to the Danish Financial Statements Act are aggregated, and only the parent company of the group is entitled to appoint one member. In addition, the Nomination Committee consists of the chairman of the Company's Board of Directors, who is also the chairman of the Nomination Committee, and the deputy chairman of the Company's Board of Directors. Other members of the Company's Board of Directors and Executive Board and employees are not eligible for election to the Nomination Committee.
- 12.2 The purpose of the Nomination Committee is to evaluate the composition of the Board of Directors and present to the general meeting recommendations for members to the Board of Directors to be elected by the shareholders in general meeting. The Nomination Committee shall ensure that all candidates for the Board of Directors satisfy the expectations of the capital markets, and that the composition of the Board of Directors complies with the corporate governance recommendations for listed companies. The recommendations of the Nomination Committee do not restrict the right of shareholders to propose candidates to the general meeting.
- 12.3 Members of the Nomination Committee are subject to a duty of confidentiality according to the same rules as those applying to members of the Company's Board of Directors. The general meeting shall lay down Rules of Procedure for the Nomination Committee concerning its composition and activities. The Company shall ensure that the Rules of Procedure of the Nomination Committee are posted on the Company's website from time to time.

13 POWERS TO BIND THE COMPANY

13.1 The Company is bound by the joint signatures of (i) the chairman of the Board of Directors and the deputy chairman, (ii) the chairman of the Board of Directors and a member of the Executive Board, (iii) the chairman of the Board of Directors and two other members of the Board of Directors, (iv) the deputy chairman of the Board of Directors and a member of the Executive Board, (v) the deputy chairman of the Board of Directors and two other members of the Board of Directors, or (vi) two members of the Executive Board.

14 NATURAL GAS INFRASTRUCTURE AND OIL PIPE FACILITIES

14.1 Any transfer of title to or imposition of liens on, or provision of any other form of security in the natural gas infrastructure and/or the oil pipe facilities listed in Appendix 1 hereto and owned by the

- Company or legal persons controlled by the Company may only be made to the Danish State or legal persons controlled by the Danish State.
- 14.2 Notwithstanding article 14.1, the Board of Directors may resolve to transfer the natural gas infrastructure and/or the oil pipe facilities listed in Appendix 1 to a subsidiary wholly owned by the Company. In the event that such subsidiary ceases to be wholly owned by the Company, the Board of Directors shall ensure that the natural gas infrastructure and/or the oil pipe facilities in question be transferred back to the Company or to another subsidiary wholly owned by the Company.

15 AUDIT AND FINANCIAL YEAR

- 15.1 The annual financial statements of the Company shall be audited by one or two state-authorised public accounting firms. Accounting firms are appointed for terms of one year. Retiring accounting firms are eligible for re-appointment.
- 15.2 The Company's financial year is the calendar year.

16 ELECTRONIC COMMUNICATION

- 16.1 All communication from the Company to each individual shareholder shall take place by electronic means by e-mail or through the website of the Company, www.dongenergy.com and general notices shall be accessible to the shareholders on the website of the Company, unless otherwise provided for by law. The Company may at any time elect in a specific instance to communicate with the shareholders by way of ordinary mail.
- 16.2 The Company may request its registered shareholders to provide an electronic address to which notices, etc. may be sent. The shareholders shall be responsible for ensuring that the Company has the correct electronic address.
- 16.3 Notice of annual and extraordinary general meetings, including the agenda, the complete proposals, annual reports, admission cards, proxy forms, postal vote forms, and subscription lists, may be sent by the Company to the shareholders via e-mail. Except for admission cards to general meetings, information and documents will also be available on the Company's website.
- 16.4 Information on the requirements for the systems used and the procedures for electronic communication will be available on the Company's website www.dongenergy.com

Adopted at an extraordinary general meeting on 20 May 2016

Appendix 1 to the Articles of Association of DONG Energy A/S

Natural Gas Infrastructure and Oil Pipe Facilities

The natural gas infrastructure and the oil pipe facilities covered by article 14.1 of the Articles of Association are the following natural gas infrastructure and oil pipe facilities owned by the Company and legal persons controlled by the Company:

- (i) The natural gas distribution network in Southern Jutland and in Western and Southern Zealand (license no. ENS 66151-0002);
- (ii) The offshore pipeline from the Tyra platform to Nybro;
- (iii) The offshore pipeline from the Syd Arne platform to Nybro;
- (iv) The offshore pipeline between the Tyra platform and the Harald platform;
- (v) The gas terminal at Nybro;
- (vi) The oil pipeline facility, including booster and valve stations, crude oil terminal and other facilities for transport of crude oil and condensate from the North Sea, comprised by permission dated 30 April 1984, and the related stabilization plant for stabilization of crude oil comprised by permission dated 27 July 2011;

and all such assets and rights, including working capital, employees and contracts, as are required for the operation of the natural gas infrastructure and the oil pipe facilities and any obligations related thereto. Agreements on purchase and sale of natural gas or oil are not covered by the term "Natural Gas Infrastructure and Oil Pipe Facilities."

Any extensions to or modifications of the said natural gas infrastructure and/or oil pipe facilities are also natural gas infrastructure and oil pipe facilities covered by article 14 of the Articles of Association.

In the event that the assets, rights and obligations referred to above are spun off and separated into one or more subsidiaries wholly owned by the Company, the transfer of the natural gas infrastructure and/or the oil pipe facilities may, subject to the consent of the Danish State, be made in the form of share transfers. The Danish State will not unreasonably withhold its consent.

ANNEX B—APPLICATION FORMS

Application Form (English)

Application form (Only one form per custody account)

Offering of up to 72,834,393 Offer Shares of DKK 10 nominal value each

Application for purchas	e of Offer Shares in DONG Energ	y A/S, CVR-no. 36 21 37 28		
Selling agents:	Nordea Bank Danmark A/S (CVR-no. 13 52 21 97) Strandgade 3 Postboks 850 0900 Copenhagen C	Danske Bank A/S (CVR-nr. 61 12 62 28) Holmens Kanal 2–12 1092 København K		
Joint Global Coordinators and Joint Bookrunners:		rgan Stanley & Co. International plc of Nordea Bank Danmark A/S) (the		
Joint Bookrunners:	Citigroup Global Markets Limited, Danske Bank A/S and UBS Limited (the "Joint Bookrunners")			
Co-Lead Managers:	ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, Coöperatieve Rabobank U.A. and RBC Europe Limited (trading as RBC Capital Markets (The Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Managers are together referred to as the "Managers")			
Offer Period:	May 26, 2016 to June 8, 2016 at 4:00 p.m. (CET) unless the Offer closed earlier in whole or in part. The Offer Period for applications up to and including DKK 3 million may be closed by the remainder of the Offering. The Offering will not be closed by June 4, 2016 at 00:01 a.m. (CET).			
Offer Price Range:	DKK 200 to DKK 255 per Offe	r Share		
ISIN	Permanent ISIN: DK0060094928			

The English Language Prospectus dated May 26, 2016 includes *inter alia* the Articles of Association of DONG Energy A/S, the consolidated financial statements of DONG Energy A/S as at and for the years ended 31 December 2015, 2014 and 2013 and the terms and conditions for the purchase of Offer Shares.

Both binding order applications and expressions of interest can be submitted with specification of a maximum price. If the Offer Price is determined at a higher level than the stated maximum price no Offer Shares will be allocated to the purchaser.

For binding orders up to and including DKK 3 million the application form is submitted to the purchaser's own account holding institution duly filled in and signed.

The application form shall be submitted in due time for the account holding institution to process and forward the application form for order to the application form to reach Nordea Bank Danmark A/S, Corporate Actions or Danske Bank A/S no later than June 8, 2016 at 16:00 CET or such earlier time as the Offering may be closed in whole or in part.

Expressions of interest to purchase Offer Shares for more than DKK 3 million shall be submitted to one of the Managers (e.g. by using this application form).

On the terms and conditions stated in the English Language Prospectus dated May 26, 2016 including in "Risk factors" and "Selling Restrictions," I/we hereby submit an order application to purchase Offer Shares in DONG Energy A/S and simultaneously declare to have received a copy of the English Language Prospectus and that I/we have solely based my/our investment decision on the contents of the English Language Prospectus. The Offer Price will be fixed upon closing of the Offering through a bookbuilding process. See the "Terms and Conditions of the Offering." Only one application form per custody account with VP Securities A/S (VP) will be accepted.

Application submitted as a binding application (for	orders up to and including DKK 3 million)
application and are entitled to pass on such informa	ormation about my/our name(s), address(es) and tion to the Selling Shareholders, DONG Energy A/S alent of the Offer Shares allocated at the offer price
Field (1) or (2) only	should be completed
(1) For Danish kroner (DKK): (2) Number of Offe	r Shares: (3) Maximum price per Offer Share if any
Expression of interest submitted pursuant to the boo	k-building process (for orders above DKK 3 million)
to be passed on to the Selling Shareholders, DONG	n about my/our name(s) and address(es) are entitled Energy A/S and the Managers. I/we accept that I/we pression of interest but that this expression of interest ase order upon expiry of the Offer Period.
Field (1) or (2) only	should be completed
(1) For Danish kroner (DKK): (2) Number of Offe	r Shares: (3) Maximum price per Offer Share if any
	l be effected by way of registration of the allocated th VP Securities A/S (VP) against payment in DKK, 3, 2016.
Name:	VP custody account no.:
Address:	Settlement account no:
Postal code and city:	Custodian bank:
Tel.:	
Date:	This application form was submitted to (to be completed by account-holding institution): Reg. No.: Participant ID-no. (CD-ident.): Date: Tel.:
Signature Please complete the form overleaf when opening a nev Opening of new VP custody account	Company stamp and signature VP custody account.
Civil registration (CPR) no./company registration (CVR) no.:
Name:	- (A) A00
Address:	

Postal code and city:

Existing account no. for settlement, if any:

Tel.:

ORDREBLANKET

Application Form (Danish)

Ordreblanket	Kun	ón	hlanket	nr	denot)
Orurebialiket	(IXUII	eII	Dianket	DI.	uebot)

Udbud af optil 72.834.393 stk. Udbudte Aktier à nominelt DKK 10

Ordre om køb af U	dbudte Aktier i DONG Energy A/S,	CVR-nr. 36 21 37 28		
Salgssteder:	Nordea Bank Danmark A/S (CVR-nr. 13 52 21 97) Strandgade 3 Postboks 850 0900 København C	Danske Bank A/S (CVR-nr. 61 12 62 28) Holmens Kanal 2–12 1092 København K		
Joint Global Coordinators og Joint Bookrunners:		an Stanley & Co. International plc ordea Bank Danmark A/S) ("Joint		
Joint Bookrunners:	Citigroup Global Markets Limited, Danske Bank A/S and Ul Limited (the "Joint Bookrunners")			
Co-Lead Managers:	ABG Sundal Collier Denmark, filial af ABG Sundal Collier Norge, Coöperatieve Rabobank U.A. and RBC Europe (trading as RBC Capital Markets (Joint Global Coordinator Bookrunners og Co-Lead Manager benævnes und "Emissionsbankerne")			
Udbudsperiode:	Udbuddet helt eller delvist lukk ordrer til og med DKK 3 mio. ka	d. 16:00 (dansk tid), medmindre tes tidligere. Udbudsperioden for an lukkes før resten af Udbuddet. en 4. juni 2016 kl. 00:01 (dansk tid).		
Udbudskursinterval:	DKK 200-DKK 255 pr. Udbudt A	ktie		
ISIN-kode	Permanent ISIN-kode: DK0060094	1928		

Det Engelsksprogede Prospekt dateret den 26. maj 2016 indeholder bl.a. vedtægter for DONG Energy A/S, koncernregnskabet for DONG Energy A/S for regnskabsårene 2015, 2014 og 2013 samt vilkårene for køb af Udbudte Aktier.

Både bindende ordrer og interessetilkendegivelser kan afgives med angivelse af en eventuel maksimumkurs. Fastsættes Udbudskursen højere end den anførte maksimumkurs, vil ordregiver ikke blive tildelt nogen Udbudte Aktier.

For bindende ordrer til og med DKK 3 mio. indleveres ordreblanketten til ordregivers eget kontoførende institut i udfyldt og underskrevet stand.

Ordreblanketten skal indleveres i så god tid, at det kontoførende institut har mulighed for at behandle og videresende ordren, således at den er Nordea Bank Danmark A/S, Corporate Actions, i hænde senest den 8. juni 2016 kl. 16:00 dansk tid eller et sådant tidligere tidspunkt, hvor Udbuddet måtte blive lukket helt eller delvist.

Interessetilkendegivelser om at købe Udbudte Aktier for mere end DKK 3 mio. skal afgives til en af Emissionsbankerne (f.eks. ved brug af denne ordreblanket).

På vilkår som anført i det Engelsksprogede Prospekt dateret den 26. maj 2016, herunder afsnittene "Risikofaktorer" og "Salgsbegrænsninger," afgiver jeg/vi hermed ordre om køb af Udbudte Aktier i DONG Energy A/S og bekræfter samtidig at have fået udleveret et eksemplar af det Engelsksprogede Prospekt, og at jeg/vi alene har baseret min/vores investeringsbeslutning på indholdet af det Engelsksprogede Prospekt. Udbudskursen fastsættes efter lukning af Udbuddet via bookbuilding-metoden, jf. afsnittet "Udbudsbetingelser." Der kan kun afgives én ordreblanket pr. depot hos VP Securities A/S (VP).

Ordre afgivet som bindende ordre (for ordrebeløb	til og med DKK 3 mio.)
berettiget til at videregive disse oplysninger til	oplysninger om mit/vores navn, adresse og ordre og er de Sælgende Aktionærer, DONG Energy A/S og til at betale modværdien af de Udbudte Aktier tildelt
Felt (1) eller	(2) skal udfyldes
(1) For kroner (DKK): (2) Antal Udbudte Akti	er: (3) Eventuel maksimumkurs pr. Udbudt Aktie
Interessetilkendegivelse afgivet efter bookbuilding-	metoden (for ordrebeløb større end DKK 3 mio.)
Sælgende Aktionærer, DONG Energy A/S og Emi	nger om mit/vores navn og adresse videregives til de ssionsbankerne. Jeg/vi accepterer, at jeg/vi kan ændre af Udbudsperioden, men at interessetilkendegivelsen udløb.
Felt (1) eller	(2) skal udfyldes
(1) For kroner (DKK): (2) Antal Udbudte Akti	
ved registrering af antal tildelte Udbudte Aktier på DKK, hvilket forventes at finde sted senest den 13 Oplysninger og underskrift	Deres depot i VP Securities A/S (VP) mod betaling i . juni 2016.
Navn:	VP-depotnr.:
Adresse:	Kontonr. til afregning:
Postnr. og by:	Kontoførende institut:
Telefon:	
Dato:	Ordren er indleveret til (udfyldes af kontoførende institut): Reg.nr.: CD-ident.:
Underskrift Udfyld nedenfor ved oprettelse af et nyt VP-depot.	Dato: Telefon: Firmastempel og underskrift
Oprettelse af nyt VP-depot (Denne rubrik udfyldes i forbindelse med oprette	lse af nyt VP-depot og evt. tilhørende afregningskonto)
CPR-nr./CVR-nr.:	
Navn:	
Adresse:	
Postnr. og by:	
Telefon:	
Stilling:	

Evt. eksisterende kontonr. til afregning:

5001 Spring Valley Road Suite 800 East Dallas, Texas 75244

March 31, 2016

DONG E&P A/S Kraftvaerksvej 53 DK-7000, Fredericia Denmark

Ladies and Gentlemen:

Pursuant to your request, we have prepared estimates, as of March 31, 2016, of the extent of the proved and probable oil, condensate, and liquefied petroleum gas (LPG) and sales gas reserves and of the value of the proved and proved-plus-probable reserves for the properties offshore Denmark, Norway, and the United Kingdom in which DONG Energy (DONG) has represented that it owns an interest. Natural gas liquids (NGL) are the combined quantities of condensate and LPG described herein. No evaluation of possible reserves, contingent resources, or prospective resources is included in this report.

Estimates of proved and probable reserves have been prepared according to the Petroleum Resources Management System (PRMS) approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. PRMS is a referenced standard in published guidance of the stock exchanges associated with the European Union. The reserves definitions are discussed in detail under the Definition of Reserves heading of this report.

This report is compliant with the Competent Persons Report requirements as published in the European Securities and Markets Authority (ESMA) update of the Committee of European Securities Regulators' recommendations for the implementation of the European Commission Regulation on Prospectuses No. 809/2004 dated March 20, 2013 (ESMA/2013/319).

Reserves estimated in this report are expressed as gross and net reserves. Gross reserves are defined as the total estimated petroleum to be produced from the fields after March 31, 2016. Net reserves are defined as that portion of the gross reserves to be produced from the fields attributable to the interests owned by DONG, as of March 31, 2016, and evaluated herein.

This report presents values for proved and proved-plus-probable reserves that have been estimated using independent analysis of initial and historical prices and costs provided by DONG and are expressed in thousands of United States dollars (10³U.S.\$). All monetary values in this report are expressed in 10³U.S.\$. An explanation of the future price, cost assumptions, and exchange rates used are included under the Valuation of Reserves heading of this report.

Values for proved and proved-plus-probable reserves in this report are expressed in terms of future gross revenue, future net revenue, and present worth. The future gross revenue is defined as that revenue to be realized from the sale of the net reserves plus tariff revenue, if any. Future net revenue is defined as the future gross revenue plus other revenue, less tariffs paid and operating expenses, capital costs, abandonment costs, and host country taxes. Operating expenses include field operating expenses, estimated expenses of direct supervision, and an allocation of overhead that directly relates to production activities but are not inclusive of corporate overhead costs and hedging. Host country taxes (as described herein) have been estimated based on information provided by DONG for taxes on income in the country in which the property being evaluated is located. Present worth is defined as future net revenue discounted at a specified arbitrary discount rate compounded monthly over the expected period of realization. Present worth should not be construed as fair market value because no consideration was given to additional factors that influence the prices at which properties are bought and sold. In this report, present worth values using a discount rate of 10 percent are reported in detail and values using discount rates of 5, 8, 12, and 15 percent are reported as totals.

Estimates of petroleum reserves and future net revenue should be regarded only as estimates that may change as additional information becomes available. Not only are such reserves and revenue estimates based on that information which is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information.

In this report, key information has been provided by DONG on the fields evaluated herein. As far as we are aware, there are no special factors that would affect the interests owned by DONG that would require additional information for the proper evaluation of these fields. All evaluations herein are considered in the context of current agreements and regulations and do not consider uncertainties that might be associated with political conditions.

Certain information used as the basis for independent analysis in the preparation of this report was obtained from DONG. In the preparation of this report we have specifically relied upon information furnished by DONG with respect to the property interests to be evaluated, production from such properties, current costs of operation and development, current prices for production, agreements relating to current and future operations and sales of production, concession expiration dates, and various other information and data that were accepted as represented. Although we have not had independent verification of all of the data provided, the information used in this report appears reasonable. The technical staff of DONG involved with the assessment and implementation of development of DONG's petroleum assets are represented as adherent to the generally accepted practices of the petroleum industry. The staff members appear to be experienced and technically competent in their fields of expertise. No site visit to the fields evaluated herein was made by DeGolyer and MacNaughton. However, existing production data, reports from third parties, and photographic evidence of the fields were considered adequate because the fields are in an established producing venue.

Executive Summary

DONG has represented that it owns interests in the Cecilie, Lulita, Nini, Siri, South Arne, and Stine fields offshore Denmark, as well as the Alve, Gyda, Marulk, Ormen Lange, Oselvar, Tambar, Tambar East, Trym, and Ula fields offshore Norway, and the Edradour, Glenlivet, and Laggan-Tormore fields offshore the United Kingdom, which have been evaluated for this report, and for which proved and probable reserves and associated revenue have been estimated herein. No possible reserves, contingent resources, or prospective resources were evaluated in this report.

All of the fields are currently producing except for Edradour and Glenlivet. For this report, technical and commercial uncertainties have been considered in each case exclusive of ongoing political events in a given venue. All contracts,

regulations, and agreements in place on March 31, 2016, have been considered to be valid for their stated terms, as represented by DONG.

Estimated reserves are presented in thousands of barrels (10³bbl) for oil, condensate, and LPG, millions of cubic feet (10°ft³) for gas, and thousands of barrels of oil equivalent (10³boe) for oil, condensate, LPG, and sales gas. In this report, a barrel of oil equivalent is the aggregation of oil, condensate, and LPG plus sales gas converted to oil equivalent using an energy-equivalent factor of 5,609 cubic feet per 1 barrel of oil equivalent (boe).

Estimates of the gross proved and probable oil, condensate, and LPG and sales gas reserves for the fields evaluated in this report, as of March 31, 2016, are summarized as follows, expressed in thousands of barrels (10³bbl), millions of cubic feet (10⁶ft³), and thousands of barrels of oil equivalent (10³boe):

		Gross Rese	erves		
Oil, Condensa	Condensate, and LPG Sales Gas			Oil Equ	uivalent
Proved (10³bbl)	Probable (10³bbl)	Proved (10 ⁶ ft ³)	Probable (10 ⁶ ft³)	Proved (10³boe)	Probable (10³boe)
123,763	123,281	3,635,167	2,693,336	771,859	603,462

Notes:

- 1. Probable reserves have not been risk adjusted to make them comparable to proved reserves.
- $2.\ {\rm Sales}\ {\rm gas}\ {\rm has}\ {\rm been}\ {\rm converted}\ {\rm to}\ {\rm oil}\ {\rm equivalent}\ {\rm using}\ {\rm an}\ {\rm energy}\ {\rm equivalent}\ {\rm factor}\ {\rm of}\ 5{,}609$ cubic feet per boe.

Field detail for gross reserves is illustrated in Tables 1 and 2.

Estimates of the net proved and probable oil, condensate, and LPG and sales gas reserves attributable to the interests evaluated herein, as of March 31, 2016, for the fields evaluated herein are summarized as follows, expressed in thousands of barrels (10³bbl), millions of cubic feet (106ft³), and thousands of barrels of oil equivalent (10³boe):

		Net Reser	ves		
Oil, Condensa	te, and LPG	Sales Gas Oil Equ			
Proved (10³bbl)	Probable (10³bbl)	$\begin{array}{c} \textbf{Proved} \\ \textbf{(10}^6 \text{ft}^3) \end{array}$	$\begin{array}{c} \textbf{Probable} \\ \textbf{(10}^6 \text{ft}^3) \end{array}$	Proved (10³boe)	Probable (10³boe)
37,438	31,978	587,210	422,014	142,129	107,217

Notes:

- 1. Probable reserves have not been risk adjusted to make them comparable to proved reserves.
- 2. Sales gas has been converted to oil equivalent using an energy equivalent factor of 5,609 cubic feet per boe.

Field detail for net reserves is illustrated in Tables 3 and 4.

Estimates of future net revenue and present worth of the reserves estimated in this report were prepared using a Base Case scenario and two price sensitivities. The Base Case price is generally reflective of the Brent futures forward curve. An explanation of the Base Case and two price sensitivity assumptions is included under the Valuation of Reserves heading of this report.

Estimated future net revenue and present worth at 10 percent of the future net revenue attributable to the interests evaluated herein for the proved developed, total proved, and proved-plus-probable reserves, as of March 31, 2016, utilizing the three economic scenarios are summarized as follows, expressed in thousands of United States dollars (10³U.S.\$):

	Valuation Summary						
	Proved	Developed	Tota	l Proved	Proved p	Proved plus Probable	
	Future Net Revenue (10 ³ U.S.\$)	Present Worth at 10 Percent (103U.S.\$)	Future Net Revenue (10 ³ U.S.\$)	Present Worth at 10 Percent (103U.S.\$)	Future Net Revenue (10 ³ U.S.\$)	Present Worth at 10 Percent (103U.S.\$)	
Base Case	221,042	633,675	350,217	702,281	2,035,090	1,773,467	
Sensitivity Case 1	(182,201)	287,812	(143,812)	288,520	1,104,746	1,097,528	
Sensitivity Case 2	665,980	993,163	896,170	1,136,636	2,958,129	2,443,690	

Note: Values for probable reserves and quantities have not been risk adjusted to make them comparable to values for proved reserves and quantities.

Valuation and cost detail are shown by country in Tables 5 through 13.

Reserves estimates herein are based on the Base Case price scenario projected to an economic limit, and quantities in the sensitivity cases are those included to the limit of projected Base Case production or when an annual economic limit is reached, whichever occurs first. Details of the annual pricing and cost assumptions are presented under the Valuation of Reserves heading of this report.

Ownership and Infrastructure

For the 18 fields offshore Denmark, Norway, and the United Kingdom evaluated herein, DONG has represented that it owns interests as follows:

DeGolyer and MacNaughton

Country	Working Interest	License Expiration		
Field	(decimal)	Date		
Denmark				
Cecilie	0.564100	2032		
Lulita	0.400000	2026		
Nini	0.571430	2032		
Siri	1.000000	2027		
South Arne	0.367893	2027		
Stine	1.000000	2027		
Norway				
Alve	0.150000	2029		
Gyda	0.340000	2018		
Marulk	0.300000	2025		
Ormen Lange	0.140208	2040		
Oselvar	0.550000	2039		
Tambar	0.450000	2022		
Tambar East	0.432400	2023		
Trym	0.500000	2027		
Ula	0.200000	2029		
United Kingdom				
Edradour	0.200000	2031		
Glenlivet	0.200000	2030		
Laggan-Tormore	0.200000	2031		

Note: In the Ormen Lange field, block 208 has a 2040 license expiration date, while blocks 209 and 250 expire in 2041.

These interests are held through contractual instruments that are common in the petroleum industry. We had an opportunity to review certain segments of pertinent agreements; however, we, as engineers, cannot express an opinion as to the accounting or legal aspects of those agreements.

For this report, technical and commercial uncertainties have been considered in each case exclusive of ongoing political events in a given venue. All contracts, regulations, and agreements in place on March 31, 2016, have been considered to be valid for their stated terms, as represented by DONG.

The infrastructure in the area of these fields is advanced. In offshore Denmark, Norway, and the United Kingdom, the petroleum production province of the North Sea is an elaborate composite of platforms, pipelines, and portable structures. There are numerous established bases along the coasts of all three countries, and there is an extensive established network of service companies to allow developments of all types, including complex mechanical and operational

elements. Power options, including electrical, gas, and diesel sources, are available to operators in this venue.

In some instances, the fields share facilities with other established fields. In those cases, the estimated capacities, potential mechanical longevity, and flow links were considered in estimating rates and throughput for the evaluated fields. In new developments, the design and planned installations were reviewed to ensure facilities were sufficient to support estimated rates and recovery for those fields.

In Denmark, the Cecilie, Lulita, Nini, Siri, South Arne, and Stine fields are established fields. The Siri platform complex services the Cecilie, Nini, and Stine wells and associated production. The Siri platform complex collects and processes liquids and gas, with oil exported via tanker. Lulita wells are hosted by the Harald field platform, where oil and gas are exported via pipeline. South Arne is a stand-alone combination platform that stores and processes fluids, with oil exported via tanker and gas through a connected pipeline.

In Norway, all of the fields are established. The Alve and Marulk fields are produced to the Norne floating, production, storage, and offloading vessel (FPSO). The Gyda field has its own combination platform. The Ormen Lange field is a multi-subsea template development, with gas and liquid sent to shore via pipeline. Liquids are exported from Nyhamna via tanker. The Oselvar field is tied back to the Ula field, which produces through a dedicated multi-platform operation. The Tambar and Tambar East fields are produced through a wellhead platform that is also tied back to the Ula field. The Trym field is near the Denmark-Norway border and is tied back to the Harald platform in Denmark waters.

In the United Kingdom, the Edradour, Glenlivet, and Laggan-Tormore fields will be produced through the new installation at Laggan-Tormore, consisting of subsea installation tied back to the Shetland gas plant at Sullom Voe. Of those fields, only Laggan-Tormore is currently producing.

There are certain environmental considerations in any venue of petroleum production. We are not aware of any extraordinary environmental elements associated with the properties evaluated herein. As such, we have included abandonment costs, as appropriate, to accomplish routine and safe removal of subsurface and surface equipment at the offshore installation. Abandonment on these particular assets, which are all offshore, would consist of well plugging and facility removal as appropriate. Some subsea installations would be abandoned but

not removed, while surface platforms and related facilities would be removed or submerged as approved by the host country. To our knowledge, the abandonment costs provided by DONG include all pertinent costs for this abandonment. Reclamation costs, if any, are not included in the evaluation herein, unless specifically referenced.

Definition of Reserves

Estimates of proved and probable reserves presented in this report have been prepared in accordance with the PRMS approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. Only proved and probable reserves have been evaluated for this report. The petroleum reserves are defined as follows:

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

Proved Reserves – Proved Reserves are those quantities of petroleum which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90-percent probability that the quantities actually recovered will equal or exceed the estimate.

Unproved Reserves – Unproved Reserves are based on geoscience and/or engineering data similar to that used in estimates of Proved Reserves, but technical or other uncertainties preclude such reserves being classified as Proved. Unproved Reserves may be further categorized as Probable Reserves and Possible Reserves.

Probable Reserves – Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50-percent probability that the actual quantities recovered will equal or exceed the 2P estimate.

Possible Reserves — Possible Reserves are those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible Reserves (3P), which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there should be at least a 10-percent probability that the actual quantities recovered will equal or exceed the 3P estimate.

Reserves Status Categories – Reserves status categories define the development and producing status of wells and reservoirs.

Developed Reserves – Developed Reserves are expected quantities to be recovered from existing wells and facilities. Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.

Developed Producing Reserves – Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing Reserves – Developed Non-Producing Reserves include shut-in and behind-pipe Reserves. Shut-in Reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future recompletion prior to the start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

Undeveloped Reserves – Undeveloped Reserves are quantities expected to be recovered through future investments: (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

The extent to which probable and possible reserves ultimately may be recategorized as proved reserves is dependent upon future drilling, testing, and well performance. The degree of risk to be applied in evaluating probable and possible reserves is influenced by economic and technological factors as well as the time element. Estimates of probable reserves in this report have not been adjusted in consideration of these additional risks to make them comparable to estimates of proved reserves. No possible reserves have been evaluated for this report.

Estimation of Reserves

Estimates of reserves were prepared by the use of appropriate geologic, petroleum engineering, and evaluation principles and techniques that are in accordance with practices generally recognized by the petroleum industry and in accordance with definitions established by the PRMS. The method or combination of methods used in the analysis of each reservoir was tempered by experience with similar reservoirs, stage of development, quality and completeness of basic data, and production history.

Based on the current stage of field development, production performance, development plans provided by DONG, and analyses of areas offsetting existing wells with test or production data, reserves estimated herein were categorized as proved or probable. No evaluation of possible reserves, contingent resources, or prospective resources was included in this report.

When applicable, the volumetric method was used to estimate the original oil in place (OOIP) and original gas in place (OGIP). Structure maps were prepared to delineate each reservoir, and isopach maps were constructed to estimate reservoir volume. Electrical logs, radioactivity logs, core analyses, and other available data were used to prepare these maps as well as to estimate representative values for porosity and water saturation.

Where appropriate, estimates of ultimate recovery were obtained after applying recovery factors to OOIP or OGIP. These recovery factors were based on consideration of the type of energy inherent in the reservoirs, analyses of the petroleum, the structural positions of the properties, and the production histories. Where applicable, other engineering methods were considered in the estimation of recovery factors. An analysis of reservoir performance, including test rates, reservoir pressure, and gas-oil ratio (GOR) behavior, was used, where appropriate, in the estimation of reserves.

For depletion-type reservoirs or those whose performance disclosed a reliable decline in producing-rate trend or other diagnostic characteristics, reserves were estimated by the application of appropriate decline curves or other performance relationships. In the analyses of production-decline curves, reserves were estimated only to the limits of economic production.

In certain cases, elements of the reserves estimates incorporated information based on analogy with similar wells or reservoirs for which more complete data were available.

Reserves estimates presented herein are based on data available through March 30, 2016, and are supported by details of drilling results, analyses of available geological data, well-test results, pressures, available core data, and production performance. This report takes into account all relevant information provided to us by DONG.

The oil, condensate, and LPG reserves estimated in this report are reported in 10³bbl where 1 barrel equals 42 United States gallons. Oil, condensate, and LPG reserves are to be recovered by conventional field and plant operations.

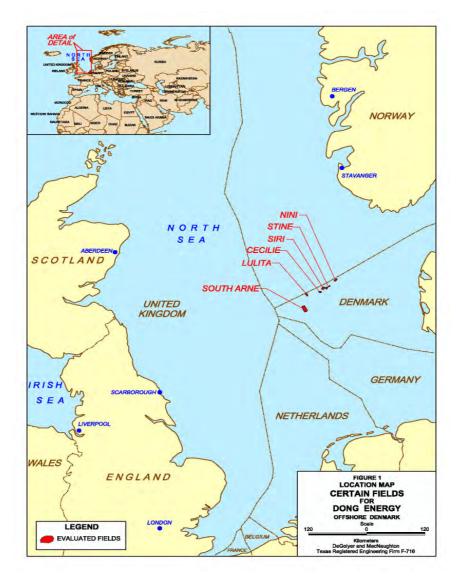
Gas quantities included in this report are sales gas expressed at a pressure base of 14.7 pounds per square inch absolute (psia) and a temperature base of 60 degrees Fahrenheit (°F) and are reported in 10⁶ft³. Sales gas reserves are defined as the total gas after reduction for shrinkage resulting from field separation, processing, including removal of nonhydrocarbon gas to meet pipeline specifications and LPG extraction, fuel usage, flare and other losses.

For this report, technical and commercial uncertainties have been considered in each case exclusive of ongoing political events in a given venue. All contracts, regulations, and agreements in place on March 31, 2016, are considered to be valid for their stated terms, as represented by DONG.

Methodology

Denmark

There are six fields offshore Denmark evaluated in this report: Cecilie, Lulita, Nini, Siri, South Arne, and Stine. The Cecilie, Nini, Siri, and Stine fields share some facilities on the Siri production platform. The Siri field is produced through a stand-alone, steel-jacket production platform in Block 5604/20. The Stine field is produced through a subsea tieback to the Siri platform in the same block and production license. The Cecilie and Nini fields are satellites to the Siri field that are in Blocks 5604/19 and 5605/10, respectively.



The Siri field is located offshore Denmark in Block 5604/20, near the international boundary with Norway. The field is east of the Cecilie field and west of the Stine field. The Siri field, which is produced under production license 6/95, was discovered in 1995. The structural configuration of the Siri field can be described as a four-way dip closed anticline. The Siri field produces primarily from the Paleocene Heimdal member of the Lista Formation. Estimated porosity ranges from 22 to 30 percent, water saturation (S_w) ranged from 40 to 50 percent, and permeability is approximately 200 millidarcys. First production was in 1999. There are four producing wells supported by gas and water injection. Produced gas is used for gas lift and fuel but is not sold. Average production in 2015 was approximately 2,845 barrels of oil per day (BOPD) at a water cut of about 97 percent. Estimates of proved reserves are based on performance of existing wells and facilities. Probable

reserves estimates represent the potential for better performance and recovery than projected for proved reserves.

The Stine field is located offshore Denmark in Block 5604/20 near the international boundary with Norway. The field is east of the Siri field and west of the Nini field. The Stine field was discovered in 1996 and is productive in the Paleocene Hermod member of the Sele Formation. The field is a combination structure and stratigraphic trap. The oil/water contact is variable across the field. The Stine field is divided into Segment 1 and Segment 2. Segment 2 began producing in 2001 and Segment 1 production began in 2004. Estimated porosity ranges from 22 to 30 percent, Sw ranged from 40 to 60 percent, and permeability is approximately 200 millidarcys. The Segment 2 wells are produced directly through the Siri platform from which they were drilled. The Segment 1 well is a subseatieback to the Siri platform. Average production in 2015 was approximately 1,900 BOPD. Estimates of proved reserves are based on the performance of existing wells in Segments 1 and 2. Probable reserves estimates represent the potential for better performance and recovery than projected for proved reserves.

The Cecilie field is located offshore Denmark in Blocks 5604/19 and 5604/20, near the international boundary with Norway. The field is east of the Lulita field and west of the Siri field. The field is a combination structure and stratigraphic trap, trending northwest to southeast. The reservoir pinches out on the south flank. The field is productive from the Paleocene Lista Formation. The field began production in 2003, and production averaged 480 BOPD in 2015. The field produces from three wells through an unmanned production platform, from which products are transported to the Siri platform for final processing and sales. Estimated porosity averaged 27 percent, average estimated $S_{\rm w}$ was 47 percent, and permeability was approximately 90 millidarcys. Estimates of proved reserves were based on performance of existing wells and facilities. Probable reserves estimates represent the potential for better performance and recovery than projected for proved reserves.

The Nini field is located offshore Denmark in Block 5605/10, near the international boundary with Norway. The Nini field is east of the Stine field and west of the Nini East accumulation. The field is a combination structure and stratigraphic trap that was influenced by salt tectonics. The reservoir is composed of channel sands that are variable and relate to the stratigraphic component of the structure. The Nini field is another satellite field to the Siri field complex that was discovered in 2000 and began production in 2003. It consists of two accumulations, the main area and an eastern accumulation that was developed later. The main area

of the Nini field is producing from three swing producers in the Hermod and Frigg Formations (referred to as Nini Main). The reservoir is composed of channel sands that are variable and are responsible for the stratigraphic closure of the field. Estimated porosity ranges from 30 to 34 percent, initial S_w estimates ranged from 40 to 44 percent, and permeability is approximately 1.5 darcys. The Nini East accumulation consists of two oil producers and two water injectors tied back to the Siri platform, located east of the primary Nini accumulation. Production in 2015 averaged 4,500 BOPD from Nini East and 1,112 BOPD from Nini Main. Estimates of proved developed reserves are based on performance of existing wells and facilities. Probable reserves estimates represent the potential for better performance and recovery than projected for proved reserves, as well as quantities related to the planned Nini Triangle well. Gas production from Nini is used for gas lift and fuel, so sales gas reserves have been estimated to be zero.

The Lulita field is located offshore Denmark in Blocks 7/86 and 1/90, near the international boundary with Norway. The field is east of the Hejre field and west of the Cecilie field. The structure of the Lulita field is a north-dipping fault block. The productive reservoirs include the Jurassic Lindesnes and the Bryne. The field was discovered in 1992, and first production was in 1998. The reservoir consists of two Jurassic sandstones, the Lindesnes and the Bryne. Estimated porosity ranges from 15 to 22 percent, initial S_w estimates ranged from 10 to 30 percent, and permeability is approximately 8 millidarcys. There are two wells in the Lulita field. The Lulita-1 well has watered out and is shut in. Production was about 427 BOPD in early 2016. Solution gas is sold, and the gas production appears to be fairly consistent at a GOR of approximately 2,450 cubic feet per barrel. Proved developed reserves estimates are based on the continuing production of the one well. Probable reserves have been estimated for potentially stronger performance than currently exhibited.

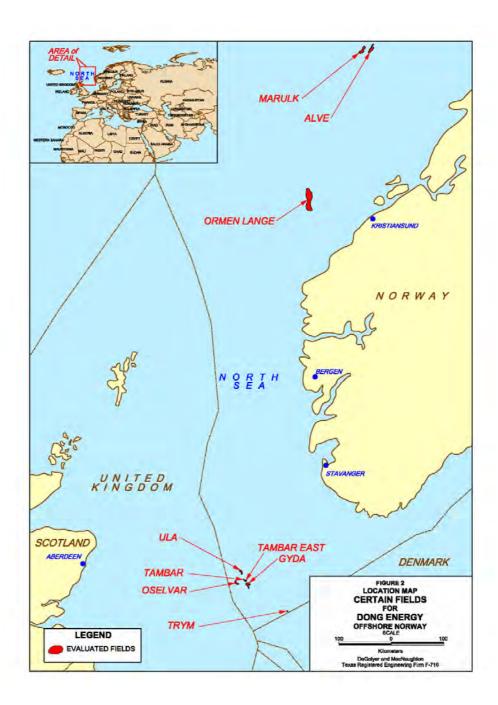
The South Arne field is located offshore Denmark in Blocks 5604/29 and 5604/30, near the international boundary with Norway. The South Arne field is in production license 7/89. The structure is a faulted, four-way closure. However, oil is found below structural closure, so there is a stratigraphic component to reservoir closure. The productive reservoir is Cretaceous chalk. A production platform stores produced oil in a tank on the seafloor. First production from the field began in 1999. Estimated porosity ranges from 18 to 31 percent, S_w estimates ranged from 38 to 63 percent, and permeability is approximately 3 millidarcys. Proved developed reserves estimates were based on a combination of performance and volumetrics. Proved undeveloped reserves were estimated for the remaining planned drilling associated with the Phase 3 development, which includes two additional injector

wells for the South Arne North Extension (SANE). The Phase 3 development was sanctioned in late 2010. Drilling began in early 2013, with initial production having occurred in the final quarter of 2013. Probable reserves estimates reflect upside associated with improved performance predictions and more favorable recovery for the SANE and Ekofisk developments.

Norway

Nine fields offshore Norway were evaluated in this report: Alve, Gyda, Marulk, Ormen Lange, Oselvar, Tambar, Tambar East, Trym, and Ula. All of the fields are in the mature phase of development.

The Alve field is located offshore Norway in Block 6507/3 in the northern portion of the Norwegian North Sea. The field is in producing license 159 B. The field is east of the Marulk field. The field structure is a four-way closure. The productive reservoirs are the Middle-Lower Jurassic Garn and Tilje. Estimated porosity ranges from 10 to 24 percent, S_w from 20 to 60 percent, and permeability is approximately 40 millidarcys. The Alve field is a tieback to the Norne FPSO vessel. Gas transport and sales are the main challenges for efficient recovery from this field. First production began in March 2009, with instantaneous production rates in late 2015 averaging approximately 16 million cubic feet per day (106ft3/d). Processing and sales constraints through the Norne field facilities reduced rates in 2013 to approximately 30 106ft³/d, but 2015 production returned to well capacity rates due to temporary relief in the Norne system for the first half of the year. Rate restrictions were applied again in the latter half of 2015 and will be maintained going forward. Estimates of proved reserves reflect production from the existing wells, while probable reserves estimates include recovery in an interpretation of the structure that extends below the lowest logged gas interval in the producing well. The current transportation and processing agreements limit production through the end of 2021, and reserves estimated have been limited to this interval.



The Gyda field is located offshore Norway in Blocks 1/3 and 2/1 in the southern portion of the Norwegian North Sea. The field is in producing license 019 B. The field is southeast of the Tambar/Tambar East field. The field is a complex, faulted structure with separate segments: the Gyda Main, Gyda Southwest, and Gyda South. The productive reservoir is the Upper Jurassic Ula. Estimated porosity ranges from 9 to 27 percent, S_w estimates ranged from 20 to

40 percent, and permeability is approximately 300 millidarcys. The field was discovered in 1980, and first production began in 1990. Water injection has been ongoing in the field, but the heterogeneous nature of the field has made reservoir management challenging. Proved developed reserves have been estimated based on the currently active wells. Probable reserves were estimated based on upside from existing wells and injection.

The Marulk field is located offshore Norway in Block 6507/2, in the northern portion of the Norwegian North Sea, and west of the Alve field. The field is in producing license 122. The Marulk field was discovered in 1992 by the 6507/2-2 well. The structure is a faulted, elongate, three-way closure. Rich gas is produced from the Lysing reservoir through two reactivated wells. Estimated porosity ranges from 10 to 30 percent, initial S_w estimates ranged from 25 to 40 percent, and permeability is approximately 400 millidarcys. First production started in 2012. The Marulk field produces as a tieback to the Norne FPSO. Proved reserves were estimated volumetrically for the area near the existing wells, while probable reserves include quantities estimated for higher potential recovery in the total structure, limited by the production schedule imposed by the FPSO.

The Ormen Lange field is located offshore Norway in Quadrant 6305 in the northern portion of the Norwegian North Sea. The field is south of the Alve and Marulk fields. The Ormen Lange field is a giant faulted gas field being produced and developed in water depths ranging from 800 to 1,100 meters. The field was discovered in 1997 with the drilling of the 6305/5-1 well. While seismic and well data indicate a structure that is faulted, pressure data indicate pressure communication across much of the field. Some of the larger faults have been interpreted as partially sealing, and certain drilled wells have indicated potential compartmentalization at the edges of the accumulation. The field is productive in the Paleocene Egga/Vaale and Cretaceous Jorsalfare reservoir sequences. Most of the productive interval is represented by the sand-rich turbidites of the Egga Formation. Estimated porosity ranges from 25 to 30 percent, Sw estimates ranged from 28 to 57 percent, and permeability is approximately 500 millidarcys. The field is being produced through transmission lines connected from the field's wells to a facility onshore. First production was in 2007, and production in 2015 averaged slightly less than 2 billion cubic feet per day. A total of 18 wells produce from 4 production templates. Drilling in the last few years has established an apparent northern limit, indicated areas of lesser quality, and confirmed good communication throughout the field. The field performance, including instantaneous well capacity and sustained field production, continues to confirm the superior strength and quality of the field. The partners in

the field completed a redetermination in 2013. Ownership interests were adjusted, and agreements to settle historical production imbalances were finalized and settled by the date of this report. Proved developed reserves have been estimated based on a reservoir interpretation linked closely to the existing wells, the demonstrated deliverability of the wells, and the volumetric analysis of the available geological data. Estimates of proved undeveloped reserves include onshore compression, as well as future drilling in areas outside of the demonstrated drainage radius of existing wells, but within proved limits. Probable reserves estimates reflect a more expansive volumetric view and higher average recovery.

The Oselvar field is located offshore Norway in Blocks 1/2 and 1/3 in the southern portion of the Norwegian North Sea. The field is in producing license 274. The field is west of the Tambar/Tambar East and Gyda fields. The Oselvar field includes production licenses 274 and 274CS, which overlie portions of Blocks 1/3 and 1/2. The structure of the Oselvar field is a combination structure and stratigraphic trap that was influenced by salt tectonics. The producing reservoir is the Forties Sandstone Member of the Paleocene Sele Formation. The field was discovered in 1991 by the 1/3-6 well and appraised in 1996 by the 1/3-7 well. The third appraisal well, the 1/3-10, and its sidetrack, the 1/3-10A well, were drilled in 2007 and 2008, respectively. Although the 1/3-2 and 1/3-4 exploratory wells indicated that the Forties reservoir was not present across the crest and the southeast flank of the structure, the updip and lateral limits of the Forties reservoir remain uncertain. Estimated porosity in the Forties reservoir ranges from 17 to 19 percent, Sw estimates ranged from 47 to 60 percent, and permeability is approximately 5 millidarcys. The field began to produce oil, gas, and condensate in 2012.

Three development wells have been drilled for the Oselvar field. Due to drilling and completion issues, the third well is not available for production. Reserves for this field are based on performance analysis. Estimates of proved reserves were limited to areas of anticipated well drainage from the two functioning producers and vertical limits based on pressure data, coupled with the performance of the flowing wells. The probable reserves estimates were based on better resources, as limited by the productivity of the remaining functional producers.

The Tambar and Tambar East fields are located offshore Norway in Blocks 1/3 and 2/1, in the southern portion of the Norwegian North Sea. The Tambar field is in producing license 065. The Tambar East field is in the Tambar East Unit, producing license 300. These fields are located north of the Gyda field and south of the Ula field. The Tambar/Tambar East structure is an elongate, faulted closure

trending northwest to southeast. The Tambar field was discovered in 1983 and the Tambar East field was discovered in 2007. The Tambar and Tambar East fields are separated by a major northwest/southeast-trending fault complex. The productive reservoir is the Jurassic Ula. The estimated Ula reservoir porosity ranges from 11 to 20 percent, S_w estimates ranged from 19 to 23 percent, and the permeability is approximately 50 millidarcys. The Tambar field began producing in mid-2001 as a tieback to the Ula field. The Tambar East field began producing in September 2007. There are two active wells in the Tambar field, which is producing approximately 5,000 BOPD and 5 10⁶ft³/d of gas. Water injection is also under consideration for the Tambar field. DONG's interest in the Tambar East field is different from that of the main Tambar field. Proved developed reserves estimates for both field areas were based on field performance. Probable reserves were estimated based on better performance.

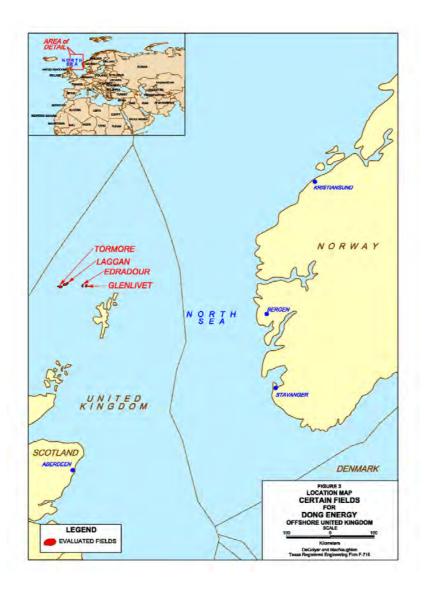
The Trym field is located offshore Norway in Block 3/7, in the southern portion of the Norwegian North Sea and near the international boundary with Denmark. The field is in producing license 147. The field is southeast of the Gyda field and adjoins the Lulita field (across the international boundary with Denmark). The field was discovered by well 3/7-4 in 1989. The structure is a faulted, three-way closure, influenced by salt tectonics. The main productive reservoirs are the Jurassic Bryne and Sandnes reservoirs. Estimated porosity ranges from 20 to 24 percent, initial S_w estimates ranged from 10 to 15 percent, and permeability is approximately 55 millidarcys. The reservoir is a gas-condensate system that was tested at a rate of more than 30 10⁶ft³/d. The field is currently producing from two wells tied back to the Harald platform in the Danish sector. Proved reserves estimates were constrained to the fault block containing the discovery well and the lowest known hydrocarbon in the well. Probable reserves estimates include quantities in the southern adjoining fault block to projected contacts.

The Ula field is located offshore Norway in Block 7/12, in the southern portion of the Norwegian North Sea. The field is in producing license 019. The field is north of the Tambar/Tambar East field. The structure of the field is a four-way closure that was influenced by salt tectonics. The productive reservoir is the Jurassic Ula. The Ula field began production in 1986. Estimated porosity ranges from 15 to 30 percent, S_w estimates ranged from 15 to 30 percent, and permeability is approximately 400 millidarcys. The field's estimated OOIP was just less than 1 billion barrels, of which half is estimated to have been already produced. Ula field facilities process liquids and sales gas for the Tambar and Tambar East fields. Water injection capacity was upgraded in 2006, and an ongoing water-alternating-

gas (WAG) project has contributed to increasing oil rates. Estimates of proved developed reserves were based on performance projections for the current wells and facilities, and proved undeveloped reserves estimates were based on planned recompletion of two oil producers. Probable reserves have been estimated for better performance, enhanced injection, and expansion of the WAG.

United Kingdom

Three fields offshore the United Kingdom were evaluated in this report: Edradour, Glenlivet, and Laggan and Tormore accumulations, treated as one combined field, Laggan-Tormore.



The Edradour field is located offshore the United Kingdom in Block 206/4 in the West of Shetlands area. The field is east of the Laggan-Tormore field and west of the Glenlivet field. The field is a combination structure and stratigraphic trap in the Cretaceous Albian Black Sail sandstone. Within the reservoirs, there may be lateral facies changes which add to the reservoir complexity. Estimated porosity ranges from 16 to 17 percent, S_w estimates ranged from 17 to 19 percent, and permeability is approximately 340 millidarcys. The Edradour field will be a single-well tieback to the Laggan-Tormore field, and it will fill capacity in the production system as the Laggan-Tormore field comes off plateau. First production is expected in 2017. Proved and probable undeveloped reserves were estimated based on limiting drainage to the eastern segment of the field. Proved reserves estimates were based on a volumetric analysis using an interpreted gas/water contact (GWC), while probable reserves were extended to a potential deeper GWC. The recovery factor, estimated to be 80 percent, was based on analysis of the simulation models available on the field.

The Glenlivet gas field is located offshore the United Kingdom in Block 214/30 in the West of Shetlands area. It is east of the Edradour field. The field was discovered in 2009 by exploration well 214/30a-2. The Glenlivet field is a combination structure and stratigraphic trap in the Paleocene Vaila sandstones. The reservoirs pinch out updip at the base of an unconformity. Estimated porosity ranges from 25 to 30 percent, S_w estimates ranged from 10 to 19, and permeability estimates ranged from 3 to 8 darcys. The field will tieback to the Laggan-Tormore field and is a joint development with the Edradour field. Drilling in the field has commenced, with first production expected to occur in 2018. Proved undeveloped reserves were estimated based on a volumetric analysis using an interpreted GWC. Probable undeveloped reserves were estimated by using more net pay than for proved reserves. The recovery factor, estimated to be 85 percent, was based on analysis of the simulation models available on the field.

The Laggan-Tormore field is located offshore the United Kingdom in Blocks 206/1 and 205/5, in the West of Shetlands area. The accumulations are west of the Edradour field. The Laggan-Tormore field is composed of two separate accumulations. Both accumulations are combination structure and stratigraphic traps. The field produces from sandstone reservoirs in the Paleocene Vaila Formation. Key uncertainties in the Vaila reservoirs are the GWC, compartmentalization, and aquifer strength. For the Laggan accumulation, estimated average porosity ranges from 20 to 22 percent, average observed Sw estimates ranged from 19 to 23 percent, and average observed permeability is approximately 65 millidarcys. For the Tormore accumulation, average observed

porosity ranges from 22 to 24 percent, average S_w estimates ranged from 29 to 38 percent, and average estimated permeability is approximately 70 millidarcys. The Laggan-Tormore field is part of a combined gas-condensate development. The Laggan accumulation was discovered in 1986 by well 206/1-2, and the Tormore accumulation was discovered by well 205/5a-1 in 2007. Wells have tested from 13 to 38 10⁶ft³/d of gas. A field development plan, which includes eight subsea wells tied back to the Shetland gas plant at the Sullom Voe terminal, was submitted in November 2009. First production commenced in the first quarter of 2016. There is some ambiguity in the log analysis of the wells regarding in situ fluid; however, the pressure data seem to confirm oil in some areas. Estimates of proved reserves were based on the drilled compartments in each field and the associated volume in place, while probable reserves estimates include quantities in compartments that are likely in communication adjacent to drilled compartments.

Estimated reserves for the fields evaluated herein are presented in thousands of barrels (10³bbl) for oil, condensate, and LPG, millions of cubic feet (10⁶ft³) for sales gas, and thousands of barrels of oil equivalent (10³boe) for oil, condensate, LPG, and sales gas.

Estimates of the gross proved and probable reserves for the properties evaluated in this report, as of March 31, 2016, are summarized as follows, expressed in thousands of barrels (10³bbl) and millions of cubic feet (106ft³), as well as in thousands of barrels of oil equivalent (10³boe):

	Gross Reserves					
	Oil, Condensa	te, and LPG	Sales Gas		Oil Equivalent	
Country	Proved (10³bbl)	Probable (10³bbl)	Proved (106ft3)	Probable (106ft³)	Proved (10³boe)	Probable (10³boe)
Denmark	49,831	24,899	33,511	17,715	55,806	28,057
Norway	49,915	75,510	2,860,618	2,208,711	559,920	469,290
United Kingdom	24,017	22,872	741,038	466,910	156,133	106,115
Total	123,763	123,281	3,635,167	2,693,336	771,859	603,462

Notes:

- 1. Probable reserves have not been risk adjusted to make them comparable to proved reserves.
- 2. Sales gas has been converted to oil equivalent using an energy equivalent factor of 5,609 cubic feet per boe.
- 3. Probable reserves have not been risk adjusted to make them comparable to proved reserves in the calculation of boe.

Estimates of the net proved and probable reserves, as of March 31, 2016, attributable to the interests evaluated herein are summarized as follows, expressed

in thousands of barrels (10³bbl) and millions of cubic feet (10⁶ft³), as well as in thousands of barrels of oil equivalent (10³boe):

	Net Reserves					
	Oil, Condensate, and LPG		Sales Gas		Oil Equivalent	
Country	Proved (10³bbl)	Probable (10³bbl)	Proved (106ft³)	Probable (10 ⁶ ft ³)	Proved (10³boe)	Probable (10³boe)
Denmark	22,759	13,123	12,329	6,517	24,957	14,285
Norway	9,875	14,281	426,674	322,115	85,945	71,709
United Kingdom	4,804	4,574	148,207	93,382	31,227	21,223
Total	37,438	31,978	587,210	422,014	142,129	107,217

Notes:

- 1. Probable reserves have not been risk adjusted to make them comparable to proved reserves.
- 2. Sales gas has been converted to oil equivalent using an energy equivalent factor of 5,609 cubic feet per boe.
- Probable reserves have not been risk adjusted to make them comparable to proved reserves in the calculation of boe.

Valuation of Reserves

This report has been prepared using initial prices and costs provided by DONG and future price and cost assumptions specified herein. Estimates of future net revenue and present worth of proved and proved-plus-probable reserves have been prepared in accordance with PRMS. Gross and net reserves estimated herein are based on the Base Case price and cost estimations. Two price sensitivity economic scenario cases were evaluated, with future prices and costs as described below. The sensitivity cases are projected to the Base Case projected limit or the sensitivity case economic limit, whichever occurs first. Only prices are varied in each price sensitivity case.

In this report, values for proved and proved-plus-probable reserves are based on projections of estimated future production and revenue prepared for these properties with no risk adjustment applied to the probable reserves. Probable reserves involve substantially higher risks than proved reserves. Revenue values for proved-plus-probable reserves have not been adjusted to account for such risks; this adjustment would be necessary in order to make the values for the probable reserves comparable with values for proved reserves.

Revenue values of the proved and proved-plus-probable reserves were established utilizing methods generally accepted by the petroleum industry. Production forecasts of the proved and proved-plus-probable reserves were based on

the development plan for the fields. The future net revenue and present worth of the fields' reserves were estimated using the price and cost assumptions, monetary conversion values, and the appropriate concession terms provided by DONG.

The present worth attributable to the fields evaluated has been estimated using the Base Case assumptions and the two price sensitivity scenarios provided by DONG and reviewed by DeGolyer and MacNaughton. The price assumptions are as follows:

Oil, Condensate, LPG, and Gas Prices

Base Case Price Assumptions

The initial prices used in this evaluation were U.S.\$39.50 per barrel for oil and \$4.20 per thousand cubic feet (10³ft³) for gas. In 2015 the Brent oil marker price was U.S.\$54.25 per barrel and the United Kingdom National Balance Point Index was U.S.\$6.06 per 10³ft³. Prices used to estimate reserves and future net revenue herein are shown below, expressed in United States dollars per barrel (U.S.\$/bbl) and United States dollars per thousand cubic feet (U.S.\$/10³ft³):

Year	Brent Oil Marker (U.S.\$/bbl)	Oil and Condensate Price (U.S.\$/bbl)	LPG Price (U.S.\$/bbl)	Gas Price (U.S.\$/10³ft³)
2016	39.50	39.50	27.65	4.20
2017	45.17	45.17	31.62	4.50
2018	47.53	47.53	33.27	4.80
2019	55.61	55.61	38.93	5.62
2020	63.69	63.69	44.58	6.43
2021	71.77	71.77	50.24	7.25
2022	73.20	73.20	51.24	7.39

Note: Prices were escalated at 2 percent per year thereafter.

Price Sensitivity Case 1

Price sensitivity case 1 is a low price case where the annual oil and condensate price is U.S.\$10.00 per barrel lower than in the base case. The annual LPG price is U.S.\$7.00 per barrel lower and the annual gas price is U.S.\$1.00 per 10³ft³ lower than in

the base case. Reserves estimates herein are based on the base case scenario, and quantities in the sensitivity cases are those estimated prior to the limit of projected production or when an annual economic limit is reached, whichever comes first. All other components of the evaluation, including costs, for the sensitivity cases are the same as stated for the base case herein.

Price Sensitivity Case 2

Price sensitivity case 2 is a high price case where the annual oil and condensate price is U.S.\$10.00 per barrel higher than in the base case. The annual LPG price is U.S.\$7.00 per barrel higher and the annual gas price is U.S.\$1.00 per 10³ft³ higher than in the base case. Reserves estimates herein are based on the base case scenario, and quantities in the sensitivity cases are those estimated prior to the limit of projected production or when an annual economic limit is reached, whichever comes first. All other components of the evaluation, including costs, for the sensitivity cases are the same as stated for the base case herein.

Operating Expenses, Tariffs, Capital Costs, and Abandonment Costs

Current operating expenses and operating expense forecasts provided by DONG were used in estimating future expenses required to operate the fields. In certain cases, future expenses, either higher or lower than current expenses, may have been used because of anticipated changed operating conditions. Pipeline and processing tariffs are paid for access to markets. Future capital expenditures and abandonment costs were estimated using current forecasts provided by DONG. A 2-percent cost escalation per year was applied beginning in 2017. Generally, abandonment costs were assigned the year after cessation of production, except where other anticipated abandonment dates were represented by DONG. Economic limits for each field have been estimated prior to any abandonment obligations and any host country tax. Operating

expenses are not inclusive of corporate overhead costs and hedging.

Royalty

No royalty is applicable for these fields.

Exchange Rate

Where applicable, the exchange rates of U.S.\$0.154 per 1.00 Danish Kroner, U.S.\$1.42 per 1.00 United Kingdom pound, and U.S.\$0.131 per 1.00 Norwegian Kroner were used for this report.

Host Country Taxes

Host Country income taxes have been estimated based on data provided by DONG and were compiled at the field level for this report. In the United Kingdom, there is a 40-percent combined tax rate on income, consisting of a 30-percent ring fence corporate tax rate and a 10-percent supplemental charge. In Denmark, DONG pays a 25-percent income tax and a 52-percent hydrocarbon tax. In Norway, DONG pays a 27-percent income tax and a 51-percent special petroleum tax. DONG's corporate tax position was considered in this report, and certain tax losses are included herein that would apply to properties evaluated herein. In the case of the United Kingdom and Denmark, this results in a tax quantity of zero. Annual taxes are paid in two portions: a component in the current year and the balance in the subsequent year.

Other Revenue

Other revenue includes certain cash receipts related to a Glenlivet transaction, as represented by DONG.

As in any evaluation, there may be risk of unexpected cost variances and timing delays or accelerations. For this evaluation, consideration has been given to these elements to the extent possible. The resulting scheduling of production and

costs is represented as a reliable estimate incorporating contingencies and timing delays where reasonable.

Estimated future revenue and costs evaluated herein for the proved developed, total proved, and proved-plus-probable net reserves, as of March 31, 2016, attributable to DONG offshore Denmark, Norway, and the United Kingdom evaluated herein, under the aforementioned Base Case assumptions, are summarized as follows, expressed in thousands of United States dollars (10³U.S.\$):

	Valuatio	n of Reserves	Summary
		Base Case	
	Proved	Total	Proved plus
	Developed	Proved	Probable
	$(10^{3}U.S.\$)$	$(10^3 U.S.\$)$	$(10^3 U.S.\$)$
Future Gross Revenue	4,126,322	5,310,427	10,337,689
Other Revenue	141,185	141,185	141,185
Tariffs Paid and Operating Expenses	1,508,816	1,768,605	3,019,098
Capital Costs	53,553	303,526	437,372
Abandonment Costs	1,699,533	1,766,441	1,847,997
Host Country Taxes	643,378	1,121,638	2,998,132
Future Net Revenue	221,042	350,217	2,035,090
Present Worth at 10 Percent	633,675	702,281	1,773,467

Note: Values for probable reserves have not been risk adjusted to make them comparable to values for proved reserves.

For the sensitivity case economic scenarios, estimates of future revenue and costs evaluated herein for the proved developed, total proved, and proved-plus-probable net quantities, as of March 31, 2016, attributable to DONG offshore Denmark, Norway, and the United Kingdom evaluated herein, under the aforementioned assumptions, are summarized as follows, expressed in thousands of United States dollars (10³U.S.\$):

			Valuation	Summary		
	Sei	nsitivity Case	1	plus Proved Total plus obable Developed Proved Probable		
	Proved Developed (10 ³ U.S.\$)	Total Proved (10³U.S.\$)	Proved plus Probable (103U.S.\$)	Developed	Proved	plus Probable
Future Gross Revenue	3,224,886	4,144,597	8,480,117	4,890,688	6,269,070	12,035,780
Other Revenue	141,185	141,185	141,185	141,185	141,185	141,185
Tariffs Paid and Operating Expenses	1,321,528	1,505,089	2,829,631	1,518,854	1,779,981	3,037,032
Capital Costs	51,090	295,653	435,497	53,553	303,526	437,372
Abandonment Costs	1,688,440	1,755,304	1,847,997	1,699,533	1,766,441	1,847,997
Host Country Taxes	346,029	732,363	2,262,246	952,768	1,522,952	3,755,250
Future Net Revenue	(182,201)	(143,812)	1,104,746	665,980	896,170	2,958,129
Present Worth at 10 Percent	287,812	288,520	1,097,528	993,163	1,136,636	2,443,690

Note: Values for probable quantities have not been risk adjusted to make them comparable to values for proved quantities.

Professional Qualifications

DeGolyer and MacNaughton is a Delaware Corporation with offices at 5001 Spring Valley Road, Suite 800 East, Dallas, Texas 75244, U.S.A. The firm has been providing petroleum consulting services throughout the world since 1936. The firm's professional engineers, geologists, geophysicists, petrophysicists, and economists are engaged in the independent evaluation of oil and gas properties, evaluation of hydrocarbon and other mineral prospects, basin evaluations, comprehensive field studies, equity studies, and studies of supply and economics related to the energy industry. Except for the provision of professional services on a fee basis, DeGolyer and MacNaughton has no commercial arrangement with any other person or company involved in the interests which are the subject of this report.

The evaluation has been supervised by Mr. Lloyd W. Cade, a Senior Vice President with DeGolyer and MacNaughton, in the firm's Europe Africa Division, a Registered Professional Engineer in the State of Texas, and a member of the International Society of Petroleum Engineers. He has over 33 years of oil and gas industry experience.

Submitted,

/s/ DeGolyer and MacNaughton

DeGOLYER and MacNAUGHTON
Texas Registered Engineering Firm F-716

/s/ Lloyd W. Cade, P.E.

[SEAL]

Lloyd W. Cade, P.E. Senior Vice President DeGolyer and MacNaughton





TABLE 1
GROSS ULTIMATE RECOVERY and OIL, CONDENSATE, and LPG RESERVES:
as of MARCH 31, 2016

for CERTAIN PROPERTIES offshore DENMARK, NORWAY, and the UNITED KINGDOM

	Total Proved Ultimate Recovery	Cumulative								Reserves							
	Oll, Condensate,	Oil, Condensate,	a	Proved Developed	P	Pre	Proved Undeveloped	pac		Total Proved			Probable		Pro	Proved plus Probable	ble
Field	and LPG (10 ³ bbl)	and LPG (10 ² bbl)	OII (10 ² bbl)	Condensate (10 ³ bbl)	(10 ² bbl)	Oil (10 ² bbl)	Condensate (10 ² bbf)	LPG (10 ² bbl)	Oil (10 ² bbl)	Condensate (10 ² bbl)	LPG (10 ² bbl)	(10°bbi)	Condensate (10³bbl)	LPG (10 ³ bbl)	(10°bbi)	Condensate (10 ² bbl)	LPG (10 ³ bbl)
Denmark																	
Cecilie	7,934	7,437	385	0	0	115	0	0	497	0	0	295	0	0	1,049	0	0
Luita	6,759	6,759	0	0	0	0	0	0	0	0	0	1,578	0	0	1,576	0	0
Nhi	41,769	39,135	2,450	0	0	184	0	0	2,634	0	0	3,283	0	0	5,917	0	0
Siri	67,536	63,567	2,767	0	0	1,202	0	0	3,969	0	0	3,617	0	0	7,586	0	0
South Ame	204,072	163,372	38,301	0	0	2,399	0	0	40,700	0	0	14,526	0	0	55,226	0	0
Stine	22,129	20,098	1,610	0	0	421	0	0	2,031	0	0	1,345	0	0	3,376	0	0
Total Denmark	350,199	300,368	45,510	0	0	4,321	0	0	49,831	0	0	24,899	0	0	74,730	0	٥
Norway																	
Alve	21,365	19,063	2,302	0	0	0	0	0	2,302	0	0	3,149	0	0	5,451	0	0
Gyda	221,868	221,868	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marulk	5,914	1,984	0	988	2,944	0	0	0	0	998	2,944	0	230	1,382	0	1,516	4,326
Ormen Lange	110,504	73,496	0	26,983	0	0	10,025	0	0	37,008	0	0	27,794	0	0	64,802	0
Oselvar	4,972	3,856	1,065	0	5	0	0	0	1,065	0	16	852	0	43	1,917	0	86
Tambar	666'59	61,428	4,391	0	180	0	0	0	4,391	0	180	1,572	0	2	5,963	0	244
Tambar East	1,411	1,369	41	0	-	0	0	0	41	0	1	66	0	4	140	0	d
Trym	9,118	8,172	0	946	0	0	0	0	0	946	0	0	206	0	0	1,152	0
Ula	491,929	491,929	0	0		0	0	0	0	0	0	37,952	1,866	0	37,962	1,866	0
Total Norway	933,080	883,165	2,799	28,915	3,176	0	10,025	0	7,799	38,940	3,176	43,624	30,396	1,490	51,423	966,936	4,666
United Kingdom						1			Ì			í					
Edradour	1,079	0	0	0	0	0	1,079	0	0	1,079		0	546	0	0	1,625	0
Glenlivet	2,270	0		0	0	0	2,270	0	0	2,270		0	1,239	0	0	3,509	0
Laggan-Tormore	20,901	233	0	20,668	0	0	0	0	0	20,668	0	0	21.087	0	0	41,755	0
Total United Kingdom	24,250	233	0	20,668	0	0	3,349	0	0	24,017	0	0	22,872	0	0	46,889	0
Grand Total	1,307,529	1,183,766	53,309	49,583	3,176	4,321	13,374	0	57,630	62,957	3,176	68,523	53,268	1,490	126,153	116,225	4,666



TABLE 2 GROSS ULTIMATE RECOVERY and SALES GAS RESERVES as of MARCH 31, 2016

for CERTAIN PROPERTIES offshore

DENMARK, NORWAY, and the UNITED KINGDOM

	Total Proved				Reserves		
Field	Ultimate Recovery (10 ⁶ ft ³)	Production (10 ⁶ ft ³)	Proved Developed (10 ⁶ ft ³)	Proved Undeveloped (10 ⁶ ft ³)	Total Proved (10 ⁶ ft ³)	Probable (10 ⁶ ft³)	Proved plus Probable (10 ⁶ ft ³)
Denmark							
Cecilie	.0	0	0	0	0	0	0
Lulita	0	0	0	0	0	0	0
Nini	0	0	0	O	0	0	0
Siri	0	0	0	0	0	0	0
South Arne	231,696	198,185	31,856	1,655	33,511	17,715	51,226
Stine	0	0	0	0_	0	0	0
Total Denmark	231,696	198,185	31,856	1,655	33,511	17,715	51,226
Norway							
Alve	198,097	175,962	22,135	0	22,135	30,283	52,418
Gyda	0	0	0	0	0	0	0
Marulk	288,586	209,826	78,760	0	78,760	36,957	115,717
Ormen Lange	8,324,543	5,600,510	1,983,719	740,314	2,724,033	2,124,322	4,848,355
Oselvar	14,129	10,705	3,424	0	3,424	2,928	6,352
Tambar	12,088	7,687	4,401	0	4,401	1,576	5,977
Tambar East	571	555	16	0	16	39	55
Trym	120,525	92,676	27,849	0	27,849	12,606	40,455
Ula	332,149	332,149	0_	0	0	0	0
Total Norway	9,290,688	6,430,070	2,120,304	740,314	2,860,618	2,208,711	5,069,329
United Kingdom							
Edradour	72,205	0	0	72,205	72,205	41,340	113,545
Glenlivet	139,576	0	0	139,576	139,576	76,211	215,787
Laggan-Tormore	535,444	6,187	529,257	0	529,257	349,359	878,616
Total United Kingdom	747,225	6,187	529,257	211,781	741,038	466,910	1,207,948
Grand Total	10,269,609	6,634,442	2,681,417	953,750	3,635,167	2,693,336	6,328,503

Note: Probable reserves have not been risk adjusted to make them comparable to proved reserves.

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.



MARCH 31, 2016
atributable to
DONG ENERGY
for
CERTAIN PROPERTIES

offshore DENMARK, NORWAY, and the UNITED KINGDOM.

Field Condenses LPG Condenses Co	10	ď	Proved Developed	0	Pro	Proved Undeveloped	pa		Total Proved			Probable		Pro	Proved plus Probable	ple
1,400 1,00	Field	100	Condensate (10³bbl)	(10 ² bbl)	(10 ² bbl)	Condensate (10 ² bbl)	(10 ² bbl)	(10°bbl)	Condensate (10²bbl)	LPG (10 ² bbl)	(16 ³ bbl)	Condensate (10 ³ bbl)	(10 ² bbl)	(10 ² bbl)	Condensate (10*bbl)	(10 ² bbl)
1,400 1,00	Denmark															
1,400 0 0 0 0 0 0 0 0 0	Cecilie	215	O	0	99	0	0	280	0	0	311	0	0	591	0	0
1,400 0 10 105 1,500 0 1,500	Lolita	0	0	0	0	0	0	0	0	0	630	0	0	630	0	0
1,600 1,00	Nini	1,400	0	0	105	0	0	1,505	0	0	1,876	0	0	3,381	0	0
1,610 0 0 683 0 0 1,4974 0 0 5,344 0 0 0 30,318 0 0 0 0 0 0 0 0 0	Siri	2,767	0	D	1,202	0	0	3,969	Œ	0	3,617	0	0	7,586	0	0
1,510 1,51	South Ame	14,091	0	0	883	0	0	14,974	0	0	5,344	0	0	20,318	0	0
rk 20,083 0 2,675 0 22,759 0 15,123 0 15,123 0 15,123 0 35,882 0 0 35,882 0 0 35,882 0 0 24,793 0 <	Stine	1,610	0	0	421	0	0	2,031	0	0	1,345	0	0	3,376	0	0
345 10 10 10 10 10 10 10 1	otal Denmark	20,083	0	0	2,676	0	0	22,759	0	0	13,123	0	0	35,882	0	0
345 0 0 0 0 0 0 0 0 0	onway															
Color Colo	Alve	345	0	0	0	0	0	345	0	0	472	0	0	817	0	0
94	Gyda	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ge 0 3783 0 1,406 0 5,189 0 0 3,897 0 0 9,086 1,976 0 286 0 286 0 286 0 28 469 0 24 1,085 0 14 18 0 1,976 0 1,976 0 1,976 0 28 469 0 24 1,685 0 14 18 0 0 1,976 0 0 1,976 0 0 1,976 0 0 1,976 0	Manulk	0	296	883	0	0	0	0	296	883	0	158	415	0	455	1,298
1,976 0 28	Ormen Lange	0		0	0	1,406	0	0	5,189	0	0	3,897	0	0	980'6	0
st 1,976 0 61 0 1,976 0 1,976 0 1,976 0 1,976 0 1,976 0 1,976 0 1,976 0 1,976 0 1,976 0 1,976 0 1,976 0 1,976 0 1,976 0 1,976 0 1,976 0 1,976 0 1,676 0 1,676 0 1,676 0 1,676 0 1,676 0 1,676 0 1,676 0 1,676 0 1,676 0 1,676 0 1,676 0 1,676 0 1,676 0 1,676 0 1,676 0 1,676 0 1,676 0 0 1,676 0	Oselvar	286	0	88	0	0	0	989	0	28	469	0	24	1,055	0	25
st 18 0 0 43 0 43 0 61 0 0 473 0 473 0 0 473 0 0 61 0 576 y 2,925 4,552 992 0 1,406 0 2,925 5,958 992 9,281 4,532 468 12,206 10,490 om 0 0 0 2,925 5,958 992 9,281 4,532 468 12,206 10,490 om 0 0 1,406 0 2,925 5,958 992 9,281 4,532 468 12,206 10,490 om 0 0 0 2,925 5,958 992 9,281 4,532 468 12,206 10,490 om 0 0 0 0 4,534 0 0 0 0 0 0 0 stringlation 0 0 0	Tambar	1,976	0	18	0	0	0	1,976	0	20	202	0	59	2,683	0	110
0 473 0 0 0 473 0 0 6 6 473 0 0 163 0 7690 576 577 576 577 577 577 577 577 577 577 577 577 577 577 577 577 577 577 <td>Tambar East</td> <td>18</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>18</td> <td>0</td> <td>0</td> <td>43</td> <td>0</td> <td>0</td> <td>19</td> <td>0</td> <td>0</td>	Tambar East	18	0	0	0	0	0	18	0	0	43	0	0	19	0	0
y 2,925 4,552 992 0 0 0 2,925 5,958 992 9,281 4,532 468 12,206 10,490 om 0 0 0 2,925 5,958 992 9,281 4,532 468 12,206 10,490 om 0 0 0 216 0 216 0 0 245 0 0 248 0 0 325 more 0 0 0 4,134 0 0 4,134 0	Trym	0	473	0	0	0	0	0	473	0	0	103	0	0	576	0
y 2.925 4.552 992 0 1,406 0 2,925 5,958 992 9,281 4,532 468 12,206 10,490 om 0 0 0 216 0 216 0 0 0 0 248 0 0 325 more 0 0 0 4,134 0 0 4,134 0<	Ula	0	0	0	0	0	0	0	0	0	7,690	373	0	7,590	373	0
Ommone 0 0 0 216 0 0 108 0 0 325 more 0 0 0 454 0 0 454 0 0 458 0 0 702 more 0 4,134 0 0 0 0 4,134 0 0 4,574 0 0 9,378 Kingdom 0 4,134 0 0 25,684 10,762 992 22,404 9,106 46,74 0 0 9,378	otal Norway	2,925	4,552	992	0	1,406	0	2,925	5,958	992	9,281	4,532	468	12,206	10,490	1,460
Tingglom 0 4,134 0 0 6 454 0 0 4,804 0 0 2,407 0 0 9,378 Kingdom 0 8,686 992 2,676 2,076 0 25,684 10,762 992 22,404 9,106 468 49,086 19,868	hited Kingdom	C	d	¢	c	25	ė	0	916	¢	C	100	¢	C	Š	٥
Mingdom 0 4,134 0 0 4,134 0 0 4,134 0 0 4,217 0 0 8,351 Kingdom 0 4,134 0 0 670 0 0 4,574 0 0 9,378 22,008 8,686 992 2,676 2,076 0 25,684 10,762 982 22,404 9,106 468 48,088 19,868	Glenlivet	0	0	6	0	454	0	0	454	0	0	248	0	0	202	0
Kingdom 0 4,134 0 0 670 0 0 4,804 0 0 4,574 0 0 9,378	Laggan-Tormore	0	4,134	0	0	0	0	0	4,134	0	0	4.217	0	0	8,351	0
23,008 8,686 992 2,676 2,076 0 25,684 10,762 992 22,404 9,106 468 48,088 19,868	otal United Kingdom		4,134	0	0	0.29	0	0	4,804	0	0	4,574	0	0	9,378	0
	irand Total	23,008	8,686	885	2,676	2,076	0	25,684	10,762	286	22,404	9,106	468	48,088	19,868	1,460



TABLE 4 NET SALES GAS RESERVES as of MARCH 31, 2016 attributable to DONG ENERGY

for CERTAIN PROPERTIES offshore

DENMARK, NORWAY, and the UNITED KINGDOM

			Reserves		
Field	Proved Developed (10 ⁶ ft ³)	Proved Undeveloped (10 ⁶ ft ³)	Total Proved (10 ⁶ ft ³)	Probable (10 ⁶ ft ³)	Proved plus Probable (10 ⁶ ft ³)
Denmark					
Cecilie	0	0	0	0	0
Lulita	0	0	0	0	
Nini	0	0	0	0	C
Siri	0	0	0	0	
South Arne	11,720	609	12,329	6,517	18,846
Stine	0	0	0	. 0	0
Total Denmark	11,720	609	12,329	6,517	18,846
Norway:					
Alve	3,320	0	3,320	4,542	7,862
Gyda	0	0	0	0	
Marulk	23,628	0	23,628	11,087	34,715
Ormen Lange	278,133	103,798	381,931	297,847	679,778
Oselvar	1,883	0	1,883	1,610	3,493
Tambar	1,980	0	1,980	709	2,689
Tambar East	7	0	7	17	24
Trym	13,925	0	13,925	6,303	20,228
Ula	0	0	0	0	
Total Norway	322,876	103,798	426,674	322,115	748,789
United Kingdom					
Edradour	0	14,441	14,441	8,268	22,709
Glenlivet	0	27,915	27,915	15,242	43,157
Laggan-Tormore	105,851	0	105,851	69,872	175,723
Total United Kingdom	105,851	42,356	148,207	93,382	241,589
Grand Total	440,447	146,763	587,210	422,014	1,009,224

Note: Probable reserves have not been risk adjusted to make them comparable to proved reserves.

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.



TABLE 5
PROJECTION of MET PROVED DEVELOPED RESERVES and FUTURE NET REVENUE – BASE CASE as of

MARCH 31, 2016
attributable to
DONG ENERGY
for
CERTAIN FIELDS
offshore
DENMARK

Sailes Gross Other Operating Copile Chair Abandoniment Net at Country Net At At Country Net At Net At At Net At Net At Net At At Net At		Net	Net Production		Future		Tariff Paid and			Before Tax Future	Before Tax Present Worth	Host	Future	Present Worth
4,833 0 2,665 0 100,628 8,666 2,477 90,901 0 90,901 0 105,741 90,901 0 105,741 90,901 0 105,741 90,901 0 105,741 90,901 0 105,741 105,741 90,901 0 105,741 105,741 105,741	- 2	Oif and Condensate (10³bbl)	LPG (10 ² bbl)	Sales Gas (10 ⁵ ft ³)	Gross Revenue (10² U.S.S)	Other Revenue (10° U.S.S)	Operating Expenses (10° U.S.\$)	Capital Costs (10° U.S.\$)	Abandonment Costs (10" U.S.S)	Net Revenue (10° U.S.S)	at 10 Percent (10 ¹ U.S.S)	Country Taxes (10 ² U.S.\$)	Net Revenue (10° U.S.S)	at 10 Percent (10² U.S.S)
5,677 0 2598 24,284 0 112,759 4,227 9,677 105,741 55,046 0 105,741 1,709 0 1,522 10,0004 0 119,402 0 119,402 0 119,402 0 119,402 0 11,739 64,57 65,514 0 0 12,22 10,0004 0 11,739 64,57 65,117 0 62,534 0 105,473 0 10,547 0 10,547 0 10,547 0 10,547 0 10,547 0 10,547 0 10,547 0 10,547 0 10,547 0 10,547 0 10,547 0 10,529 0 10,529 0 10,529 0 10,529 0 10,529 0 10,529 0 10,529 0 10,529 0 10,529 0 10,529 0 10,529 0 10,529 0 10,529 0 10,529 0 10,529	10	4,833	0	2,665	202,101	0	100,628	8,685	2.477	90,301	86,651	0	90,301	86,651
3871 0 2,125 194,024 0 119,482 4 (228) 797 88,717 55,514 0 88,717 1,657 0 1,522 100,004 0 41,387 3,000 0 45,539 45,177 0 86,717 1,657 0 1,657 2,884 0 44,587 2,129 1,539 31,611 0 45,483 1,657 0 45,587 2,129 1,587 1,589 8,164 0 1,511 899 0 45,524 0 44,587 2,129 1,589 8,164 0 1,511 899 0 45,224 0 44,587 1,717 2,623 (15,648) 0 1,517 969 0 46,224 0 44,582 1,374 2,663 (14,450) 0 (15,477) 0 0 0 0 0 0 0 45,472 (14,476) 0 (14,476)	6	5,075	0	2,928	242,384	0	122,759	4,227	759'6	105,741	93,016	0	105,741	93,01
1709 0 1522 105,066 0 41,368 3,003 645 82,563 45,117 0 82,563 1,551 0 1,068 92,894 0 44,368 3,063 0 45,453 2,171 0 45,453 0 62,633 0 45,453 0 45,442 0 45,442 0 45,442 0 45,442 0 45,442 0 45,442 0 45,442 0 45,442 0 45,442 0		3,871	0	2,125	194,024	0	119,482	4,028	161	21717	55,514	0	69,717	55,514
1,055 0 1,058 92,284 0 44,388 3,063 0 45,453 29,657 0 45,453 0 45,473 0 45,473 0 45,473 0 45,473 0 45,473 0 45,473 0 45,473 0 45,473 0 45,473 0 45,473 0 45,473 0 45,473 0 45,473 0 45,473		1,709	0	1,522	103,608	0	37,367	3,003	645	62,593	45,117	0	62,593	45,117
1,075 0 709 82,294 0 48,257 2,087 31,611 18,671 <t< td=""><td></td><td>1,351</td><td>0</td><td>1,068</td><td>92,884</td><td>0.</td><td>44,368</td><td>3,063</td><td>0</td><td>45,453</td><td>29,657</td><td>O</td><td>45,453</td><td>29,657</td></t<>		1,351	0	1,068	92,884	0.	44,368	3,063	0	45,453	29,657	O	45,453	29,657
863 0 455 4,7867 2,129 1,687 15,269 8,164 0 15,269 711 0 496 45,269 2,171 2,124 15,269 8,164 0 16,277 863 0 45,269 1,172 </td <td>16</td> <td>1,075</td> <td>0</td> <td>709</td> <td>82,284</td> <td>0</td> <td>48,257</td> <td>2,087</td> <td>339</td> <td>31,611</td> <td>18,671</td> <td>0</td> <td>31,611</td> <td>18,671</td>	16	1,075	0	709	82,284	0	48,257	2,087	339	31,611	18,671	0	31,611	18,671
711 0 219 54,714 0 42,556 2,171 36,251 (18,277) (18,87) (18,87) (18,87) (18,27) (18,78) 0 (16,277) 589 0 49,229 0 43,682 1,379 52,683 (15,046) (72,063) 0 (16,472) 0 0 0 0 0 0 0 (14,776) 0 (14,472) 0 0 0 0 0 0 0 0 (14,476) 0 (14,472) 0 0 0 0 0 0 0 0 (14,476) 0 (14,472) 0	Š.	658	0	435	96,822	0	47,587	2,129	1,837	15,269	8,164	0	15,269	8,164
568 0 49 45,229 0 43,862 1,379 52,633 (52,645) (744,530) 0 (32,645) 0 0 0 0 0 0 0 0 (144,530) 0 (32,645) 0 0 0 0 0 0 0 (144,530) 0 0 (144,520) 0	in	717	0	219	54,714	0	42,559	2,171	26,261	(16,277)	(878)	0	(16,277)	78'1)
0 0 0 0 0 364,452 (144,530) (144,530) 0 (364,452) 0 0 0 0 0 0 45,472 (14,452) (14,453) 0 (144,52) 0 0 0 0 0 0 45,472 (14,476) 0 (144,422) 0 0 0 0 0 0 45,472 (14,4776) 0 (145,472) 0 0 0 0 0 0 0 (145,472) (145,472) (145,472) (145,472) 0 0 0 0 0 0 0 0 (172,370) (145,472) 0 (145,472) 0	ú	583	0	-49	46,229	0.	43,862	1,379	52,633	(52,645)	(23,063)	0	(52,645)	(23,06
0 0 0 0 0 64,452 (23,137) 0 (84,452) 0 0 0 0 0 0 45,472 (45,472) (45,472) (12,135) 0 (44,472) 0 0 0 0 0 0 72,259 (72,259) (72,259) (72,259) (72,259) (72,259) 0 0 0 0 0 0 172,370 (45,872) 0 (132,259) 0 0 0 0 0 0 0 (172,259) (18,442) (18,442) (18,422) 0 0 0 0 0 0 0 (172,259) (172,259) (172,259) (172,259) 0	ú	0	0	0	0	0	0	0	364,452	(384,452)	(144,530)	0	(384,452)	(144,53
0 0 0 0 0 45,472 (45,472) (45,476) 0 (45,472) 0 0 0 0 0 0 0 72,259 (12,259) (12,259) 0 (12,259) 0 0 0 0 0 0 172,270 (172,259) (15,259) 0 (15,259) 0 0 0 0 0 172,259 (172,259) (172,259) (172,259) (172,259) 0 0 0 0 0 0 0 0 (172,259) (172,259) (172,259) (172,259) 0 0 0 0 0 0 0 0 0 0 0 0 0 0		0	0	0	0	0	O	0	84,452	(64,452)	(23,137)	0	(64,452)	(23,137)
0 0 0 0 0 72,259 (72,259) 0 772,259) 0 0 0 0 0 0 0 (45,897) 0 (172,370) 0 0 0 0 0 0 0 (172,370) (45,897) 0 (172,370) 0 0 0 0 0 0 0 (172,370) (18,443) 0 (18,443) 0		0	0	0	0	0	0	0	45,472	(45,472)	(14,776)	0	(45,472)	(14,77
0 0 0 0 0 0 172,370 (172,370) (45,897) 0 (172,370) (45,897) 0 (172,370) (45,897) 0 0 (172,370) (45,897) 0 (172,370) (45,897) 0 (172,370) 0 (172,370) 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	1	0	0	0	0	0	0	0	72,259	(72,259)	(21,255)	0	(72,259)	(21,25
0 0 0 0 0 0 0 (18843) (18643) (4542) 0 (18843)	Š	0	0	0	0	0	0	0	172,370	(172,370)	(45,897)	0	(172,370)	(45,897)
0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		0	0	0	a	0	0	0	18,843	(18,843)	(4,542)	0	(18,843)	(4,54
0 0		0	0	0	0	0	0	0	0	0	0	0	0	0
0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Ž,	0	0	0	0	0	0	0	0	0	0	0	0	0
0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	4	0	0	o	0	0	0	0	0	0	0	0	0	
0 0		0	0	0	0	0	0	0	0	0	0	0	0	
20,083 0 11,720 1,084,060 0 606,869 30,782 822,494 (386,085) 51,712 0 (386,085)		0	0	0	0	0	0	0	0	0	0	0	0	
	3	20,083	0	11,720	1,084,060	0	698'909	30,782	832,494	(386,085)	51,712	0	(386,085)	51,7

(102,000) 1,466 90,548 132,428

5 Percent 8 Percent 12 Percent 15 Percent

Present Worth at (103 U.S.S)



PROJECTION of NET TOTAL PROVED RESERVES and FUTURE NET REVENUE - BASE CASE TABLE 6

MARCH 31, 2016 attributable to DONG ENERGY for CERTAIN FIELDS offshore DENMARK

						Tariff Paid			Before Tax	Before Tax			
	Net	Net Production		Future		and			Future	Present Worth	Host	Future	Present Worth
Year	Oif and Condensate (10³bbl)	LPG (10 ² bbl)	Sales Gas (10 ⁵ ft²)	Gross Revenue (10² U.S.S)	Other Revenue (10° U.S.S)	Operating Expenses (10° U.S.\$)	Capital Costs (10° U.S.\$)	Abandonment Costs (10 ^a U.S.\$)	Net Revenue (10° U.S.S)	10 Percent (10 ³ U.S.S)	Country Taxes (10° U.S.S)	Net Revenue (10° U.S.S)	at 10 Percent (10° U.S.S)
910	5,501	0	3,073	230,199	0	102,286	32,218	2.477	93,218	89,450	0	83,218	89,450
2112	5,522	0	3,129	263,506	0	124,232	11,132	759,6	118,485	104,226	0	118,485	104,226
2018	3,893	0	2,125	200,013	0	120,253	6,461	181	72,502	57,731	0	72,502	57,731
610	3,147	0	1,522	183,332	0	112,686	5,980	645	64,021	46,148	0	64,021	46,146
2020	1,351	0	1,068	92,884	0	44,858	3,063	0	44,963	29,337	0	44,963	29,337
2021	1,075	0	709	82,284	0	48,757	2,087	339	31,111	18,375	0	31,111	18,375
2022	888	0	435	96,822	0	48,097	2,129	1,837	14,759	7,891	0	14,759	7,891
123	717	0	219	54,714	0	43,079	2,171	28,261	(16,797)	(8,130)	0	(16,797)	(8,130)
124	280	0	- 49	46,229	0.	44,393	1,379	52,633	(53,176)	(23,296)	0	(53,176)	(23,29
2025	0	0	0	0	0	0	0	366,664	(386,664)	(145,408)	0	(366,664)	(145,408)
2026	0	0	0	0	0	0	0	84,452	(64,452)	(23,137)	0	(64,452)	(23,137)
2027	0	0	0	0	0	0	0	45,472	(45,472)	(14,776)	0	(45,472)	(14,776)
2028	0	0	0	0	0	0	0	72,259	(72,259)	(21,255)	0	(72,259)	(21,255)
2029	0	0	0	0	0	0	0	172,370	(172,370)	(45,897)	0	(172,370)	(45,897)
2030	0	0	0	a	0	0	0	18,843	(18,843)	(4.542)	0	(18,843)	(4,542)
2031	0	0	0	0	0	0	0	0	0	0	0	0	0
2032	0	0	a	0	0	0	0	0	0	0	0	0	0
333	0	0	o	0	0	0	0	0	0	0	0	0	0
2034	0	0	0	0	0	0	0	0	0	0	0	0	
2035	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	22,759	0	12,329	1,218,993	0	688,641	66,620	834,706	(370,974)	66,715	0	(370,974)	66,715

(86,753) 16,602 105,391 146,977

5 Percent 8 Percent 12 Percent 15 Percent



PROJECTION of NET PROVED-PLUS-PROBABLE RESERVES and FUTURE NET REVENUE - BASE CASE TABLE 7

MARCH 31, 2016 attributable to DONG ENERGY for CERTAIN FIELDS offshore DENMARK

	Net	Net Production		Future		Tariff Paid and			Before Tax Future	Before Tax Present Worth	Host	Future	Present Worth
Year	Oil and Condensate (10°bbl)	LPG (10 ³ bbl)	Sales Gas (10ftf)	Gross Revenue (10² U.S.\$)	Other Revenue (10° U.S.S)	Operating Expenses (10³ U.S.\$)	Capital Costs (10° U.S.\$)	Abandonment Costs (10 ² U.S.S)	Net Revenue (10° U.S.S)	at 10 Percent (10" U.S.S)	Country Taxes (10° U.S.\$)	Net Revenue (10 ^a U.S.S)	at 10 Percent (10 ³ U.S.\$)
2016	6,879	0	3,787	287,633	0	106,526	48,091	2,477	130,539	125,262	0	130,539	125,262
2017	7,104	0	4,053	339,103	0	129,586	11,132	1,309	197,076	173,360	0	197,076	173,360
2018	5,271	0	3,000	264,964	0	125,025	6,461	797	132,681	105,651	0	132,681	105,651
2019	4,280	0	2,360	251,243	0	117,172	5,980	645	127,446	91,863	0	127,448	91,863
2020	3,567	0	1,846	239,094	0.	133,418	5,755	0	126'66	65,196	0	99,921	65,196
-	2,980	0	1,413	222,711	0	127,465	3,818	339	91,089	53,799	0	91,089	53,789
2022	2,526	0	1,065	192,803	0	126,012	3,699	1,837	61,255	32,750	0	61,255	32,750
2023	2,147	0	111	165,270	0	114,325	2,476	26,261	22,208	10,748	0	22,208	10,748
2024	1,028	0	545	82,446	0	47,895	1,379	52,633	(19,461)	(8,525)	0	(19,461)	(8,525)
in.	38	0	0	2,712	0	2,004	0	386,864	(385,956)	(145,127)	0	(365,956)	(145,127
2026	31	0	0	2,489	0	2,029	0	84,452	(63,992)	(22,972)	0	(63,992)	(22,972)
2027	82	0	0	2,286	0	2,057	0	45,472	(45,243)	(14,702)	0	(45,243)	(14,702)
2028	98	0	0	2,104	0	2,087	0	72,259	(72,242)	(21,250)	0	(72,242)	(21,250)
2029	0	0	0	0	0	0	0	182,958	(182,958)	(48,716)	0	(182,958)	(48,716)
2030	0	0	0	a	0	0	0	18,843	(18,843)	(4,542)	0	(18,843)	(4,542)
2031	0	0	9	0	0	0	0	0	0	0	0	0	0
2032	0	0	0	0	0	0	0	0	0	0	0	0	0
2033	0	0	o	0	0	0	0	0	0	0	0	0	0
2034	0	0	0	0	0	0	0	0	0	0	0	0	0
2035	0	0	0	0	0	0	0	0	0	0	0	0	
Total	35,882	0	18,846	2,054,858	0	1,035,601	162,88	836,946	93,520	392,795	0	93,520	382,795
robable	Vote: Probable reserves and values associated with probable reserves have not been risk adjusted	associated with	h probable rese	erves have not been	nsk adjusted to ma	to make them comparable to proved reserves	e to proved reserve	y)				Present Wo	Present Worth at (103 U.S.S)
or value	or values for proved reserves.											5 Percent	300,218
												8 Percent	365,307
												12 Percent	410,881
													The second second

Note: Probable reserves and values associated with probable reserves have not been risk adjusted to make them comparable to proved reserves



TABLE 8
PROJECTION of NET PROYED DEVELOPED RESERVES and FUTURE NET REVENUE - BASE CASE

MARCH 31, 2016
attributable to
DONG ENERGY
for
CERTAIN PIELDS
offshore
NORWAY

	Ne	Net Production		Future		Tariff Paid and			Before Tax Future	Before Tax Present Worth	Host	Future	Present Worth
Year	Oil and Condensate (10³bbl)	LPG (10 ³ bbl)	Sales Gas (10 ⁵ ft ³)	Gross Revenue (10² U.S.S)	Other Revenue (10² U.S.S)	Operating Expenses (10° U.S.S)	Capital Costs (10° U.S.\$)	Abandonment Costs (10° U.S.\$)	Net Revenue (10° U.S.\$)	at 10 Percent (10" U.S.S)	Country Taxes (10° U.S.S)	Net Revenue (10³ U.S.S)	at 10 Percent (10³ U.S.S)
2016	1,761	330	72,945	385,052	0	93,646	8,069	3,550	279,787	268,476	83,043	196,744	188,790
2017	1,695	290	67,848	391,047	0	100,081	7,756	33,700	249,511	219,484	168,212	81,299	71,515
2018	1,352	181	57,003	343,902	0	405'28	6,947	72,398	167,050	133,019	155,841	11,209	8,925
2019	1,094	113	48,660	338,820	0	112,498	0	73,463	152,859	110,181	156,419	(3,560)	(2,567)
2020	268	7	41,587	327,303	0	88,712	0	60,862	177,729	115,963	154,182	23,547	15,363
2021	689	7	34,853	302,235	0	69,782	0	24,258	208,195	122,966	168,737	41,458	24,487
2022	0	0	0	0	0	0	0	395,983	(395,983)	(211,711)	(184,435)	(211,548)	(113,104)
23	0	0	0	0	0	.0	0	78,599	(78,599)	(38,040)	(56,821)	(21,978)	(10,637)
2024	0	0	0	0	0	0	0	0	0	0	0	0	0
2025	0	0	0	0	0	0	0	0	0	0	0	0	0
2028	0	0	0	0	0	0	0	0	0	0	0	0	0
2027	0	0	0	0	0	0	0	0	0	0	0	0	0
2028	0	0	0	0	0	0	0	0	0	0	0	0	0
2029	0	0	0	0	0	0	0	0	0	0	0	0	0
2030	o	0	0	0	0	0	0	0	0	a	0	0	0
2031	0	0	0	0	0	a	0	0	0	0	0	0	0
2032	0	0	0	0	0	0	0	0	0	0	0	0	
2033	0	0	0	0	0	0	0	0	0	0	0	0	0
2034	0	0	0	0	0	0	0	0	0	0	0	0	0
2035	0	0	0	0	0	0	0	0	0	0	0	0	
Total	7,477	392	322,876	2,088,359	0	562,226	177,22	742,813	760,549	720,338	643,378	117,171	182,772
												Present Wo	Present Worth at (103 U.S.S)
												5 Percent	156,926
												12 Percent	190,201
												15 Percent	198,883



TABLE 9
PROJECTION of NET TOTAL PROVED RESERVES and FUTURE NET REVENUE – BASE CASE
as of

MARCH 31, 2016 stributable to DONG ENERGY for CERTAIN FIELDS offshore NORWAY

	Net	Net Production		Future		Tariff Paid and			Before Tax Future	Before Tax Present Worth	Host	Future	Present Worth
Year	Oil and Condensate (10°bbl)	LPG (10 ³ bbl)	Sales Gas (10 ⁶ ft ³)	Gross. Revenue (10° U.S.S)	Other Revenue (10° U.S.S)	Operating Expenses (10° U.S.S)	Capital Costs (10° U.S.\$)	Abandonment Costs (10° U.S.\$)	Net Revenue (10° U.S.\$)	at 10 Percent (10 ³ U.S.S)	Country Taxes (10° U.S.S)	Net Revenue (10³ U.S.S)	at 10 Percent (10 ³ U.S.S)
2016	1,761	330	72,945	386,052	0	93,646	10,178	3,550	277,678	266,452	82,867	194,811	185,936
2017	1,959	290	88,133	494,254	0	100,081	14,376	33,700	346,097	304,447	207,551	138,546	121,873
18	1,533	181	880'69	410,273	0	405'28	8,072	72,396	232,286	184,973	220,423	11,873	9.454
2019	1,178	113	54,497	376,184	0	112,498	5,837	73,483	184,386	132,906	194,734	(10,348)	(7,459)
2020	871	7	42,813	333,978	0	88,712	5,954	60,862	178,450	116,433	168,251	10,199	6,653
2021	645	7	34,582	297,543	0	69,782	0	24,258	203,503	120,194	164,077	39,426	23,287
22	460	0	32,850	276,434	0	57,814	0	281,036	(62,416)	(33,371)	(15,225)	(47,191)	(25,231)
2023	478	0	31,816	275,595	0	58,971	0	78,599	138,025	66,799	109,577	28,448	13,768
2024	0	0	0	0	0	0	0	120,235	(120,235)	(52,674)	(10,617)	(109,618)	(48,023)
52	0	0	0	0	0	0	0	0	0	0	0	0	0
2028	O	0	0	0	0	0	0	0	0	0	0	0	0.
2027	0	0	0	0	0	0	0	0	0	0	0	0	
2028	0	0	0	0	0	0	0	0	0	0	0	0	0
2029	0	0	0	0	0	0	0	0	0	0	0	0	0
2030	o	0	0	0	0	o	0	0	0	a	0	0	0
2031	0	0	0	.0	0	0	0	0	0	0	0	0	0
2032	0	0	0	0	0	0	0	0	0	0	0	0	
2033	0	0	0	0	0	0	0	0	0	0	0	0	
2034	0	0	0	0	0	0	0	0	0	0	0	0	0
20035	0	0	0	0	0	0	0	0	0	0	0	0	
Total	8,883	385	426,674	2,849,313	ó	679,011	44,417	748,101	1,377,784	1,106,159	1,121,638	256,146	281,257
												Present Wo	Present Worth at (102 U.S.S)
												5 Percent	273,859
												12 Percent	282,251
												15 Parnant	010 000



PROJECTION of NET PROVED-PLUS-PROBABLE RESERVES and FUTURE NET REVENUE - BASE CASE TABLE 10

MARCH 31, 2016 attributable to DONG ENERGY for CERTAIN FIELDS offshore NORWAY

	Net	Net Production		Future		Tariff Paid and			Before Tax Future	Before Tax Present Worth	Host	Future	Present Worth
Year	Oil and Condensate (10°bbl)	LPG (10°bbl)	Sales Gas (10ftt ³)	Gross Revenue (10² U.S.S)	Other Revenue (10° U.S.S)	Operating Expenses (10³ U.S.S)	Capital Costs (10° U.S.\$)	Abandonment Costs (10° U.S.\$)	Net Revenue (10° U.S.\$)	at 10 Percent (10 ³ U.S.S)	Country Taxes (10³ U.S.S)	Net Revenue (10² U.S.S)	at 10 Percent (10 ³ U.S.S)
2016	2,486	367	81,115	448,838	0	127,938	10,178	3,335	307,387	294,961	98,592	208,795	200,355
2017	3,058	369	92,038	563,613	0	135,019	14,376	31,887	382,331	336,321	233,383	148,948	131,023
2018	2,854	268	85,572	554,906	0	137,778	8,378	49,370	359,380	286,167	272,973	86,407	68,804
2019	2,548	195	79,611	596,262	0	161,207	5,837	43,100	386,118	278,313	291,058	95,060	68,519
2020	2,300	144	73,911	627,686	0	124,545	5,954	22,636	474,551	309,633	336,494	138,057	820'08
2021	2,084	104	68,612	651,973	0	123,874	6,073	16,396	505,630	298,640	368,880	136,750	80,770
2022	1,637	1	56,449	536,891	0	104,665	6,194	180,483	245,559	131,288	223,381	22,178	11,858
2023	1,482	ю	50,222	487,648	0	106,148	6,318	60,119	315,063	152,480	264,571	50,492	24,436
2024	1,193	0	44,570	433,191	0	91,896	6,445	73,905	260,945	114,319	218,247	42,698	18,706
2025	1,114	0	42,342	418,124	0	89,964	0	13,608	314,532	124,733	245,207	69,325	27,482
2028	1,042	0	40,225	404,009	0	90,954	0	0	313,055	112,380	245,845	67,210	24,127
2027	916	0	34,122	352,459	0	94,725	0	260	257,474	83,667	219,281	38,193	12,411
2028	0	0	0	0	0	0	0	132,336	(132,336)	(38,927)	(4,183)	(128,153)	(369'26)
2029	0	0	0	0	0	0	0	19,995	(19,995)	(5,324)	(15,597)	(4,398)	(1,171)
2030	o	0	0	0	0	0	0	45,035	(45,035)	(10,855)	0	(45,035)	(10,855)
2031	0	0	0	0	0	0	0	30,377	(30,377)	(6,628)	0	(30,377)	(6,628)
2032	0	0	0	0	0	0	0	8,048	(8,048)	(1,787)	0	(8,048)	82,1)
2033	0	0	0	0	0	0	0	56,251	(56,251)	(10,057)	0	(56,251)	(10,057)
2034	0	0	0	0	0	0	0	7,471	(7,471)	(1,209)	0	(7,471)	(11,209)
2035	0	0	0	0	0	0	0	0	0	0	0	0	
Total	22,696	1,460	748,789	6,075,600	Ô	1,388,723	69,753	795,612	3,821,512	2,448,115	2,998,132	823,380	689,176
Probabi	ote: Probable reserves and values associated with probable reserves have not been risk adjusted to make them comparable to proved reserves	associated with	nesau eldedorq n	ves have not been n	sk adjusted to make	e them comparable	savueser bevord of					Present Wor	Present Worth at (10" U.S.S)
or value	or values for proved reserves.	16										5 Percent	764,851
												8 Percent	719,810
												12 Percent	980'659
												15 Percent	616,036





TABLE 11
PROJECTION of NET PROVED DEVELOPED RESERVES and FUTURE NET REVENUE – BASE CASE.

MARCH 31, 2016
attributable to
DONG ENERGY
for
CERTAIN FIELDS
offshore the
UNITED KINGDOM

	Ne	Net Production		Future		Tariff Paid and			Before Tax Future	Before Tax Present Worth	Host	Future	Present Worth
Year	Oil and Condensate (10 ³ bbl)	LPG (10 ⁴ bb)	Sales Gas (10 ^f ft ³)	Gross Revenue (10² U.S.S)	Other Revenue (10² U.S.S)	Operating Expenses (10° U.S.\$)	Capital Costs (10² U.S.\$)	Abandonment Costs (10" U.S.S)	Net Revenue (10° U.S.\$)	at 10 Percent (10² U.S.\$)	Country Taxes (10° U.S.S)	Net Revenue (10² U.S.S)	at 10 Percent (10° U.S.S)
2016	296	0	15,238	136,681	49,139	57,110	0	0	79,571	76,354	0	79,571	76,35
2017	786	0	20,112	148,141	22,133	64,487	0	0	83,654	73,586	0	83,654	73,586
2018	747	0	19,106	142,115	14,901	41,575	0	0	100,540	890'08	0	100,540	80,058
2019	642	0	16,432	128,049	0	38,848	0	0	89,201	64,296	0	89,201	64,296
2020	462	0	11,831	105,498	0	33,378	0	0	72,120	47,057	0	72,120	47,057
2021	333	0	8,518	112,855	27,300	29,460	0	0	83,495	49,315	0	83,495	49,315
2022	530	0	6,113	90,382	27,712	26,663	0	0	63,729	34,072	0	63,729	34,07
2023	168	0	4,302	44,980	0	24,576	0	0	20,404	9,875	0	20,404	9,875
2024	20	0	2,667	28,430	0	12,542	0	0	15,888	6,960	0	15,888	096'9
5055	27	0	1,532	16,672	0	11,092	0	0	5,580	2,213	0	5,580	2,21
2026	0	0	0	0	0	0	0	124,226	(124,226)	(44,595)	0	(124,226)	(44,595)
2027	O	0	0	0	0	0	0	0	0	0	0	0	
2028	0	0	0	0	0	0	0	0	0	0	0	0	
6202	0	0	0	0	0	0	0	0	0	0	0	0	
2030	0	0	0	0	0	0	0	0	0	0	0	0	
2031	0	0	0	0	0	0	0	0	0	0	0	0	
2032	0	0	0	0	0	0	0	0	0	0	0	0	
2033	0	0	0	0	0	0	0	0	0	0	0	0	0
2034	0	0	0	0	0	0	0	0	0	0	0	٥	0
2035	0	0	0	0	0	0	0	0	0	0	0	0	
Total	A,134	0	105,851	963,903	141,185	339,721	0	124,226	489,956	399,191	0	489,956	399,191
												Present Wo	Present Worth at (10" U.S.\$)
												5 Percent	444,532
												8 Percent	417,062
												12 Percent	381,88
												15 Percent	357.16





TABLE 12
PROJECTION of NET TOTAL PROVED RESERVES and FUTURE NET REVENUE – BASE CASE
as of

MARCH 31, 2016
attributable to
DONG ENERGY
for
CERTAIN FIELDS
offshore the
UNITED KINGDOM

									(Source Prince)				
	2	Net Production		Fuhins		Tariff Paid			Before Tax	Present Worth	Host	Future	Present Worth
Year	Oil and Condensale (10³bbl)	(10°bbt)	Sales Gas (10°ff)	Gross Revenue (10" U.S.S)	Other Revenue (10" U.S.S)	Operating Expenses (10° U.S.S)	Capital Costs (10° U.S.S)	Abandonment Costs (10" U.S.S)	Net Revenue (10² U.S.S)	al 10 Percent (10 ³ U.S.S)	Country Taxes (10° U.S.5)	Net Revenue (10" U.S.\$)	at 10 Percent (10° U.S.S)
916	596	0	15,238	135,681	49,139	57,180	92,143	0	(12,642)	(12,131)	0	(12,642)	(12,131)
210	998	0	25,192	174,615	22,133	70,516	48,335	0	55,764	49,053	0	55,764	49,053
018	168	0	28,363	193,393	14,901	53,217	52,011	0	88,165	70,204	0	88,165	70,204
010	785	0	25,592	187,481	0	51,962	0	0	135,519	97,682	0	135,519	97,682
2020	593	0	20,152	167,345	0	45,757	a	0	121,588	79,334	ō	121,588	78,334
2021	457	0	16,390	178,927	27,300	41,545	0	0	137,382	81,143	0	137,382	81,143
022	287	0	8,779	113,597	27,712	32,566	0	0	81,031	43,323	0	81,031	43,323
2023	168	0	4,302	44,980	0	24,576	0	59,408	(38,004)	(18,877)	0	(39,004)	(18,877)
024	101	0	2,667	28,430	0	12,542	0	0	15,888	6,960	0	15,888	6,960
025	22	0	1,532	16,672	0	11,092	0	0	5,580	2,213	0	5,580	2,213
2026	0	0	0	0	0	0	0	124,226	(124,226)	(44,595)	0	(124,226)	(44,595)
2027	0	0	0	0	0	0	0	0	0	0	0	0	0
2028	0	0	0	0	0	0	0	0	0	0	0	0	0
2029	0	0	0	0	0	0	0	0	0	0	0	0	0
2030	a	0	0	0	0	0	0	a	a	٥	0	0	0
2031	0	0	0	0	0	0	0	0	0	0	0	0	0
2032	0	0	0	0	0	0	0	0.	0	0	0	0	0
2033	0	0	0	0	0	0	0	0	a	0	0	0	0
2034	0	0	0	0	0	0	0	0	0	0	0	0	0
2035	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	4,804	0	148,207	1,242,121	141,185	400,953	192,489	183,634	465,045	354,309	0	465,045	354,309
												Present Wor	Present Worth at (10° U.S.S)
												5 Percent 8 Percent	408,998
												12 Percent	333,658
												15 Percent	304,380



PROJECTION of NET PROVED-PLUS-PROBABLE RESERVES and FUTURE NET REVENUE - BASE CASE TABLE 13

for CERTAIN FIELDS offshore the UNITED KINGDOM MARCH 31, 2016 attributable to DONG ENERGY

						Tariff Paid			Before Tax	Before Tax			
	Net	Net Production		Future		and			Future	Present Worth	Host	Future	Present Worth
ļuš	Oil and Condensate	LPG	Sales	Gross	Other	Operating	Capital	Abandonment	Net	al 10 Percent	Country	Net	at 10 Percent
Year	(10 ² bbl)	(10 ³ bbl)	(110,111)	(10" U.S.S)	(10° U.S.S)	(10, 0.5.5)	(10, 0.5.5)	(10" U.S.S)	(103 U.S.S)	(10° U.S.S)	(10" U.S.\$)	(10" U.S.S)	(103 U.S.S)
9016	989	0	15,238	136,681	49,139	57,138	178,482	0	(98,939)	(94,940)	0	(98,939)	(94,940)
2017	1,185	0	33,445	226,162	22,133	80,800	48,335	0	97,027	85,351	0	97,027	85,351
2018	1,208	0	37,534	252,481	14,901	84,456	52,011	0	136,014	108,306	0	136,014	108,306
2019	1,052	0	33,208	245,131	0	61,884	0	0	183,247	132,084	0	183,247	132,084
2020	930	0	28,011	239,342	0	56,633	O	0	182,709	119,213	0	182,709	119,213
2021	870	0	24,003	263,761	27,300	52,920	0	0	210,841	124,529	0	210,841	124,529
2022	252	0	20,784	234,741	27,712	49,310	0	0	185,431	99,140	0	185,431	99,140
2023	582	0	15,700	161,830	0	43,371	0	0	118,459	57,330	0	118,459	57,330
3024	473	0	10,571	117,314	0	27,262	0	0	90,052	39,452	0	90,052	39,452
2025	385	0	6,934	84.977	0	22,855	0	0	62,122	24,636	0	62,122	24,636
2026	355	0	5,075	68,727	0	17,968	0	63,044	(12,285)	(4,410)	0	(12,285)	(4,410)
2027	327	0	4,314	61,630	0	17,161	0	0	44,469	14,450	0.	44,469	14,450
2028	281	0	3,236	50,089	0	15,751	0	0	34,338	10,101	0	34,338	10,101
2029	220	0	2,103	36,352	0	14,095	0	0	22,257	5,926	0	22,257	5,926
2030	175	0	1,453	28,013	a	13,170	0	.0	14,843	3,578	0	14,843	3,578
2031	0	0	0	0	0	0	0	152,395	(152,395)	(33,250)	0	(152,395)	(33,250)
2032	0	0	0	0	0	0	0	0	0	0	0	0	0
2033	0	0	0	0	a	0	0	0	o	o	0	0	0
2034	0	0	0	0	0	0	0	0	0	0	0	0	0
2035	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	9,378	0	241,589	2,207,231	141,185	594,774	278,828	215,439	1,118,190	691,496	0	1,118,190	691,496
Probable res	erves and values	associated with	probable reser	cker. Probable reserves and values associated with probable reserves have not been risk adjusted	isk adjusted to mak	to make them comparable to proved reserves	to proved reserves					Present Worl	Present Worth at (10° U.S.S)
or values for	or values for proved reserves,											5 Percent	881,038
												8 Percent	761,919
												12 Percent	627,683
												15 Percent	543,184

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