

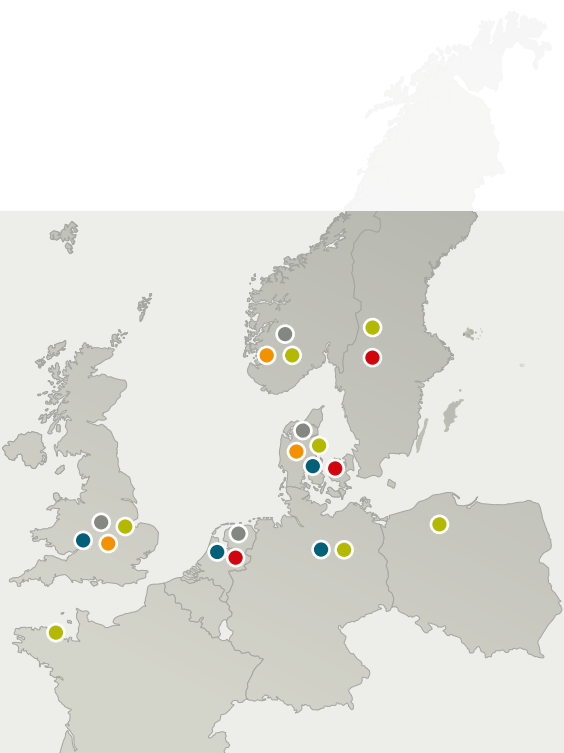


ANNUAL REPORT 2010

DONG
energy

DONG Energy at a glance

DONG Energy is one of the leading energy groups in Northern Europe. We are head-quartered in Denmark. Our business is based on procuring, producing, distributing and trading in energy and related products in Northern Europe.



Revenue

DKKbn

54.6

EBITDA

DKKbn

14.1

Profit for the year

DKKbn

4.5

Cash flows from operating activities

DKKbn

14.2

Net investments

DKKbn

8.6

Rating

A-/Baa1

Number of employees

5,874

Owners at 31.12.2010

The Danish State	76.49%
SEAS-NVE	10.88%
Syd Energy Net	6.95%
Others	5.68%

EXPLORATION & PRODUCTION

Gas production has increased by 81% since 2008 and a further five oil and gas fields are expected to come on stream between 2011 and 2014

Oil and gas production:
24.4 million boe

Breakdown of oil and gas production:

Denmark	21%
Norway	79%

RENEWABLES

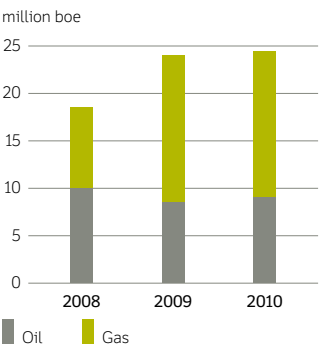
The wind and hydro generation capacity has increased by more than 50% since 2008 and is well on the way to reach the target of 3,000 MW by 2020

Wind and hydro generation:
4.0 TWh

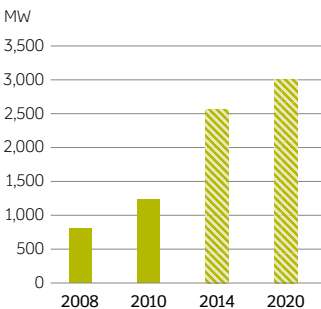
Market share offshore wind in operation:

Denmark	45%
UK	23%

OIL AND GAS PRODUCTION

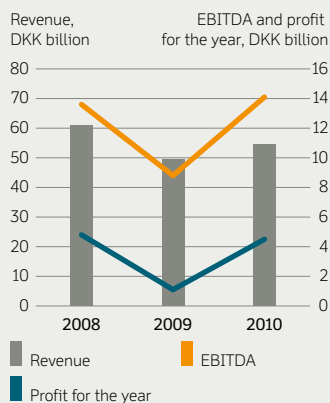


RENEWABLE GENERATION CAPACITY

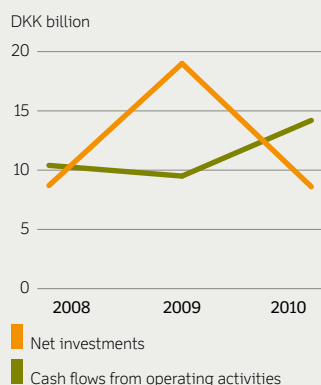


Note: Renewable energy comprises offshore and onshore wind and hydro.
Note: Hatched column denotes estimate

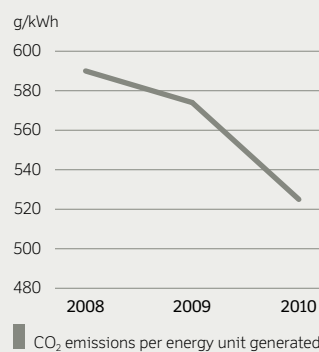
REVENUE AND RESULTS



INVESTMENTS AND CASH FLOWS



CO₂ EMISSIONS



GENERATION

The number of coal-fired units in Denmark has been reduced from ten to five since 2006 and is expected to be reduced by a further three units in the period up to 2014

Thermal generation:

Electricity	15.3	TWh
Heat	53.2	PJ

Market share thermal generation in Denmark:

Electricity	53%
Heat	36%

ENERGY MARKETS

The energy portfolio is being optimised and security of supply ensured on the basis of a broad portfolio of generation and infrastructure assets, and long-term gas purchase contracts. In 2011, the energy portfolio will be expanded with liquefied natural gas (LNG)

Sales to wholesale customers and on energy hubs and exchanges:

Natural gas	118.5	TWh
Electricity	10.4	TWh

Gas sourcing:

Equity production	22%
Purchases from third parties	78%

SALES & DISTRIBUTION

More than 60 climate partnerships with business customers, municipalities, etc., have led to energy savings in excess of 46 GWh, equivalent to the annual electricity consumption of 10,500 households

Sales and distribution to end users:

TWh	Electricity	Gas
Sales	8.2	24.2
Distribution	9.1	11.4

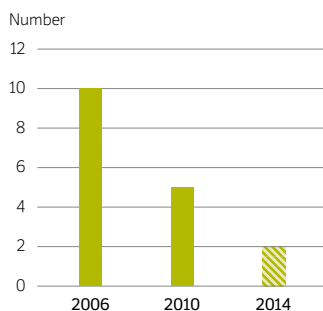
Market shares:

Sales	Electricity	Gas
Denmark	21%	32%
Sweden	-	22%
The Netherlands	1%	1%

Distribution

Denmark	27%	28%
---------	-----	-----

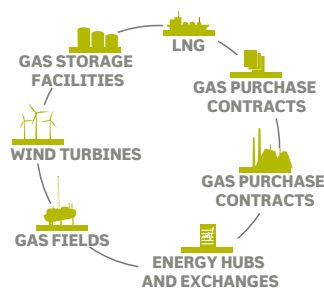
COAL-FIRED POWER STATION UNITS



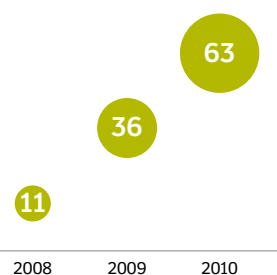
Note: Coal-fired central power station units in Denmark

Note: Hatched column denotes estimate

ENERGY PORTFOLIO



CLIMATE PARTNERSHIPS



CONTENTS

MANAGEMENT'S REVIEW

1	Letter from the Chairman and the CEO
2	Key performance indicators, financial
3	Key performance indicators, non-financial
	Financial performance and outlook:
4	Consolidated results
9	Review of business areas' performance
13	Financial outlook for 2011
15	Financial objectives
16	Business and strategy
20	Responsible energy
	Business areas:
24	Exploration & Production
30	Renewables
36	Generation
42	Energy Markets
48	Sales & Distribution
54	Risk and risk management
	Management information:
58	Corporate governance
60	Internal control and risk management systems
62	Board of Directors
66	Group Executive Management

CONSOLIDATED FINANCIAL STATEMENTS

68	Statement of comprehensive income
70	Balance sheet
72	Statement of changes in equity
74	Statement of cash flows
75	Notes to the consolidated financial statements

CONSOLIDATED NON-FINANCIAL STATEMENTS

160	Accounting policies for non-financial data
164	GRI overview

167 PARENT COMPANY FINANCIAL STATEMENTS

MANAGEMENT STATEMENT, INDEPENDENT AUDITOR'S REPORT AND ASSURANCE STATEMENT

197	Statement by the Executive Board and the Board of Directors
198	Independent auditor's report, financial statements
199	Assurance statement, non-financial statements

ADDITIONAL INFORMATION

200	Company announcements published in 2010
201	Glossary
Cover	DONG Energy at a glance and owners
Cover	DONG Energy map of activities

FINANCIAL CALENDAR

11 March 2011	Annual report 2010
12 April 2011	Annual General Meeting
19 May 2011	Interim financial report Q1 2011
16 August 2011	Interim financial report H1 2011
4 November 2011	Interim financial report 9M 2011

FURTHER INFORMATION

Media Relations

Louise Münter
+45 99 55 96 62

Investor Relations

Morten Hultberg Buchgreitz
+45 99 55 97 50

www.dongenergy.com

Cover photo

Front: Gate terminal (LNG), The Netherlands. Horns Rev 2, Denmark. Oselvar, Norway.

Back: Severn, UK, Horns Rev 2, Denmark. Gate terminal (LNG), The Netherlands.

Language

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

LETTER FROM THE CHAIRMAN AND THE CEO



MOVING TOWARDS A GREEN FUTURE

The world is facing two huge challenges. We need to generate enough energy for the increasing numbers of people who want to share in the world's prosperity, and we need to reduce pollution with CO₂.

Many people believe it to be difficult to meet both challenges. However, at DONG Energy, we have made it the core of our business strategy to do just that. We continue to generate more energy, while rapidly increasing the green proportion of this energy.

And, of course, we do this on a sound commercial basis. Our target is thus to double earnings in the period between 2009 and 2015. DONG Energy's success in 2010 indicates that it is possible both to perform these two major tasks in relation to society and carry on a profitable and robust business.

We are meeting demand for more energy on two fronts. We continue to increase production of natural gas and oil in Denmark, Norway and the waters between the Shetland Islands and the Faeroe Islands. And we continue to build large wind farms both in Denmark and abroad. DONG Energy is the world leader in the construction and operation of offshore wind turbines – one of the important energy sources of the future.

The transition to more green energy is taking place at a rapid pace. Danish power stations have thus reduced their consumption of coal by one third in just the past four years. By 2015, we expect to reduce consumption by another third and replace it with biomass.

Two of DONG Energy's five business areas – Exploration & Production and Renewables – will be responsible for growth in the years to come. The other three business areas – Generation, Energy Markets and Sales & Distribution – will primarily focus on operational efficiency.

DONG Energy's strategy is ambitious. This extensive and rapid transition requires professional and committed work by our employees and business partners. Every day, we see a great desire to lead the way towards a green future.

11 March 2011

Fritz H. Schur, Chairman of the Board of Directors
Anders Eldrup, CEO

KEY PERFORMANCE INDICATORS, FINANCIAL

	2010	2009	2008	2007	2006	2010	2009
	DKK million					EUR million	
Statement of comprehensive income							
Revenue:	54,598	49,262	60,777	41,625	36,564	7,331	6,615
Exploration & Production	8,224	6,579	7,114	4,409	5,111	1,104	884
Renewables	2,947	1,676	1,453	1,201	726	396	225
Generation	11,330	10,818	13,890	11,198	6,969	1,521	1,453
Energy Markets	31,764	28,201	38,087	20,262	18,286	4,265	3,787
Sales & Distribution	14,185	13,386	15,595	14,552	12,254	1,905	1,798
Other activities/eliminations	(13,852)	(11,398)	(15,362)	(9,996)	(6,782)	(1,860)	(1,532)
EBITDA:	14,089	8,840	13,622	9,606	8,950	1,892	1,187
Exploration & Production	5,012	3,427	4,053	2,290	3,370	673	460
Renewables	1,725	609	677	605	363	232	82
Generation	1,864	306	2,478	3,164	2,300	250	41
Energy Markets	3,207	2,046	5,082	1,582	1,803	431	275
Sales & Distribution	2,036	2,239	1,827	1,961	1,303	273	301
Other activities/eliminations	245	213	(495)	4	(189)	33	28
EBITDA adjusted for special hydrocarbon tax	13,072	8,371	12,876	9,584	8,727	1,755	1,124
EBIT	8,074	3,757	8,004	4,783	5,691	1,084	504
Gain (loss) on disposal of enterprises	905	(62)	917	29	1,023	121	(8)
Financial items, net	(1,595)	(1,362)	(1,134)	(740)	(592)	(214)	(183)
Profit for the year	4,464	1,138	4,815	3,259	5,039	599	153
Balance sheet							
Assets	137,339	120,552	106,085	89,710	99,255	18,424	16,200
Additions to property, plant and equipment	16,286	16,530	9,853	11,142	5,417	2,187	2,220
Net working capital	2,466	3,898	5,548	4,555	3,416	331	524
Interest-bearing assets	16,239	7,510	2,794	2,517	9,981	2,178	1,009
Interest-bearing debt	38,378	34,440	18,047	17,309	27,760	5,148	4,628
Net interest-bearing debt	22,139	26,930	15,253	14,792	17,779	2,970	3,619
Equity	51,308	44,808	46,190	42,211	42,390	6,883	6,021
Cash flows							
Funds From Operation (FFO)	12,330	7,402	11,165	10,046	6,694	1,656	994
Cash flows from operating activities	14,214	9,468	10,379	8,842	8,169	1,908	1,271
Cash flows from investing activities	(14,793)	(21,199)	(8,629)	(11,803)	(7,809)	(1,987)	(2,848)
Gross investments	(15,692)	(18,131)	(11,146)	(17,512)	(9,795)	(2,107)	(2,446)
Net investments	(8,595)	(19,040)	(8,666)	(12,020)	(9,111)	(1,154)	(2,568)
Key ratios							
Financial gearing	x	0.43	0.60	0.33	0.35	0.42	0.43
Adjusted net debt/Cash flows from operating activities	x	1.8	3.3	1.9	2.1	2.7	3.3

For definitions of key performance indicators, reference is made to the description of accounting policies in note 39 of the consolidated financial statements.

KEY PERFORMANCE INDICATORS, NON-FINANCIAL

		2010	2009	2008	2007	2006
Volumes						
Production:						
Oil and gas production	million boe	24.4	24.0	18.5	11.3	13.8
- oil	million boe	9.0	8.5	10.0	9.1	12.1
- gas	million boe	15.4	15.5	8.5	2.2	1.7
Electricity generation	TWh	20.2	18.1	18.5	20.5	26.3
- thermal	TWh	16.2	15.3	16.0	17.3	23.1
- wind and hydro	TWh	4.0	2.8	2.6	3.2	3.2
Heat generation	PJ	53.2	46.7	46.4	47.3	50.5
Sales and distribution:						
Gas sales (excl. own consumption at power stations)	TWh	108.5	94.0	99.4	78.8	99.7
Electricity sales	TWh	10.4	10.7	10.9	10.9	10.8
Gas distribution	TWh	11.4	10.0	10.3	10.2	11.1
Electricity distribution	TWh	9.1	9.2	9.4	9.3	5.1
Oil transportation, Denmark	million bbl	78	85	91	100	107
Environment						
EU ETS carbon dioxide (CO ₂)	million tonnes of CO ₂	11.8	11.9	12.6	13.8	18.2
CO ₂ emissions per energy unit generated (electricity and heat) ¹⁾	g/kWh	524	574	590	613	638
Percentage of CO ₂ -neutral fuels at power stations	%	19.4	15.2	14.1	14.5	10.0
Nitrogen oxides (NO _x)	g/kWh	0.38	0.50	0.61	-	-
Sulphur dioxide (SO ₂)	g/kWh	0.07	0.14	0.19	-	-
Natural gas flaring (offshore and at gas storage facility)	million Nm ³	33.0	7.3	8.6	9.7	8.4
Oil discharged to sea from production platforms	tonnes	8	18	24	23	26
Reinjection of produced water at production platforms	%	78	49	51	56	59
Recycling of waste in administration	%	32	31	10	45	20
Recycling of waste in facilities	%	57	57	52	45	48
Significant environmental incidents	number	6	5	1	2	-
"1 tonne less CO₂ per employee" campaign:						
Total reduction	tonnes of CO ₂	7,338	2,895	-	-	-
Total reduction per employee	tonnes of CO ₂ per employee	1.25	0.49	-	-	-
Working conditions						
Full time equivalents (FTE)	number	5,874	5,865	5,644	5,042	4,412
Average age	years	43	43	43	43	43
Employee turnover	%	12	11	12	14	-
Lost time injuries	number	93	129	112	112	99
Lost time injury frequency (LTIF)	per one million hours worked	4.6	6.8	7.5	10.4	10.4
Fatal accidents	number	3	1	1	0	0

Reference is made to the accounting policies on pages 160-163.

¹⁾ The determination has been made on a proportionate basis for all activities and consequently includes associates and non-consolidated enterprises.

CONSOLIDATED RESULTS

Financial performance

DONG Energy's revenue, EBITDA and operating cash flows for 2010 showed a significant improvement on 2009, being 11%, 59% and 50% ahead respectively. Both achieved EBITDA and operating cash flows are regarded as highly satisfactory and were significantly higher than expected at the start of the year, with positive development in all business areas.

EBITDA in 2010 benefited from earnings from new and expanded activities, cost reductions in Generation, higher energy prices, and price hedging. The new activities, including especially wind farms and oil fields, contributed DKK 1.1 billion in 2010, in line with the outlook in the 2009 annual report.

The target of a DKK 1.5 billion improvement in EBITDA compared with 2008 driven by efficiency improvement and cost reduction programmes was met at the end of 2010, one year early. The phasing out of power station units and the reduction in staff numbers at the thermal power stations and in engineering activities in Denmark contributed significant savings.

Demand for oil, electricity and gas increased again after a 2009 that was severely affected by the financial crisis. The higher demand and the expectation of higher economic growth led to higher energy prices. In addition, 2010 was characterised by cold weather in the first and fourth quarters, benefiting both demand for and prices of electricity and gas.

In 2010, investments totalling DKK 15.7 billion were made in new activities and expansion as well as efficiency improve-

ment and upgrading of existing plants. At the same time, assets, companies and non-controlling interests to a value of DKK 7.1 billion were sold. Net investments in 2010 were thus DKK 8.6 billion.

Market prices

Electricity prices and green dark spread

The electricity price in the two Danish price areas averaged EUR 52/MWh in 2010, up 37% on 2009. The increase primarily reflected the very cold and dry winters, which led to high demand both at the start and end of the year. In the first quarter, the hydrological balance was at its lowest level for ten years, coinciding with limitations in transmission capacity between East Denmark and Sweden.

The Nord Pool system price was on a par with Danish electricity prices in 2010, while the German EEX electricity price was lower, as it was not affected to the same extent by the cold and dry winter.

In the Danish price areas, the combination of relatively high electricity prices in 2010 without correspondingly high increases in coal and CO₂ prices led to a green dark spread averaging EUR 14/MWh versus EUR 8/MWh in 2009. However, coal prices rose sharply in the last months of the year. The development in the green dark spread had a positive effect on earnings from thermal electricity generation.

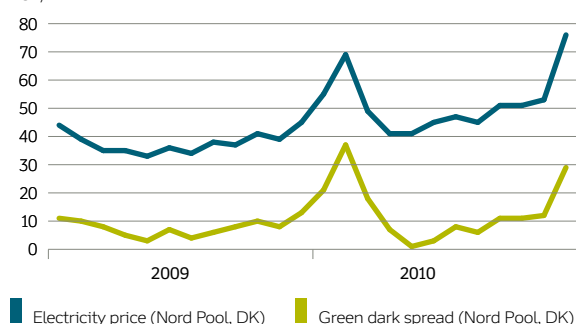
Gas and oil prices

The oil price rose by 29% compared with 2009, driven by more optimistic expectations concerning economic growth and high demand from Asia.

ELECTRICITY PRICE AND GREEN DARK SPREAD (DK)

Monthly average

EUR/MWh

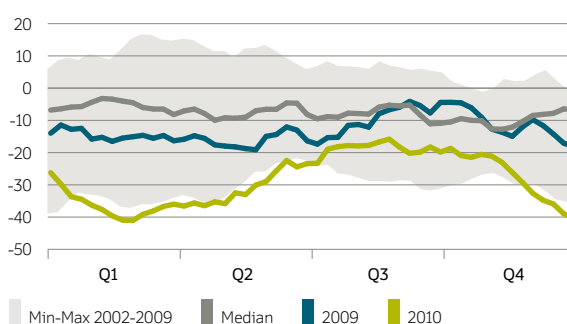


Source: Nord Pool, Argus and ECX

HYDROLOGICAL BALANCE

Weekly average

TWh



Source: SKM Market Predictor

The gas price was under pressure in 2009 and the first quarter of 2010 due to oversupply and declining demand as a result of the financial crisis, but increased significantly from the second quarter of 2010 and was 42% higher, on average, than in 2009. The increase reflected factors such as increased demand from the electricity sector and industry, the cold weather and problems related to transporting gas from Norway to Continental Europe and the UK.

The European natural gas markets can still be described as well-supplied, despite the rising gas prices. Like in 2009, gas hub prices were significantly lower than the oil-indexed gas prices in 2010. The rising gas and oil prices had a positive effect on earnings from gas and oil production. The spread between the price of oil and gas hub prices, on the other hand, had an adverse impact on earnings from gas trading compared to a situation with price equilibrium.

Revenue

Revenue was DKK 54.6 billion compared with DKK 49.3 billion in 2009. The 11% increase reflected higher energy prices, higher electricity generation and higher gas sales.

Electricity generation was up 11% on 2009, amounting to 20.2 TWh. The increase was driven by a 43% increase in output from wind and hydro generation due to new wind farms in operation, while thermal electricity generation was 6% ahead due to the gas-fired Severn power station in the UK being brought fully on stream at the end of the year.

Gas sales (excluding own consumption at power stations) were up 15% at 108.5 TWh in 2010. A large part of the increase reflected DONG Energy's increased sales on gas hubs. In addition, lower temperatures than normal led to an increase in demand.

Price hedging contributed DKK 0.7 billion to revenue and cost of sales in 2010 versus DKK 1.6 billion in 2009, primarily

GLOSSARY

Reference is made to pages 201-202 for definitions of hydrological balance, green dark spread, contribution margin from electricity generation, time lag and application of the FIFO (first-in, first-out) principle to coal inventories.

ELECTRICITY, OIL AND GAS PRICES

Average	2010	2009	Δ
Electricity (Nord Pool, system), EUR/MWh	53	35	51%
Electricity (Nord Pool, DK avg), EUR/MWh	52	38	37%
Electricity (EEX), EUR/MWh	44	39	13%
Oil (Brent), USD/bbl	80	62	29%
Gas (TTF/NBP), EUR/MWh	17	12	42%

Source: Nord Pool, EEX, Platts and Angus

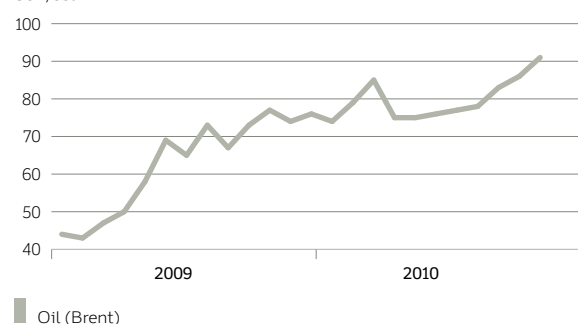
reflecting market value adjustment of contracts entered into to hedge price exposures after 2010. The effect of price hedging related to exposures in 2010 was neutral. Foreign currency hedging had a positive effect, while hedging of electricity had a negative effect due to the high electricity prices at the start and end of 2010.

EBITDA

EBITDA was DKK 14.1 billion compared with DKK 8.8 billion in 2009. The DKK 5.3 billion increase matched the increase in revenue, as lower fixed costs and the gain on sale of the ownership interest in the Nysted offshore wind farm offset the higher cost of sales. The increase can be broken down by business areas as follows:

OIL PRICE

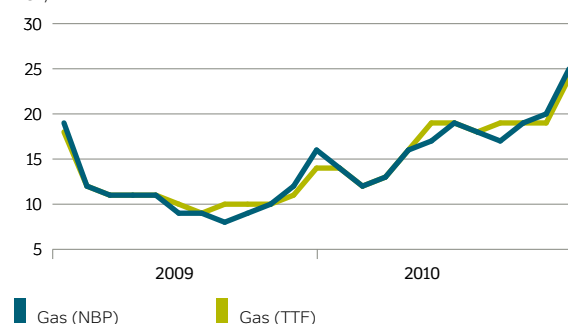
Monthly average
USD/bbl



Source: Platts

GAS PRICES

Monthly average
EUR/MWh



Source: Angus

- In Exploration & Production, EBITDA was up DKK 1.6 billion at DKK 5.0 billion. EBITDA benefited from higher gas and oil prices, but this was partly offset by a small negative effect from oil price hedging in 2010 compared with a positive effect of DKK 0.7 billion in 2009.
- In Renewables, EBITDA was up DKK 1.1 billion at DKK 1.7 billion, reflecting increased generation from new wind farms in operation and higher electricity prices (especially for hydro power).
- In Generation, EBITDA was up DKK 1.6 billion at DKK 1.9 billion, driven by higher electricity prices, lower fuel costs (both recognition of coal inventories applying the FIFO principle and lower gas prices) and lower fixed costs, partly offset by the fact that the positive effect from hedging of electricity prices in 2009 changed to a negative effect in 2010.
- In Energy Markets, EBITDA was up DKK 1.2 billion at DKK 3.2 billion, primarily reflecting a large negative impact on profit of the time lag effect in 2009 (more costly gas purchases in 2009 due to high oil prices in 2008) and a larger positive effect from hedging of oil prices than in 2009.
- In Sales & Distribution, EBITDA was down DKK 0.2 billion at DKK 2.0 billion, primarily as a result of lower network tariffs and higher network losses on electricity distribution.

Depreciation, amortisation and EBIT

EBIT was DKK 8.1 billion versus DKK 3.8 billion in 2009. The DKK 4.3 billion increase reflected the DKK 5.3 billion increase in EBITDA, which was partly offset by higher depreciation as a result of new assets in operation and by a downward revision of reserves in the Ormen Lange field at the end of 2009. Depreciation in 2010 was affected by impairment losses of DKK 0.4 billion relating primarily to small-scale power stations that were or are expected to be mothballed or sold due to low earnings.

Gain on disposal of enterprises

In 2010, disposals of enterprises yielded a total gain of DKK 0.9 billion. The most significant disposals were the sale of the stakes in Salten Kraftsamband and Nordkraft, netting a gain of DKK 0.7 billion, and the stake in Swedegas, which yielded a gain of DKK 0.2 billion.

Financial items

Financial items amounted to a net charge of DKK 1.6 billion compared with a net charge of DKK 1.4 billion in 2009.

Net interest expense increased by DKK 0.3 billion to DKK 1.2 billion due to an increase in average net interest-bearing debt from DKK 20 billion in 2009 to DKK 26 billion in 2010.

FINANCIAL ITEMS

DKK million	2010	2009
Interest expense, net	(1,217)	(882)
Interest element of decommissioning obligations	(196)	(176)
Other	(182)	(304)
Financial items, net	(1,595)	(1,362)

Capitalised interest expense on construction projects in progress was DKK 0.3 billion, on a par with 2009. This expense has not been recognised in the statement of comprehensive income. The interest element of decommissioning obligations was DKK 0.2 billion, also on a par with 2009. Other financial items in 2010 amounted to a charge of DKK 0.2 billion and related primarily to foreign exchange adjustments of receivables and trade payables.

Income tax

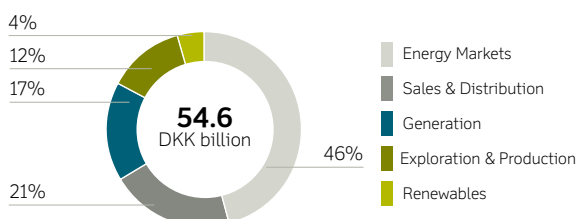
Income tax expense was DKK 3.0 billion versus DKK 1.3 billion in 2009. The tax rate was 40% compared with 53% in 2009. The main reason for the lower tax rate was that non-deductible expenses made up a smaller proportion of effective tax for the year and that earnings in Norway, where hydrocarbon income is taxed at 78%, represented a smaller proportion of total earnings in 2010 than in 2009.

Profit for the year and dividends

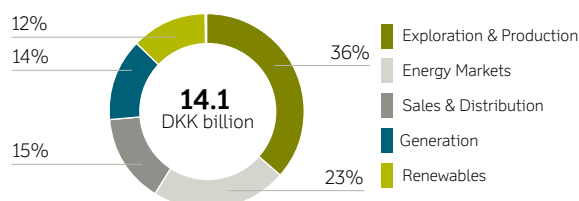
Profit for the year increased by DKK 3.3 billion to DKK 4.5 billion in 2010 as a result of the higher EBIT and gain on sale of enterprises.

The Board of Directors will recommend at the Annual General Meeting that a dividend of DKK 7.50 per share be paid for 2010 (2009: DKK 1.64). This provides dividend of DKK 2.2

REVENUE 2010



EBITDA 2010



billion, equivalent to 52% of profit for the year, less coupon after tax to hybrid capital holders and non-controlling interests' share of profit for the year.

Cash flows from operating activities

Operating cash inflow was DKK 14.2 billion in 2010 compared with DKK 9.5 billion in 2009 and thus reflected the increase in EBITDA. A reduction in net working capital in 2010 contributed a net cash inflow (DKK 1.7 billion). In 2009, the corresponding positive effect was DKK 1.9 billion.

Investments

Net investments in 2010 amounted to DKK 8.6 billion compared with DKK 19.0 billion in 2009, representing gross investments of DKK 15.7 billion and disposals of assets, enterprises and non-controlling interests (including capital contributions) totalling DKK 7.1 billion.

The table below shows the relationship between gross investments, net investments and cash flows from investing activities.

RELATIONSHIP BETWEEN STATEMENTS OF INVESTMENTS		
DKK million	2010	2009
Gross investments	(15,692)	(18,131)
Disposals of assets and enterprises	3,217	576
Debt acquired/transferred on acquisitions and disposals of enterprises	0	(1,927)
Transactions with non-controlling interests	3,880	442
Net investments ¹⁾	(8,595)	(19,040)
Debt acquired/transferred on purchase and sale of enterprises (reversal) ²⁾	0	1,927
Transactions with non-controlling interests (reversal) ²⁾	(3,880)	(442)
Purchase and sale of securities (no effect on net debt)	(2,377)	(3,742)
Dividends received and distribution of capital	59	99
Cash flows from investing activities	(14,793)	(21,199)

¹⁾ Net investments are defined as the effect on DONG Energy's net interest-bearing debt of investments and acquisitions and disposals of enterprises. For a detailed definition, reference is made to accounting policies, key performance indicators, definitions.

²⁾ The items have been reversed as they are not part of cash flows from investing activities.

The main gross investments in new assets, expansion of existing areas of activity and efficiency improvement and upgrading of existing plants in 2010 were:

- Expansion of wind power activities (DKK 6.4 billion) - including the UK offshore wind farms Walney (DKK 3.4 billion), London Array (DKK 1.0 billion), Lincs (DKK 0.5 billion) and Gunfleet Sands (DKK 0.3 billion) - and newbuilding of a special vessel for use in the installation of offshore wind turbines (DKK 0.4 billion).
- Development of gas and oil fields and infrastructure (DKK 4.0 billion), including the Norwegian gas fields Oseelvar (DKK 0.7 billion), Trym (DKK 0.7 billion) and Ormen Lange (DKK 0.5 billion), the Danish Syd Arne field (DKK 0.5 billion) and the UK Laggan-Tormore fields (DKK 0.5 billion).
- Thermal activities (DKK 3.9 billion), including construction of the gas-fired power stations Severn in the UK (DKK 1.4 billion) and Enecogen in the Netherlands (DKK 1.2 billion).
- Underground installation of power cables in North Zealand and other capital expenditure on the electricity distribution network (DKK 0.6 billion).

The main disposals in 2010 were:

- Transactions with non-controlling interests (DKK 3.9 billion), including most notably the sale of a further 24.8% stake in Walney at the end of 2010 and capital contributions from the buyer of the 25.1% non-controlling interest in 2009. Reduction of ownership interest in the specialist shipping company A2SEA to 67% (via capital contribution) and sale of 14.5% of the company that owns 50% of the Nysted offshore wind farm.
- Sale of enterprises (DKK 2.3 billion), including primarily the non-controlling interests in Salten Kraftsamband, Nordkraft and Swedegas.
- Sale of assets (DKK 0.9 billion), including primarily 50% of the Nysted offshore wind farm (incl. resale of E.ON's 20% stake).

Cash flows from financing activities

Financing activities generated a cash inflow of DKK 1.1 billion compared with DKK 12.2 billion in 2009. Loans totalling DKK 5.2 billion were raised in 2010, including primarily by issuing bonds totalling GBP 0.5 billion, and loan repayments of DKK 2.9 billion were made.

The sale of the further non-controlling interest in Walney only contributed limited liquidity in 2010, as the buyer will not be paying its share of the project construction costs until the entire farm has been completed at the end of 2011. Transactions with non-controlling interests, including the sale of the 7.25% indirect ownership interest in the Nysted offshore wind farm, contributed DKK 0.3 billion in total in 2010.

The change in other payables amounted to an outflow of DKK 0.5 billion. In addition, dividends to shareholders amounted to an outflow of DKK 0.5 billion and coupon on hybrid capital an outflow of DKK 0.5 billion.

Balance sheet

The balance sheet total increased by DKK 16.8 billion to DKK 137.3 billion at the end of 2010. The increase primarily reflected investments and a larger securities portfolio, primarily due to the investment of the proceeds from loans raised in 2010.

Net interest-bearing debt decreased by DKK 4.8 billion to DKK 22.1 billion at the end of 2010, as cash inflows from operating activities exceeded cash outflows for net investments, dividend payments and coupon to hybrid capital holders.

Equity increased by DKK 6.5 billion from the end of 2009 to DKK 51.3 billion at the end of 2010, primarily reflecting profit for the year and capital contributions from non-controlling interests relating to the Walney offshore wind farm, partly offset by dividends paid and coupon to hybrid capital holders.

Capital structure

The financial key performance indicator adjusted net debt to cash flows from operating activities stood at 1.8 at the end of 2010 compared with 3.3 at the same time the previous year. The improvement reflected both the improved earnings and operating cash inflow as well as the reduction in net debt.

Events after the reporting period

Issue and repurchase of hybrid capital

In January, DONG Energy issued EUR 700 million in new hybrid capital bonds maturing in 3010 and repurchased EUR 500 million existing hybrid capital maturing in 3005. The issue and repurchase added DKK 1.5 billion net to equity. The coupon on the newly issued hybrid capital is 7.75%.

Construction of German offshore wind farm

DONG Energy has decided to build the Borkum Riffgrund 1 offshore wind farm in the German part of the North Sea. The construction will represent a total investment of approximately EUR 1.25 billion. Borkum Riffgrund 1 will consist of up to 89 3.6 MW turbines with a total capacity of 320 MW. It will be able to supply CO₂-free electricity corresponding to the annual electricity consumption of almost 330,000 German households. Construction work is expected to start in 2013 with first power production in 2014.

Non-financial indicators

2010 is the second year in which DONG Energy has integrated non-financial key performance indicators in its annual report. The Group's key performance indicators for corporate responsibility are set out on page 3 and commented on on the following pages and in the section on responsible energy. For a detailed description, reference is made to the Group's verified GRI reporting and the responsibility part of the Group's website.

Environment

In 2010, the Group reduced its CO₂ emissions per kWh generated, partly by reducing its coal consumption, building new offshore wind farms and increasing its consumption of natural gas and biomass. Natural gas accounted for 23% of total fuel consumption compared with 19% in 2009, and use of CO₂-neutral fuels increased to 19% from 15% in 2009. CO₂ emissions per unit of electricity and heat generated was 524 g/kWh in 2010 compared with 574 g/kWh in 2009.

Power station EU ETS CO₂ emissions totalled 11.8 million tonnes in 2010 compared with 11.9 million tonnes in 2009, and were thus reduced despite the increase in both electricity and heat generation in 2010.

DONG Energy's customers achieved savings of 342 GWh in 2010, corresponding to the electricity consumption of approximately 90,000 households. DONG Energy contributed to these savings by offering energy advice and entering into climate partnerships with more than 60 large businesses, municipalities, housing associations and organisations, and by developing new solutions for private households.

Employees

Health and safety conditions are part of the ambition to operate the company responsibly and have committed and highly skilled employees. There were 93 lost time injuries in 2010, including 49 among suppliers. Converted to lost time injuries per one million hours worked (LTIF), the injury frequency at DONG Energy and the Group's suppliers fell to 4.6 from 6.8 in 2009, which is the lowest ever injury frequency in the Group's history. The injury frequency target set for 2010 was 6.2 and the Group has set a target of 5.2 for 2011.

Regrettably, in 2010, there were three fatalities among suppliers while working within DONG Energy's operations. DONG Energy takes these accidents very seriously. These accidents have reinforced the fact that accident prevention requires continuous focus. In 2010, the Group continued its efforts to develop a strong safety culture focusing on risk assessment and proactive prevention as well as follow-up on all incidents with a view to continuous improvement at both DONG Energy and its suppliers and business partners. Safety forms an integral part of all DONG Energy's activities.

REVIEW OF BUSINESS AREAS' PERFORMANCE

The financial and environmental performance of each of the Group's five business areas is commented on in the following.

Exploration & Production

Volumes

Gas and oil production was up 2% at 24.4 million boe in 2010. Oil production was up 6% at 9.0 million boe in 2010 due to the start-up of production at the Nini Øst field and higher output from the Ula field. Gas production, which came primarily from the Ormen Lange field in Norway was 15.4 million boe, on a par with 2009, representing 63% of total output. In 2010, the Danish fields accounted for 21% of production and the Norwegian fields for 79%.

Financial performance and investments / capital expenditure

Revenue was DKK 8.2 billion, up DKK 1.6 billion on 2009. Higher gas and oil prices and slightly higher production had a positive effect that was partly offset by a small negative effect from oil price hedging in 2010 compared with a positive effect of DKK 0.7 billion in 2009.

EBITDA was up DKK 1.6 billion in 2010, at DKK 5.0 billion, reflecting the increase in revenue.

EXPLORATION & PRODUCTION

Financial highlights		2010	2009
Volumes			
Oil and gas production	million boe	24.4	24.0
- oil	million boe	9.0	8.5
- gas	million boe	15.4	15.5
Financial results			
Revenue	DKK million	8,224	6,579
EBITDA	DKK million	5,012	3,427
EBITDA adjusted for special hydrocarbon tax	DKK million	4,045	2,959
EBIT	DKK million	3,062	2,040
Gross investments	DKK million	(4,023)	(3,050)
Environment			
EU ETS CO ₂ emissions	million tonnes	0.12	0.04
Natural gas flaring	million Nm ³	32	6
Oil discharged to sea	tonnes	8	18
Reinjection of produced water at production platforms	%	78	49

EBIT was up DKK 1.0 billion on 2009, which was less than the increase in EBITDA due to higher depreciation. The increase in depreciation was due partly to the slightly higher production, and partly to higher depreciation per unit generated at the Ormen Lange field due to the downward revision of total reserves in this field at the end of 2009.

Gross investments were DKK 4.0 billion versus DKK 3.1 billion in 2009 and related primarily to the development of producing and new gas and oil fields. The main investments in 2010 were the development of the Norwegian gas fields Osevar (DKK 0.7 billion), Trym (DKK 0.7 billion) and Ormen Lange (DKK 0.5 billion), the Danish Syd Arne field (DKK 0.5 billion) and the UK Laggan-Tormore fields (DKK 0.5 billion).

Environment

Discharges to sea of oil-containing produced water from DONG Energy's oil and gas extraction activities were 8 tonnes in 2010, an improvement of 56% on 2009, when discharges totalled 18 tonnes.

The discharge of oil at the DONG Energy-operated Siri platform was 2.7 tonnes in 2010. This corresponds to an average concentration of oil in the water discharged from the platform to the North Sea of 12 mg of oil per litre of water. The improvement primarily reflected the fact that DONG Energy maintained its purifying efficiency while at the same time significantly increasing reinjection of produced water into the reservoir. Reinjection of water with oil residues increased to 78% in 2010 from 49% in 2009. The Siri platform improved its reinjection performance from 78% of produced water in 2009 to 94% in 2010.

Natural gas flaring at the Siri platform increased to 29 million Nm³ in 2010 from 2 million Nm³ in 2009, causing an increase in EU ETS CO₂ emissions. The increase was due to production from a new satellite platform, Nini Øst, which is tied in with the Siri platform. The flaring was a consequence of challenges in connection with the treatment of gas from the new field in the processing system on Siri. The processing system on Siri was modified in January 2011, and this is expected to result in a significant reduction in flaring in 2011.

Renewables

Volumes

Output from wind and hydro generation increased by 43% to 4.0 TWh in 2010 due to new wind farms in operation, including especially Horns Rev 2 in Denmark and Gunfleet Sands in the

RENEWABLES

Financial highlights		2010	2009
Volumes			
Electricity generation, wind and hydro	TWh	4.0	2.8
Financial results			
Revenue	DKK million	2,947	1,677
EBITDA	DKK million	1,725	609
EBIT	DKK million	955	266
Gross investments	DKK million	(6,378)	(7,133)

UK, and an increase in hydro generation in Sweden. Wind and hydro generation accounted for 20% of the Group's total electricity output in 2010 compared with 16% in 2009.

Financial performance and investments / capital expenditure

Revenue was up DKK 1.3 billion at DKK 2.9 billion in 2010, reflecting an increase in generation and significantly higher electricity prices for hydro power in Sweden. However, the effect of the generally higher electricity prices in 2010 on revenue from wind farms was modest, as a large proportion of generation is sold at fixed electricity prices, including green certificates, where the price is more stable. In addition, A2SEA featured with a full year in 2010 compared to only six months in the financial statements for 2009.

EBITDA increased by DKK 1.1 billion to DKK 1.7 billion in 2010, driven by the increase in revenue, partly offset by an increase in costs due to the higher level of activity.

EBIT was DKK 1.0 billion against DKK 0.3 billion in 2009. The increase was lower than the increase in EBITDA due to higher depreciation as a result of new wind farms and the addition of A2SEA.

Gross investments were DKK 6.4 billion versus DKK 7.1 billion in 2009 and related predominantly to the UK offshore wind farms Walney (DKK 3.4 billion), London Array (DKK 1.0 billion), Lincs (DKK 0.5 billion) and Gunfleet Sands (DKK 0.3 billion), and newbuilding of a special vessel for use in the installation of offshore wind turbines (DKK 0.4 billion).

Generation

Volumes

Electricity generation was 15.3 TWh, in line with 2009. Electricity generation was relatively high in both 2009 and 2010 due to cold winters. Heat generation was up 14% at 53.2 PJ in 2010 due to lower temperatures.

Financial performance and investments / capital expenditure

Revenue increased by DKK 0.5 billion to DKK 11.3 billion in 2010 due to increased heat generation and significantly higher electricity prices, particularly in East Denmark in the first quarter and December, whereas price hedging had a negative effect.

EBITDA was up DKK 1.6 billion at DKK 1.9 billion in 2010. Besides the DKK 0.5 billion increase in revenue, the six-fold increase reflected lower fuel costs and significantly lower fixed costs as a result of cost reductions. Significant savings were made by phasing out power station units and reducing staff numbers at power stations and in the engineering part of the business. Price hedging depressed EBITDA by DKK 0.6 billion in 2010 compared with a positive effect of DKK 0.6 billion in 2009, reflecting losses on hedging of electricity prices as a result of the higher electricity prices.

Average fuel costs per GWh generated were lower than in 2009, partly due to lower market prices for gas, and partly because coal consumption is recognised applying the FIFO principle to inventories. The coal price achieved for accounting purposes (excluding price hedging) averaged USD 85/tonne compared with USD 116/tonne in 2009.

EBIT was DKK 0.2 billion versus a loss of DKK 0.8 billion in 2009. The increase was lower than the increase in EBITDA due to higher depreciation as a result of the start-up of the second-generation bioethanol plant (Inbicon) at the end of 2009 and impairment losses of DKK 0.4 billion in 2010. The

GENERATION

Financial highlights		2010	2009
Volumes			
Electricity generation, thermal	TWh	15.3	15.3
Heat generation	PJ	53.2	46.7
Financial results			
Revenue	DKK million	11,330	10,818
- electricity, thermal	DKK million	7,484	7,278
- heat, thermal	DKK million	2,555	2,184
- other	DKK million	1,291	1,356
EBITDA	DKK million	1,864	306
EBIT	DKK million	194	(786)
Gross investments	DKK million	(3,853)	(4,489)
Environment			
EU ETS CO ₂ emissions	million tonnes	11.1	11.8

impairment losses primarily related to small-scale power stations that were or are expected to be mothballed or sold due to low earnings.

Gross investments were DKK 3.9 billion versus DKK 4.5 billion in 2009 and related primarily to the construction of the gas-fired power stations Severn in the UK (DKK 1.4 billion), Enecogen in the Netherlands (DKK 1.2 billion) and Mongstad in Norway (DKK 0.3 billion) and maintenance and capital expenditure on plant life extensions at the Danish power stations (DKK 0.7 billion).

Environment

EU ETS CO₂ emissions from Danish power stations were 11.1 million tonnes in 2010 against 11.8 million tonnes in 2009, which was encouraging considering the increase in heat generation.

In 2010, there were five significant environmental incidents in Generation: two oil spills, a fire, an incident involving the release of pulverised fly ash and an ammonia leak. These environmental incidents did not cause any permanent damage to the environment or people.

Energy Markets

Volumes

Gas sales (including sales to own power stations) were up 16% at 118.5 TWh from 102.4 TWh in 2009. Sales benefited from the cold weather in 2010, which led to higher sales in Denmark, among other countries, including to own power stations, and to German Stadtwerke. Furthermore, hub sales were significantly higher than in 2009. Electricity sales were 10.4 TWh, 3% down on 2009. Electricity generation from the gas-fired Severn power station in the UK was 0.9 TWh

in 2010. The power station was commissioned in October and began generating power commercially in November and December.

Financial performance and investments / capital expenditure

Revenue was up DKK 3.6 billion in 2010, at DKK 31.8 billion, reflecting higher volumes sold. Average gas sales prices were slightly lower than in 2009, as sales in the first quarter of 2009, in particular, were made at prices that were significantly higher than the gas hub prices. This was a result of forward gas sales in 2008 (for delivery in 2009) at high prices from before the financial crisis.

EBITDA was up DKK 1.2 billion at DKK 3.2 billion in 2010, predominantly as a result of the time lag effect having a large negative impact on profit in 2009 (more costly gas purchases in 2009 due to high oil prices in 2008) that was not repeated in 2010. Furthermore, price hedging, especially oil, contributed DKK 1.4 billion in 2010 compared with DKK 0.7 billion in 2009, partly reflecting market value adjustments of contracts that hedge the price of positions after 2010. Rising electricity prices, on the other hand, led to a negative market value adjustment of electricity positions.

EBIT was up DKK 1.1 billion in 2010, at DKK 2.6 billion, reflecting the increase in EBITDA.

Gross investments were DKK 0.5 billion, in line with 2009, and related mainly to infrastructure activities in Germany and a new trading system.

Environment

EU ETS CO₂ emissions were significantly higher than in 2009 due to the start-up of production at the Severn power station at the end of 2010. The remaining CO₂ emissions were due to flaring at the gas treatment plant at Nybro, and were less than in 2009.

Sales & Distribution

Volumes

Gas sales amounted to 24.2 TWh, 11% ahead of 2009, while electricity sales were down 4% at 8.2 TWh in 2010. Gas distribution was 14% ahead of 2009, while electricity distribution was on a par with last year. The volumes transported in the oil pipeline were down 8% at 78 million bbl in 2010. The colder weather was the main reason for the higher gas sales and the increase in gas distribution.

Financial performance and investments / capital expenditure

Revenue was up DKK 0.8 billion at DKK 14.2 billion in 2010 as a result of higher gas volumes sold and distributed and higher electricity prices.

ENERGY MARKETS				
Financial highlights		2010	2009	
Volumes				
Natural gas sales	TWh	118.5	102.4	
Electricity sales	TWh	10.4	10.7	
Electricity generation	TWh	0.9	-	
Financial results				
Revenue	DKK million	31,764	28,201	
EBITDA	DKK million	3,207	2,046	
EBIT	DKK million	2,642	1,504	
Gross investments	DKK million	(477)	(530)	
Environment				
EU ETS CO ₂ emissions	million tonnes	0.5	0.02	
Natural gas flaring	million Nm ³	1.0	1.2	

EBITDA was down DKK 0.2 billion at DKK 2.0 billion in 2010. The decrease was due to lower network tariffs and higher network losses on electricity distribution, partly offset by higher gas volumes sold and distributed and higher gas distribution tariffs due to the collection of shortfall revenue relating to the years 2005-2007.

EBIT was up DKK 0.5 billion at DKK 1.1 billion, despite the decrease in EBITDA. This was primarily due to the fact that EBIT in 2009 was affected by the DKK 0.7 billion impairment loss on the fibre optic network.

Gross investments were DKK 0.9 billion versus DKK 1.7 billion in 2009 and related primarily to capital expenditure on the electricity distribution network (DKK 0.4 billion) and underground installation of electricity cables in North Zealand (DKK 0.2 billion).

Environment

There were 70 instances of excavation damage to natural gas pipes in 2010 compared with 79 in 2009. At the same time, methane leaks in connection with excavation damage fell significantly in 2010 (14.9 thousand Nm³) compared with 2009 (33.8 thousand Nm³). Besides fewer instances of excavation damage, the substantial drop in leaks was due to the fact that excavation damage in 2010 generally related to pipes with a smaller diameter and pressure, resulting in smaller leaks.

DONG Energy's residential and business customers achieved higher energy savings in 2010. They made savings of 342 GWh in 2010 via energy advice, sales of clean-tech solutions to private consumers and climate partnerships with large companies, municipalities, housing associations and organisations.

There was one significant environmental incident in 2010, when SF₆ greenhouse gas was emitted from a transformer station due to a system defect. As a result of the incident, DONG Energy carried out an investigation of whether the defect was of a systematic nature and might thus apply to other transformer stations, too. However, this was not the case, and the station in question was replaced with a new model.

SALES & DISTRIBUTION

Financial highlights		2010	2009
Volumes			
Natural gas sales	TWh	24.2	21.8
Natural gas distribution	TWh	11.4	10.0
Electricity sales	TWh	8.2	8.5
Electricity distribution	TWh	9.1	9.2
Oil transportation, Denmark	million bbl	78	85
Financial results			
Revenue	DKK million	14,185	13,386
EBITDA	DKK million	2,036	2,239
EBIT	DKK million	1,056	594
Gross investments	DKK million	(858)	(1,689)
Environment			
Energy savings (residential and business)	GWh	342	145
Excavation damage to gas pipes	number	70	79
Methane leaks due to excavation damage	thousand Nm ³	14.9	33.8

FINANCIAL OUTLOOK FOR 2011

The key assumptions for the financial outlook for 2011 are described in the following three sections. The “EBITDA outlook for 2011” section summarises the overall outlook.

New activities

The following new or significantly expanded activities are expected to contribute around DKK 1.3 billion to EBITDA in 2011 compared with 2010:

- Start-up of production at the Trym field at the start of 2011.
- Start-up of operation at the Walney wind farm in two stages in 2011 (April and year end) and full-year effect from Karcino, which became operational in spring 2010.
- Full-year effect of the gas-fired Severn power station in the UK and start-up of operation at the gas-fired Enecogen power station in the Netherlands at the end of the year. The Mongstad power station will not be contributing significantly to EBITDA, as earnings are primarily recognised via financial items due to the lease agreement with Statoil.

Market prices and price hedging

The development in a variety of market prices, including oil, gas, electricity, coal, CO₂ and the USD exchange rate, has a major impact on DONG Energy's financial performance. The profit outlook for 2011 is based on the average market prices in the table.

The higher market prices of oil and gas will generally have a positive effect on the financial results in 2011 compared with

2010. In contrast, the spread between oil and gas prices is expected to have a negative effect on the results in 2011, as was the case in 2010.

However, a large proportion of market price exposure in 2011 has been hedged, which means that any deviations from assumed prices will not filter through in full to the financial results.

At the end of 2010, the Group had a small positive oil and gas exposure for 2011, corresponding to a 10% increase in oil and gas prices boosting the value of the Group's 2011 positions by DKK 0.2 billion.

At the end of 2010, 56% and 25% of expected contribution margin from thermal electricity generation in Denmark in 2011 and 2012 respectively had been hedged at prices corresponding to green dark spreads of around EUR 11/MWh and EUR 9/MWh respectively.

The time value of the Group's oil options and a large proportion of its electricity price hedging are adjusted to market value in profit for the year on a continuous basis, as this hedging does not meet the effectiveness criteria for hedge accounting. This leads to considerable uncertainty concerning the financial results for 2011, as changes in market values can lead to large fluctuations in financial results, even though the price hedging relates to exposures after 2011. This was the case in, for example, 2010, when the majority of the net effect from price hedging, DKK 0.7 billion, related to market value adjustment of contracts hedging the prices of positions after 2010.

Other assumptions

For Energy Markets, there are a number of factors that mean that EBITDA is expected to be significantly lower in 2011 than in 2010, all other things being equal.

Relative gas purchase prices are expected to be up on 2010, as the volumes available under purchase contracts with the DUC consortium are expected to decline. On the sales side, some of the oil-indexed contracts expired in 2010. This will reduce Energy Markets' earnings in 2011 and increase its exposure to the spread between oil and gas prices. Lastly, Energy Markets' EBITDA in 2010 benefited from market value adjustment of price hedging contracts that is not expected to be repeated in 2011.

OUTLOOK FOR 2011

Market prices, avg.		Estimate 2011	2010
Oil price, Brent	USD/bbl	95	80
Gas price, TTF	EUR/MWh	24	17
Gas price, NBP	EUR/MWh	23	17
Electricity price, Nord Pool system	EUR/MWh	55	53
Electricity price, Nord Pool, DK ¹⁾	EUR/MWh	53	52
Electricity price, EEX	EUR/MWh	50	44
Electricity price, UK	EUR/MWh	59	48
Coal price, API 2	USD/tonne	122	92
CO ₂ , EUA	EUR/tonne	14	14
Green Dark Spread, ¹⁾	EUR/MWh	7	14
USD exchange rate	DKK/USD	5,6	5,6

¹⁾ Based on average prices in DK1 and DK2

The target of a DKK 1.5 billion improvement in EBITDA compared with 2008 driven by efficiency improvement and cost reduction programmes was met at the end of 2010, one year early, but the focus on continuous operating efficiencies will continue in the years ahead.

No costs have been recognised in respect of a solution to the problems related to the subsea tank structure on the Siri platform.

EBITDA outlook for 2011

Based on the above assumptions concerning new activities, market prices, price hedging and other factors, EBITDA is expected to be in line with 2010.

Outlook for net investments in 2011-2013

Net investments in the period 2011-2013 are expected to be around DKK 40 billion. This outlook replaces the earlier outlook from November 2010 of net investments of DKK 15 billion in 2011 and DKK 15-20 billion per year in 2012 and 2013. The reduction compared with the earlier outlook is primarily due to the financing of new projects to a greater extent being raised by selling existing assets as part of the ongoing strategic alignment of the portfolio, and by entering into partnerships on large construction projects as was the case with the Walney, Nysted and London Array offshore wind farms.

Objective for capital structure

The capital structure target is for adjusted net debt to amount to up to three times cash flows from operating activities. This is a tightening of the previous target of adjusted net debt of around three times operating cash flows. The target has been tightened based on a desire to strengthen the capital structure still further.

Adjusted net debt is defined as net debt for accounting purposes plus 50% of hybrid capital maturing in 3005 and 0% of hybrid capital maturing in 3010, the latter issued in January 2011. This is in accordance with the net debt effect assigned to each of the hybrid capital issues by Standard & Poor's at a rating of BBB+, which is DONG Energy's minimum rating.

EBITDA objective

Based on planned investments, the objective is a doubling of EBITDA in the period up to 2015 compared with 2009, when EBITDA was DKK 8.8 billion. This outlook remains unchanged compared with the outlook in the interim financial report for the first nine months of 2010.

FORWARD-LOOKING STATEMENTS

The annual report contains forward-looking statements, which include projections of financial performance in 2011. These statements are not guarantees of future performance and involve certain risks and uncertainties.

Therefore, actual future results and trends may differ materially from what is forecast in this report due to a variety of factors, including, but not limited to, changes in temperature and precipitation levels; the development in oil, gas, electricity, coal, CO₂, currency and interest rate markets; changes in legislation, regulation or standards; changes in the competitive situation in DONG Energy's markets; and security of supply. Reference is made to the chapter on risk and risk management, and notes 31 and 32 to the consolidated financial statements.

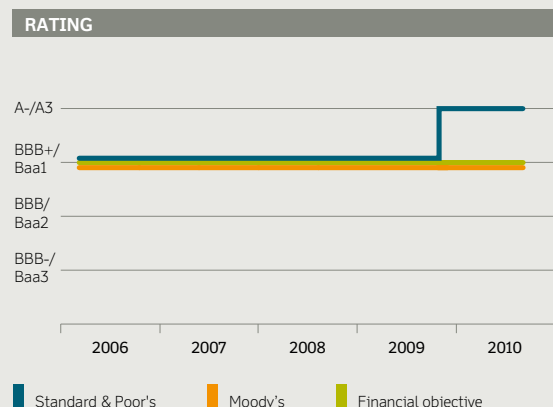
FINANCIAL OBJECTIVES

THE FOUR FINANCIAL OBJECTIVES

DONG Energy has set objectives for its financial management. The key financial management objectives are set out below.

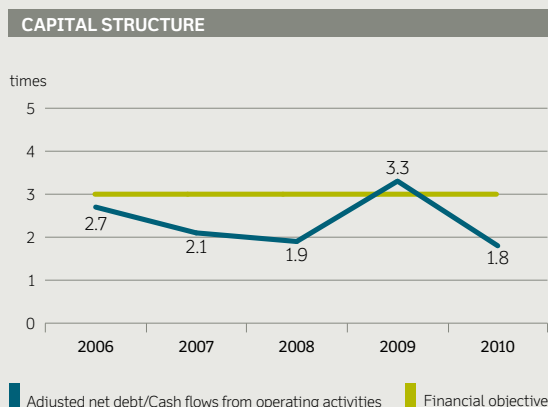
RATING

Rating of minimum BBB+/Baa1



CAPITAL STRUCTURE

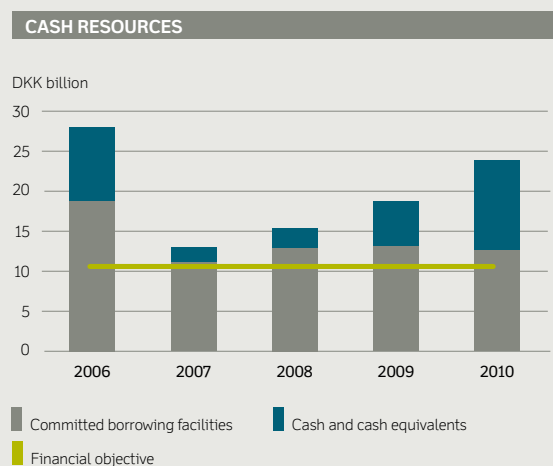
Adjusted net debt of up to three times cash flows from operating activities



Adjusted net debt is defined as net debt for accounting purposes plus 50% of hybrid capital maturing in 3005 and 0% of hybrid capital maturing in 3010, the latter issued in January 2011.

CASH RESOURCES

Maintaining cash resources of minimum DKK 11.2 billion (EUR 1.5 billion).



DIVIDENDS

The intention is to distribute DKK 7.5 per share in 2011, and to increase the annual dividend by DKK 0.25 in the subsequent years.

However, the payout ratio, determined as profit for the year after tax attributable to the company's shareholders (less coupon after tax to hybrid capital holders and non-controlling interests' share of profit for the year), must not fall below 40% or exceed 60%.

BUSINESS AND STRATEGY

A dynamic energy company in Northern Europe

Energy is the life blood of modern society, and a reliable supply of energy is essential to keep the wheels of society turning.

Energy companies produce different types and forms of energy that is taken to where society and its companies and consumers need it via trading on international markets.

DONG Energy's business model is based on the Group being involved throughout the chain that provides users with their daily supplies of electricity, heat and natural gas. The Group thus has a cohesive, well-structured and flexible portfolio of business activities in production, wholesale trading, distribution and retail sales. This provides the Group with a number of synergies - strategically and in terms of markets and costs.

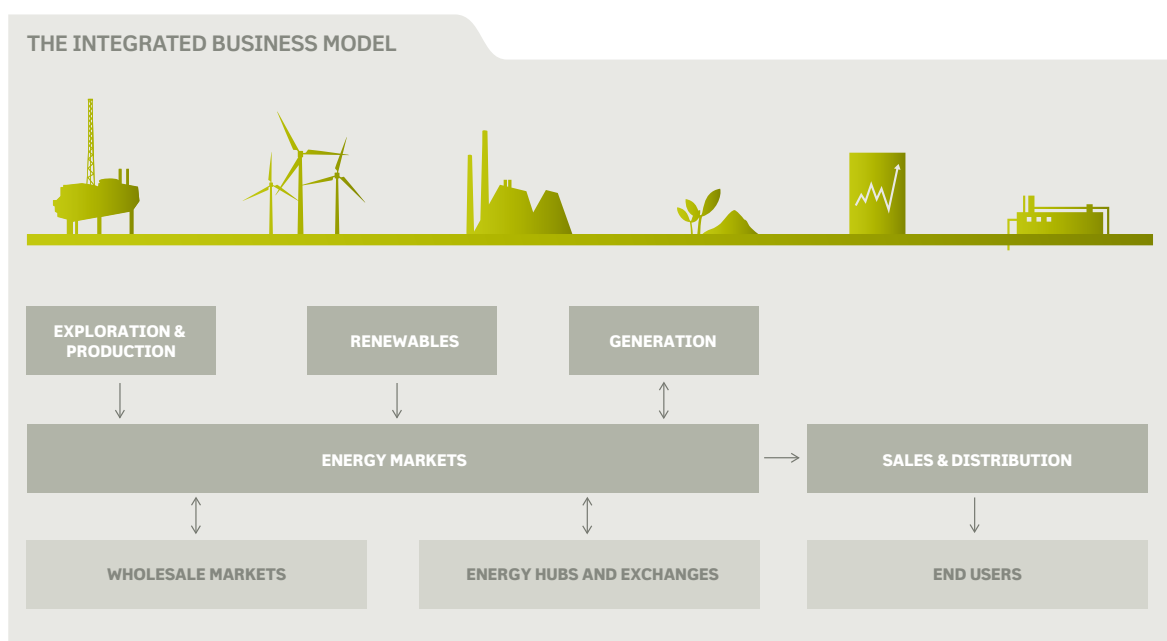
DONG Energy has chosen to focus its activities in Northern Europe, where the Group is today a significant energy producer while at the same time serving 1.2 million customers every day. With its geographic focus, DONG Energy is able to pursue the opportunities that follow from the increasingly closer physical and commercial integration of national energy markets.

DONG Energy's value chain

DONG Energy creates value through the energy flows at the Group's disposal. These come primarily from equity production, but also from long-term purchase contracts entered into with other producers.

DONG Energy has extensive electricity generation in Denmark and generates the equivalent of half of Denmark's consumption. To this should be added electricity generation in Norway, Sweden, the UK and Poland. Thermal power stations based on coal, natural gas and biomass today account for the vast majority of generation, although wind farms account for a rapidly growing proportion.

The Group's access to natural gas is based partly on equity offshore production in Denmark and Norway, and partly on long-term purchase contracts with large natural gas producers. DONG Energy also buys natural gas on European energy hubs. Part of the offshore production is made up of oil, which is sold on international energy markets. It is DONG Energy's objective that around 30% of the Group's natural gas sales must come from equity production. The Group also creates value through sales and distribution to wholesale and end customers in Denmark, Germany, the Netherlands and Sweden.



DONG Energy's strategy for the period until 2015

DONG Energy's strategy is based on four overall focus areas that define the direction of the Group's development in the years ahead.



Growth in clean and reliable energy production

DONG Energy's vision is to provide clean and reliable energy. The basis for realising this vision is a strong capability in development and establishment of new offshore wind, natural gas and oil production facilities.

The energy sector is currently in a process of major change to enable it to provide a more sustainable and more reliable energy supply. DONG Energy is taking an active part in this transition through its strategy. The Group thus aims to halve its CO₂ emissions by 2020. With emissions of 524 g CO₂ per kWh generated in 2010, and with the corresponding figure just four years ago being 638 g CO₂/kWh, DONG Energy is well on the way to meeting this target. In the longer term,

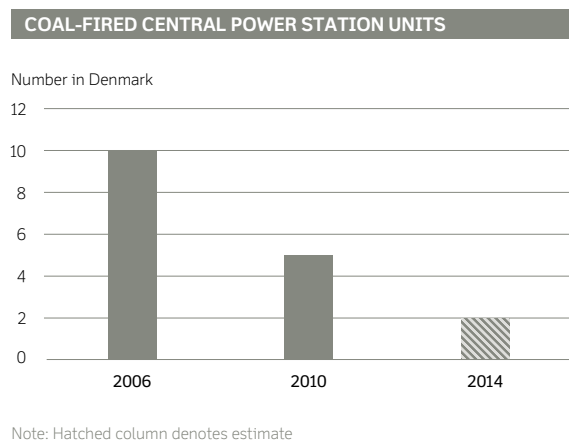
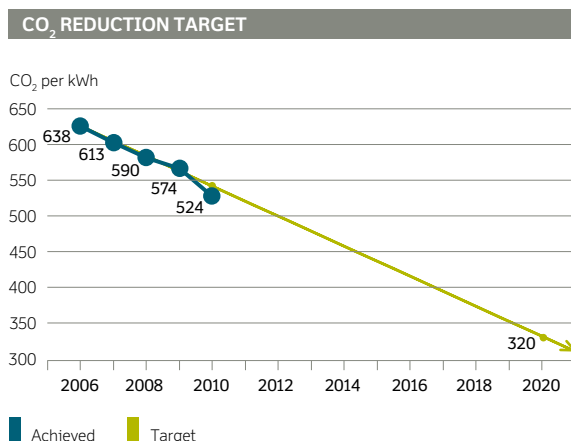
the target is an 85% reduction in emissions by 2040 (in relation to 2006 levels).

Wind energy plays a significant role in the transition to clean energy. DONG Energy's wind energy capabilities are based on more than 20 years of experience, especially in the offshore area, where DONG Energy is the world leader in the construction and operation of offshore wind farms.

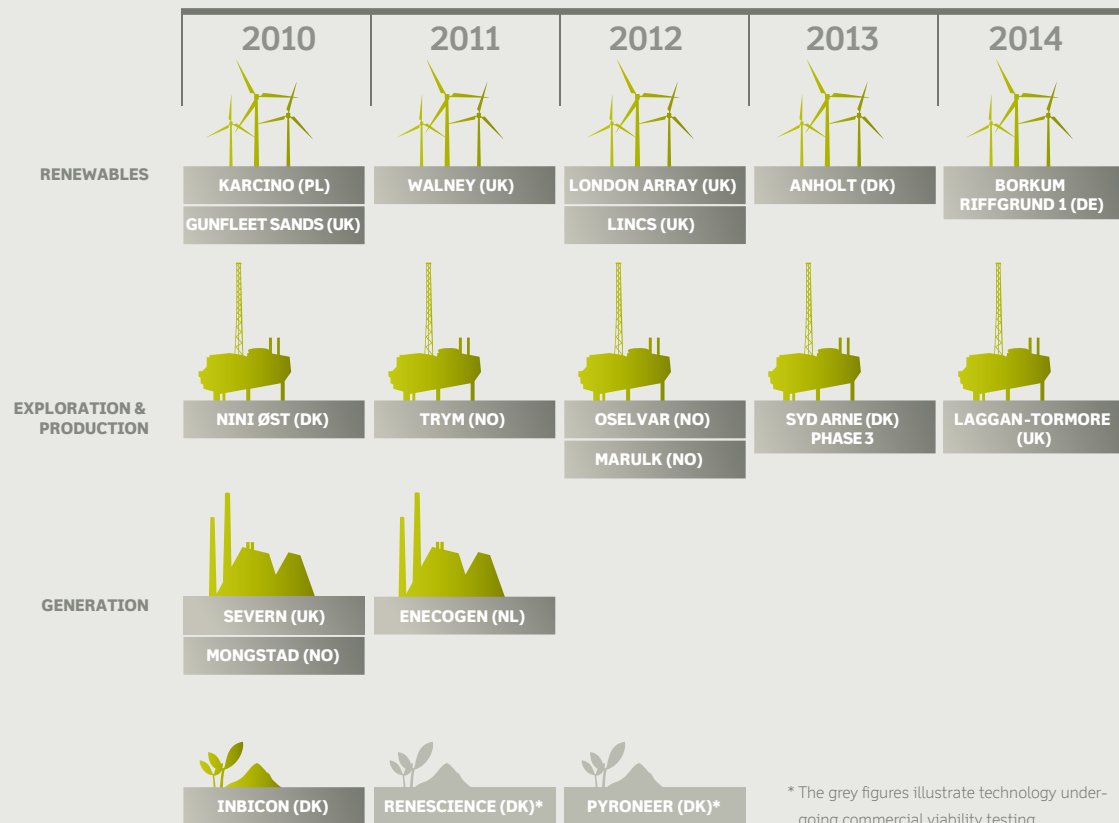
Over more than 30 years, DONG Energy has been developing its capabilities and activities in oil and gas exploration and production, which is today the Group's largest business area in terms of earnings. The expansion of the licence portfolio in the past ten years illustrates the rapid growth.

The combination of DONG Energy's strong capabilities in the two areas referred to above and society's desire for innovative and increased energy production open up attractive investment opportunities for the Group. In wind and oil and gas production, DONG Energy will consequently continue to focus on creating value by investing in new assets. DONG Energy is therefore working on establishing a long-term portfolio of investment opportunities while at the same time exploiting and maintaining the strong market positions it has won.

DONG Energy's strong capabilities in thermal generation will also be instrumental in ensuring that the ambitious targets for the reduction in CO₂ emissions can be met. This will be achieved by converting coal-fired power stations to biomass and reducing the coal-fired power station capacity. Phasing out of coal-fired units from ten to five has already reduced coal consumption from 6 million tonnes in 2006 to 4 million tonnes in 2010. Continued phasing out and the expected conversion of coal-fired units to biomass are expected to reduce coal consumption by a further 2 million tonnes by the end of 2014.



NEW ASSETS IN OPERATION 2010-2014



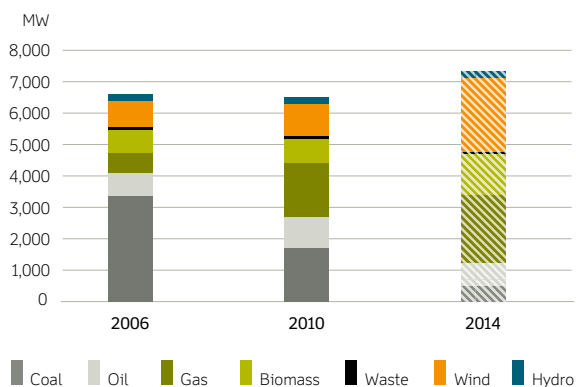
The conversion of thermal generation in the period 2006-2010 has contributed to a reduction of 6 million tonnes in CO₂ emissions, equivalent to 13% of Denmark's total CO₂ emissions (2009) and 44% of the reduction to which Denmark has committed (under the Kyoto Protocol). And with the continued conversion of thermal generation, DONG

Energy expects to be able to reduce its CO₂ emissions in Denmark by a further 4 million tonnes between 2010 and 2014.

DONG Energy also has strong capabilities in wholesale trading, retail sales and energy distribution. The development in the energy sector and the energy market means that these business areas, along with the thermal power activities, focus especially on optimising their operations and creating value, partly from their respective assets, and partly by exploiting the opportunities for collaboration between activities throughout the Group's value chain.

DONG Energy has been investing heavily in wind power, gas-fired power stations and development of natural gas and oil production in recent years, and the Group's energy production will grow significantly in these areas in the years ahead. As the cleanest of the fossil fuels, natural gas is a good supplement to an energy supply that will increasingly be based on renewables.

THERMAL AND RENEWABLE ENERGY CAPACITY





NEW BIO SOLUTIONS

These initiatives focus on developing innovative energy production solutions. Initiatives on which DONG Energy is focusing include producing bioethanol based on straw and agricultural waste products (Inbicon), using energy from waste (REnescience) and utilising residual biomass from agriculture and industry (Pyroneer).

With the continued development of wind capacity and the conversion from coal to biomass, the composition of DONG Energy's electricity-generating capacity is expected to change. The CO₂-free and CO₂-neutral proportion of capacity is thus expected to increase to 53% by 2014 from 31% in 2010.

DONG Energy plans its investments based on a desire to maintain a balanced exposure to different technologies, energy markets and regulatory regimes. The Group has therefore established an extensive programme of investment projects that is at the same time flexible to enable management to continuously align plans to market trends. In this way, the strategic direction is to secure DONG Energy a robust position in a sector undergoing major change.

Development of innovative energy solutions

The growing global demand for resources and the requirement to switch to sustainable energy supplies are global megatrends that will characterise the energy sector in the decades to come to a considerable extent. DONG Energy has already prepared for this long-term trend by accelerating the conversion of its electricity generation from black to green.

The magnitude of the challenge facing the world calls for the development of completely new energy solutions that are based on renewables to a far greater extent than previously. DONG Energy is therefore working on a variety of new energy solutions that are aimed at satisfying the future need for clean and reliable energy and can thus become a vital part of DONG Energy's business in future.

In energy production, these are new solutions that are based on biomass, partly for production of bioethanol based on

straw and other agricultural waste products, and development of technologies aimed at utilising waste.

The solutions that DONG Energy is working on aimed at residential customers include sales and marketing of clean-tech solutions for private homes, increased use of electric cars, etc. The number of climate partnerships in which DONG Energy is involved passed 60 in 2010. The Group helps companies, municipalities, housing associations and organisations reduce their energy consumption and CO₂ emissions through these partnerships.

Commercial optimisation of energy portfolio and market positions

DONG Energy has a broad portfolio of assets and positions distributed throughout the value chain and has access to a number of different sales channels. The flexibility this offers provides considerable potential for creating synergies, whether across markets or forms of energy. For example, gas produced in the North Sea can be sent to the Dutch market when the price there is higher than in Denmark. Likewise, DONG Energy's portfolio of gas-fired power stations enables it to use equity natural gas to generate electricity when electricity margins are higher, and, conversely, to sell gas directly on the markets when gas margins are higher.

Continuous operational efficiencies

An important objective for DONG Energy is to continuously improve the efficiency of its operations. The Group has therefore developed its own programme for continuous improvement, DONG Energy Excellence Program (DEEP), which is based on the lean approach. The programme is applied across the Group, both in production and in administration, finance and HR.

RESPONSIBLE ENERGY

As a result of its wide-ranging activities, DONG Energy has a great impact and influence on the communities of which the company is a part. This involves a responsibility that DONG Energy is very aware of and wants to live up to. Consequently, responsibility at DONG Energy involves making sure our business operations are credible and transparent.

Consideration for the climate and the environment are key Group principles

As an energy company, DONG Energy leaves a significant mark on the environment. We therefore have an obligation to society to work in a long-term, systematic manner to limit these impacts. Consideration for the environment is a key principle for DONG Energy. This means that consideration for the climate and the environment is being continuously integrated as a natural part of the Group's activities and decision-making processes.

DONG Energy has set itself a target of halving CO₂ emissions per kWh generated from its electricity and heat generation by 2020, and reducing its emissions by 85% by 2040, in relation to the 2006 level. In 2010, CO₂ emissions were 524 g CO₂/kWh, slightly ahead of the reduction plan.

In addition to reducing its CO₂ emissions, DONG Energy aims to reduce two other significant types of air emissions from its power stations, i.e. NO_x and SO₂. The target is a 90% reduction in NO_x by 2020, in relation to the 1990 level. In 2010, the reduction was 88%. For SO₂, the target is a 95% reduction. In 2010, SO₂ emissions were reduced by 99%.

Energy savings and climate-friendly conduct

DONG Energy takes joint responsibility for its customers achieving energy savings. For example by offering energy advice, selling cleantech solutions and technology to residential customers and entering into climate partnerships with large companies, municipalities, housing associations and organisations. DONG Energy is committed to achieving savings for its customers equivalent to 144 GWh a year in the period 2006-2009, and 308 GWh a year in the period 2010-2020 under the new energy-saving agreement entered into on 20 November 2009. In 2010, residential and business customers made savings of 342 GWh as a result of DONG Energy's energy advice.

In addition to implementing energy savings for residential and business customers, the Group is also working on reducing its own energy and resource consumption. For example, DONG Energy set itself a target of implementing energy-

saving projects corresponding to a reduction of 1 tonne of CO₂ per employee. This target was met in 2010, two years earlier than planned. In 2011, the Group will define new targets for its efforts to improve its own energy efficiency.

The Group is also working on increasing the proportion of waste in administration and facilities that is recycled. The recycling targets are 50% and 65% respectively by 2012. The rates achieved in 2010 were 32% in administration and 57% in DONG Energy's facilities.

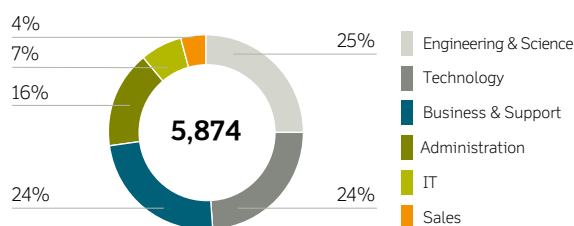
Skills development

To ensure that DONG Energy continues to be a leader in the transformation of knowledge into specific solutions, we have a strategic focus on recruitment and retention of skilled employees and long-term talent management both nationally and internationally.

Talented managers boost employee motivation and commitment and thus contribute to the generation of results. This is why, in 2011, DONG Energy will focus in particular on leadership, with targeted evaluation of the top 200 managers and general enhancement of individual development plans and performance-based management for the Group's managers. Regular employee satisfaction surveys will be conducted throughout the Group to monitor employees' perception of their work situation and of the company.

Talented employees from around the world are important for DONG Energy to maintain a competitive level of knowledge in the organisation. To achieve this, DONG Energy is a co-founder of Consortium of Global Talents, an industry-wide initiative focusing on improving the conditions for attracting

EMPLOYEES BY PROFESSION



qualified foreign labour to Denmark. Diversity and international mobility consequently remain one of the Group's focus areas.

DONG Energy recruited 916 new employees in 2010 and had 5,874 employees at the end of the year. Of these, 9% work outside Denmark.

Safety first

For DONG Energy, a stimulating, 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 therefore factored into all DONG Energy's activities.

DONG Energy focuses on safety in everything it does, and the Group continuously strives to improve its safety performance through prevention, training, education and involvement of employees to cement the culture: "The safe way - or no way". These initiatives have resulted in a markedly falling injury frequency in the Group as a whole, from 10.4 in 2007 to 4.6 in 2010 (number of lost time injuries per one million hours worked). This was the Group's lowest ever injury frequency.

Regrettably, in 2010, there were three fatalities among suppliers while working within DONG Energy's operations. DONG Energy takes these accidents very seriously. Consequently, the Group has tightened its focus on the overall safety plan and associated systems. Among the new measures is greater awareness that safety begins in the purchasing and due diligence phases of a partnership with a supplier or business partner. The Group is also focusing more on ensuring that DONG Energy's core values and safety requirements are made clear both to the Group's own employees and its suppliers' employees.

Business ethics

DONG Energy has developed the "Acting responsibly" policy, which sets out DONG Energy's guidelines for good business conduct. The policy can be found in the responsibility section of DONG Energy's website and applies to all employees of DONG Energy. Employees also complete e-learning on good business conduct, and the Group's Ethics Committee supports this work.

Responsible supplier management

DONG Energy has had an ethical Code of Conduct for its suppliers since 2007. This defines the social, environmental and ethical requirements for the Group's suppliers. The Code of Conduct is based on DONG Energy's values and internationally recognised frameworks for responsible business practices, including the UN Global Compact principles. The Code of Conduct can be found in the responsibility section of DONG Energy's website.

One of the aims of the Group's ethical Code of Conduct is to encourage dialogue with suppliers in order to promote their commitment to improving their sustainability performance. To ensure that the Code of Conduct is adhered to, DONG Energy conducts independent third-party audits at selected suppliers to assess their performance and compliance with the Group's ethical Code of Conduct.

In 2010, there was repeated criticism of DONG Energy's purchases of coal. In January 2010, there was external criticism of the human rights situation and environmental and health and safety conditions at one of DONG Energy's coal suppliers in Colombia.

The audit report concluded that the supplier generally complied with DONG Energy's ethical Code of Conduct. However, there were certain instances of the code not being complied with, among other things in relation to health and safety work. The supplier has drawn up an action plan for how and when the conditions highlighted will be rectified. On this basis, DONG Energy has made an agreement with the supplier to conduct a follow-up audit at the end of 2011.

In December, there was criticism of a Russian coal supplier. DONG Energy is conducting an extended third-party audit of the mine in question in Russia in 2011.

Stakeholder dialogue

DONG Energy attaches importance to discussing and aligning expectations with its stakeholders. The Group endeavours to maintain an open and constructive dialogue with various players to gain greater insight into the challenges facing society, meet expectations and identify opportunities.

UN Global Compact

DONG Energy joined the UN Global Compact in 2006 and is therefore applying the exemption provision in Section 99a of the Danish Financial Statements Act. DONG Energy's responsibility work is based on the Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption. Since joining Global Compact, DONG Energy has been reporting on its corporate responsibility performance in accordance with Global Reporting Initiative (GRI), an internationally recognised framework for non-financial reporting.

Further information on DONG Energy's corporate responsibility performance and the latest verified GRI-reporting (Global Reporting Initiative) can be found in the responsibility section of DONG Energy's website. Reference is also made to the list of non-financial indicators in the GRI reporting, which can also be found in this report, on pages 164-166.



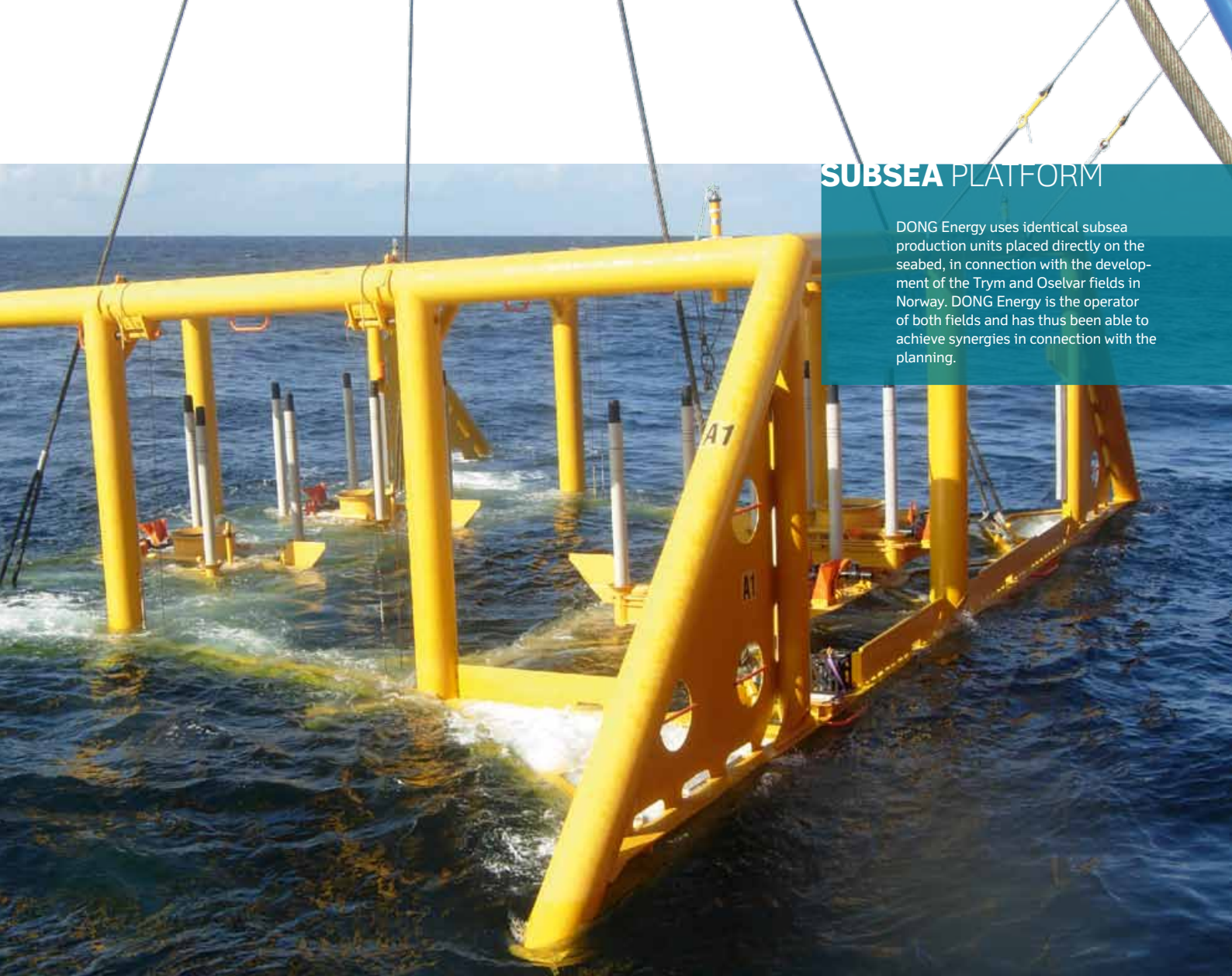
CSR MANAGER ON VISIT TO COLOMBIAN COAL MINE

In 2010, an external expert company and representatives of DONG Energy visited our supplier of coal in Columbia to inspect the conditions at the mine and talk to the local population and the Colombian authorities. "During the visit we talked to the local population, management, unions and employees. Together with the independent experts' assessment, this convinced us that the mine is working actively to comply with all national and international standards," says Louise Münter, Head of Media & Stakeholder Relations. She continues: "It also convinced us that it is beneficial to support suppliers in the long-term development and improvement of health and safety and environmental conditions via specific requirements for improvements, in particular in the coal mining industry, which is tackling many historical challenges, particularly in relation to environmental conditions and working conditions. We found areas that need improvement and we continue to work on this in partnership with our supplier." In 2011, DONG Energy will conduct a follow-up audit in Columbia to ensure that the mine fulfils its corporate responsibility and complies with DONG Energy's ethical rules.

OVERVIEW OF CORPORATE RESPONSIBILITY STATEMENT

	Responsibility policy	Action/implementation	Target	Status at 31.12.2010	GRI reference
Responsibility for employees and local communities Principles 1-6 of the UN Global Compact	The safe way – or no way	Preventing injuries	No fatal accidents	Unsatisfactory Three fatalities among suppliers in 2010	
			LTIF of 5.2 in 2011	LTIF of 4.6	LA7
	The employees' perception of their work situation and of the company	Employee survey Special focus on image and work-life balance since 2008	Image and leadership are focus areas in 2011-2012. New survey will be conducted in 2012	Job satisfaction (decrease) Image (increase) Work-life balance (increase) Employment security (decrease)	
	Ethical Code of Conduct for suppliers	Code of Conduct implemented in tenders and contracts, and audits carried out	Our ethical Code of Conduct is a key focus area in the period up to 2012 Updated audit strategy will be implemented in 2011 and new, follow-up audits will be conducted	Collaboration with other European energy companies on common coal initiative	HR1 HR2
Responsibility for environment and climate Principles 7-9 of the UN Global Compact	Climate change	85/15 plan for reduction of our CO ₂ emissions from electricity and heat generation	320g/kWh in 2020 100g/kWh in 2040	524 g CO ₂ /kWh, equivalent to 70/30	EN16 EU8
	Air emissions	Reduction of SO ₂ and NO _x emissions from electricity and heat generation	By 2020 compared with 1990: 95% SO ₂ 90% NO _x	SO ₂ 99% NO _x 88%	EN20
	Other energy reductions	Energy-saving agreement: Energy savings at residential customers and business customers	308 GWh	Savings of 342 GWh achieved	EU7
		Energy savings in administration and processes	Savings of 1 tonne of CO ₂ per employee by 2012, equivalent to approx. 7,000 tonnes of CO ₂	Energy saving of 1.25 tonne of CO ₂ per employee and a total of 7,338 tonnes of CO ₂ saved. Achieved - two years ahead of plan	EN5 EN18
	Recycling	Waste from facilities and administration must be recycled	65% of waste from facilities and 50% of waste from administration must be recycled by 2012	57% of waste in facilities and 32% of waste in administration recycled in 2010	EN22
Business conduct and transparency Principle 10 of the UN Global Compact	Preventing fraud and corruption	Education and training to prevent fraud and corruption	Continue raising awareness of good business conduct	Implementation of e-learning for 382 managers and 1,100 non-managers	HR3 SO3





SUBSEA PLATFORM

DONG Energy uses identical subsea production units placed directly on the seabed, in connection with the development of the Trym and Oselvar fields in Norway. DONG Energy is the operator of both fields and has thus been able to achieve synergies in connection with the planning.

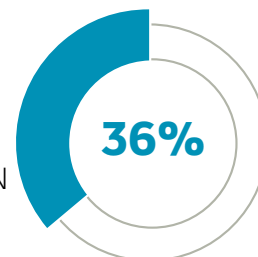
EXPLORATION & PRODUCTION

The Exploration & Production business area explores for and produces oil and natural gas in Denmark, Norway, the UK (West of Shetland area), Greenland and the Faroe Islands.

NATURAL GAS AND OIL PRODUCTION
24.4 MILLION BOE

NATURAL GAS AND OIL RESERVES (2P)
446 MILLION BOE

EBITDA
DKK 5.0BN
OUT OF DKK 14.1BN



EXPLORATION & PRODUCTION

The Exploration & Production business area creates value in the upstream part of DONG Energy's value chain - from exploration to production of natural gas and oil. Exploration & Production's natural gas production travels further down the value chain to the Energy Markets business area, where it creates additional value by forming part of the overall energy portfolio. Together with Renewables, Exploration & Production is one of the two large growth areas in DONG Energy.

SIGNIFICANT EVENTS IN 2010

- New licences: Award of one licence in West Greenland, three licences in the UK and one licence in Norway
- New discoveries: In 2010, Exploration & Production, in its capacity as operator, made a discovery on the Solsort licence in Denmark and participated as partner in the Edradour licence in the UK, where a discovery was also made
- New producing fields: The Nini Øst field on the Danish shelf came on stream in 2010. The Trym field came on stream at the start of 2011. Both projects have been successful and implemented according to plan
- New development: Decision to develop Laggan-Tormore in the UK, Marulk in Norway and further development of Syd Arne in Denmark

The strategic objective is to maintain solid growth in oil and gas production while strengthening the long-term project portfolio to maintain long-term value creation. At the same time, the objective is for equity gas to account for 30% of the Group's sales and for the proportion of oil in the portfolio to increase.

Reserves

DONG Energy's 2P reserves have reached a level of 446 million boe in recent years, equivalent to 19 times production. Oil and gas reserves are built up partly through exploration, and partly through acquisition of licence stakes with the focus on maturing and developing fields. Reserves consisted of 63% gas and 37% oil at the end of 2010.

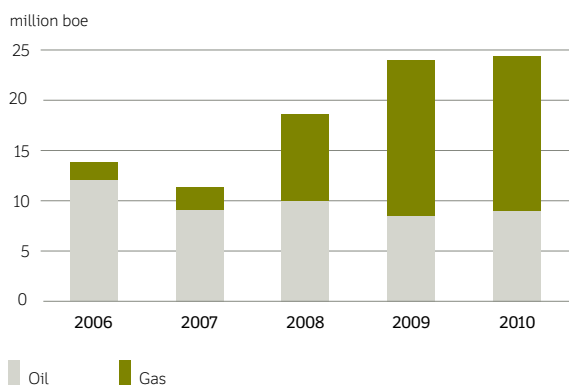
DONG Energy's oil and gas production is expected to increase in the coming years because of its successful exploration and preparation of discoveries for development.

Production and licences

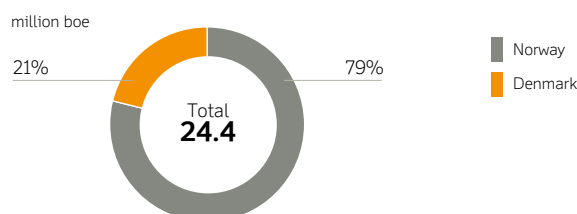
In 2010, natural gas and oil production totalled 24.4 million boe versus 24.0 million boe in 2009. Of this, natural gas accounted for 15.4 million boe, on a par with 2009.

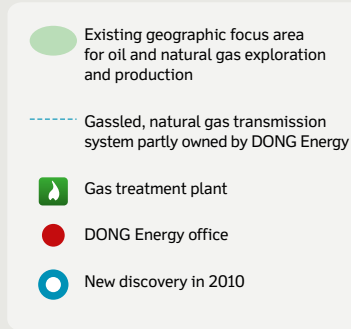
Production came primarily from the Norwegian Ormen Lange field (60%), while the Danish fields contributed 21%.

DEVELOPMENT IN OIL AND GAS PRODUCTION



OIL AND GAS PRODUCTION BY COUNTRY IN 2010

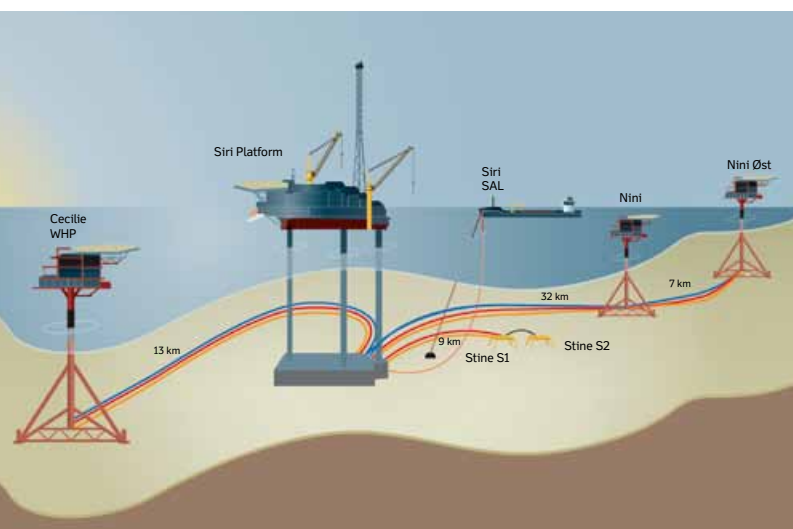




At the end of 2010, DONG Energy had a total of 73 licences in Northern Europe - 13 production licences, 11 under development and 49 exploration and appraisal licences. DONG Energy is the operator of 10 licences in Denmark, 7 in Norway, 8 in the UK and 1 in Greenland.

The licence areas present very different challenges in terms of water depths, weather, discovery potential and access to existing treatment platforms and transport routes. It is therefore necessary to adopt different approaches to the various areas. It is DONG Energy's objective to establish a strong position in the geographical areas in which the Group has a presence to maximise the potential for discoveries and oil and gas production.

2010	2011	2012	2013	2014
 <p>NINI ØST (DK)</p>	 <p>TRYM (NO)</p>	 <p>OSELVAR (NO) MARULK (NO)</p>	 <p>SYD ARNE (DK) PHASE 3</p>	 <p>LAGGAN-TORMORE (UK)</p>



DEVELOPMENT CONCEPT

DONG Energy participates as operator and partner in production both from conventional platforms such as Siri and subsea production units such as Ormen Lange and Trym.

Fixed production platforms are fixed to the seabed and manned round the clock. The oil or gas may be treated on the platform or piped to other production units connected to the rig.

Siri

The Siri area is located in the northern part of the Danish continental shelf, and the fields in the area are operated by DONG Energy. The Siri platform (see illustration) is connected to Nini, Nini Øst and Cecilie, all of which are satellite platforms, and to the subsea production units Stine S1 and S2.

Denmark

In Denmark, DONG Energy has a strong position in production of oil from the Siri area (including the Nini, Nini Øst and Cecilie fields) and the Syd Arne area (including the Lulita field). Production began from Nini Øst at the start of 2010, and it is DONG Energy's assessment that the area around the Siri field offers further potential. A routine inspection at the end of 2009 revealed cracks in a water tank that forms part of the subsea tank structure at the Siri platform. A temporary solution was established that allows production to continue. DONG Energy is working on finding a solution to the problems related to the subsea tank structure on the Siri platform. A solution is necessary to maintain safe operation and is estimated to involve substantial costs.

There is still potential for discoveries and development of fields in the Danish sector of the North Sea. As operator, Exploration & Production is working on plans to develop the Hejre field, an oil discovery with a large gas content. On the Solsort/Svane licence, the focus in 2011 will be on appraisal of the recent oil discovery on Solsort and continuation of the preparations for appraisal of the production properties of the deep-water Svane gas discovery.

On the Syd Arne licence, a decision was made in 2010 to develop the northern part of the field (phase 3). Development has commenced and production from the first wells is expected in 2013. As the drilling operator, DONG Energy will be drilling all the new wells.

Production from the Danish area was 5.2 million boe in 2010. Although Denmark is one of the more mature areas in DONG Energy's portfolio, with limited potential for large new discoveries, Exploration & Production has been successful in discovering more new reserves suitable for development. Production is therefore expected to rise in the years ahead, once the new developments come on stream.

Norway

DONG Energy is active in the Norwegian sector of the North Sea, in the Norwegian Sea and in the Barents Sea. Exploration & Production is the operator of the Trym and Oselvar fields and commenced the development of these in 2009. Production started up in the Trym gas field at the start of 2011. The natural gas is piped from the subsea production system via the Danish Harald and Tyra platforms to the Nybro gas treatment plant in Denmark, while the light oil condensate is transported in the oil pipeline to the Fredericia terminal.

The development of Oselvar, which is an oil and gas field, is proceeding to plan, with production scheduled for 2012. Most of the gas production from the field is expected to be transferred to the Ula licence for injection with a view to increase oil extraction from Ula. Both developments are important components of DONG Energy's strategy to utilise existing platforms and transport systems to develop the small fields in the area.

DONG Energy was awarded its first licences in the Barents Sea in 2009 and is planning to drill its first exploration well as operator in the area in 2011. The activities in the Barents Sea are part of the Group's long-term growth strategy and may become an important component in the discovery and development of oil and gas reserves that can underpin DONG Energy's production in the long term.

The development of the Ormen Lange field continued with the installation of a further subsea production unit, taking the number of producing wells to 15. The field is expected to be able to produce gas for many years to come, and the development will therefore continue to optimise use of the reserves.

In 2010, DONG Energy, together with the operator ENI, decided to commence the development of the Marulk gas field. This field is located in the Mid-Norway area near the

Alve field, which went on stream in 2009. Marulk is expected to begin production in 2012. Production from the subsea production units at Alve and Marulk is transported to the Norne production vessel, where the gas and oil are treated before onward transport and shipping.

Production in Norway was 19.2 million boe in 2010, with gas making up 77%. Production from the Ormen Lange field was 14.7 million boe. Oil production came from the Ula, Gyda and Tambar fields.

West of Shetland

The West of Shetland area is DONG Energy's focus area for its oil and gas activities in the UK. DONG Energy has been active in this area since 2000 and has participated in all significant finds in the area.

In 2010, DONG Energy, together with the operator Total, decided to develop the Laggan-Tormore fields. The development of these fields includes establishment of a transport system for the gas via the Shetland Islands to Scotland. The focus is on the establishment of the transport system, as it will be the first in the area and therefore opens up the possibility of other existing discoveries and future discoveries in the area also using it. The Laggan-Tormore fields are expected to come on stream in 2014.

In 2009, DONG Energy made the Glenlivet gas discovery in the course of its first exploration well as operator in the West of Shetland area. Glenlivet is close to Laggan-Tormore, and development plans for the field are being prepared, including the possibilities for using the transport infrastructure around Laggan-Tormore.

In 2010, DONG Energy, together with the operator Total, made another exploration discovery, Edradour, also close to the Laggan-Tormore fields. As with Glenlivet, development plans for Edradour are being prepared.

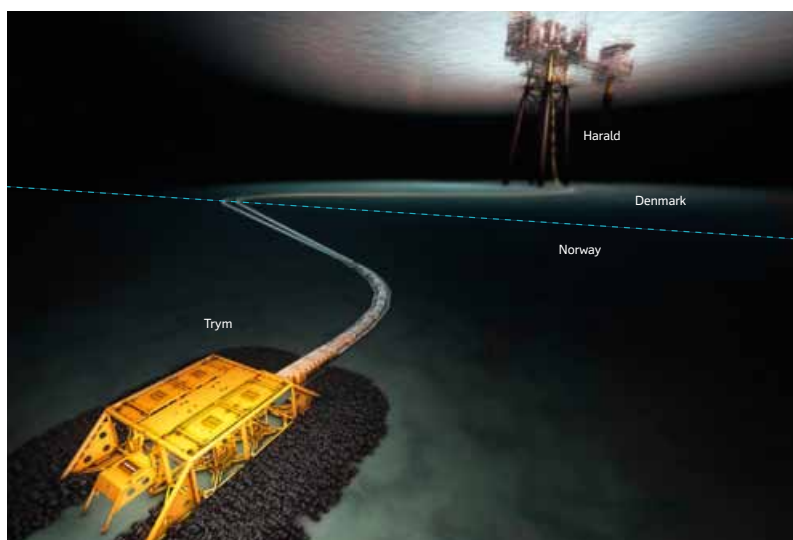
Efforts to mature the Rosebank and Cambo fields for development are continuing. On the Rosebank licence, successful seismic surveys were carried out in 2010, using advanced new technology, where microphones that record the seismic pressure waves are placed directly on the seabed. The findings contribute to the appraisal of the extent of the field.

Greenland

In Greenland, DONG Energy participates as operator in exploration in West Greenland for a group comprising DONG Energy, Exxon, Chevron and Nunaoil. Data from seismic surveys carried out in 2008 are still being appraised. It is possible that additional seismic surveys may have to be carried out in 2012 or 2013 before a decision on a possible exploration well can be made. In 2010, DONG Energy was awarded a further licence in West Greenland together with ConocoPhillips and Nunaoil. The plan is for seismic data to be collected and other studies carried out on this licence before a decision on a possible exploration well is made.

Focus areas in 2011

In 2011, DONG Energy will continue to focus on increasing its oil and gas reserves through exploration, both in the mature areas in Denmark and Norway and in new areas in the Barents Sea and West of Shetland area that show potential for large deposits. DONG Energy will also focus on maturing existing discoveries in the period up to a development decision, for example Hejre and Solsort in Denmark and Cambo, Rosebank, Edradour and Glenlivet in the UK. Development projects in progress must be delivered on schedule - including Laggan-Tormore in the UK; Ormen Lange, Marulk and Oselvar in Norway; and Syd Arne (phase 3) in Denmark. Last, a decision must be made on how to solve the problems related to the subsea tank structure on the Siri platform.



SUBSEA PRODUCTION

With a subsea production unit the entire production facility sits on the seabed. Subsea production units are typically used in areas in which great water depths make the installation of a production platform impossible. They can also be used for small fields near existing installations to keep costs down.

Trym

The picture shows the DONG Energy-operated Norwegian Trym oil and gas field. Trym was brought on stream in February 2011, and is located immediately north of the Danish/Norwegian shelf boundary. The subsea installation has two horizontal wells tied back to and controlled by the Mærsk-operated Harald platform on the Danish shelf.



CONSTRUCTION OF HORNS REV 2

In the period 2007-2009, DONG Energy constructed the world's largest offshore wind farm to date, Horns Rev 2. More and larger wind farms are in the pipeline, including off the UK coast.

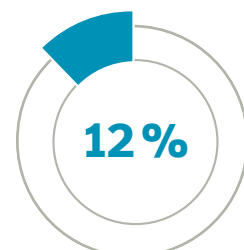
RENEWABLES

The Renewables business area is one of the main players in the achievement of DONG Energy's objective to move from coal-based energy supply to a sustainable and renewable energy supply.

Renewables develops, constructs and operates wind farms and is well on the way to meeting its target of capacity of at least 3,000 MW by 2020.

ELECTRICITY GENERATION,
WIND AND HYDRO
4.0 TWH

EBITDA
DKK 1.7BN
OUT OF DKK 14.1BN



RENEWABLES

DONG Energy is the world's leading player in offshore wind energy and has more than 30 years of experience of wind power, 20 of which in developing, constructing and operating offshore wind farms. The aim for Renewables is to maintain and develop its position as the international market leader.

In 1991, DONG Energy built the world's first offshore demonstration farm with a total capacity of 5 MW (11 turbines) in Vindeby, Denmark. This was followed in 2000 by the world's first commercial offshore wind farm in Middelgrunden off

Copenhagen. This has a capacity of 40 MW (20 turbines). In 2009, DONG Energy opened Horns Rev 2 in the Danish sector of the North Sea. This is the second-largest offshore wind farm in the world. The farm consists of 91 turbines with a total capacity of 209 MW.

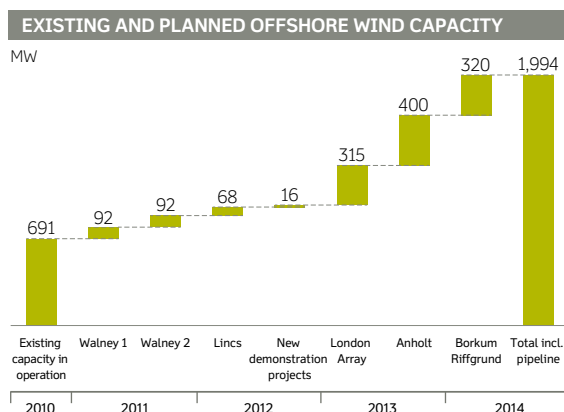
In 2010, the Gunfleet Sands offshore wind farm was opened off the coast of the UK. The 48 turbines in the farm have a capacity of 173 MW. At the beginning of 2011, DONG Energy and its partners began constructing the London Array offshore wind farm. With 175 turbines, each with a capacity of 3.6 MW, a total of 630 MW, it will be the largest offshore wind farm in the world.

SIGNIFICANT EVENTS IN 2010

- Start-up of operation of a number of wind farm projects, including the Gunfleet Sands offshore wind farm with a capacity of 173 MW in the UK and the Karcino (51 MW) and Karnice (30 MW) onshore wind farms in Poland and the Mehukken 2 (18 MW) onshore wind farm in Norway
- Granting of the right to construct the Anholt offshore wind farm. When the farm is completed in 2013, it will be Denmark's largest, with total capacity of 400 MW
- Decision to build the installation vessel SEA INSTALLER, which will contribute to reducing the installation time for the construction of offshore wind farm projects and enhance robustness in the installation phase
- Disposal of interests in the offshore wind farms Nysted in Denmark and Walney in the UK
- Strengthening of the specialist shipping company A2SEA through the acquisition by Siemens of a 49% interest via capital contributions in 2010 and 2011
- Sale of the ownership interests in the Norwegian hydro power companies Salten Kraftsamband and Nordkraft to Troms Kraft group as part of the focusing of the activities in renewable energy
- Decision to construct two new demonstration projects together with Siemens Wind Power. The projects will make it possible to test new turbines and to optimise processes before they are used in large commercial projects

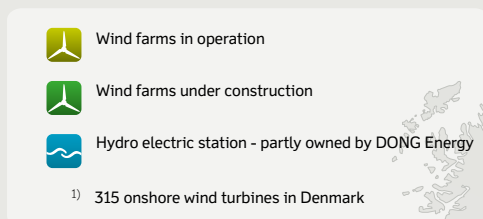
At the end of 2010, DONG Energy had 1,035 MW onshore and offshore wind power in operation and 1,316 MW under construction (including Borkum Riffgrund 1, decided in February 2011). DONG Energy also owns a non-controlling interest in the 205 MW Indalsälven hydro electric station in Sweden. 15% of the Group's power generation in 2010 was from wind energy and 5% from hydro power.

The continued growth in offshore wind power is a significant element in DONG Energy's transition to a more sustainable and renewable energy supply, with wind energy and biomass replacing coal. In the years to come, Renewables will contribute to this development via a reinforcement of the Group's offshore pipeline, partnerships and, in particular, continued industrialisation. This business area will thus be one of the main driving forces behind DONG Energy's continued growth and increased value creation.



* MW denotes DONG Energy's proportionate ownership interest

GEOGRAPHICAL OVERVIEW



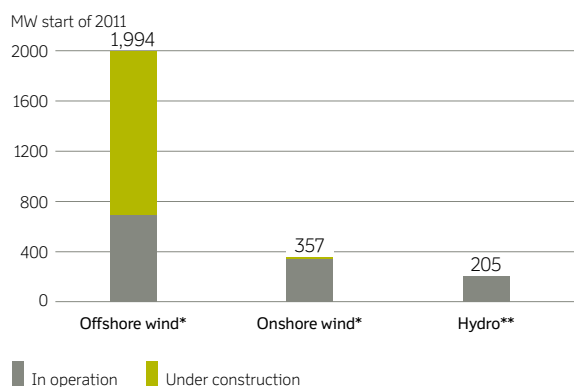
Focus on offshore wind

DONG Energy's offshore wind farms are located in north-western Europe and the Group has built more offshore wind farms than any other company in the world. In addition to offshore wind, DONG Energy has a small portfolio of onshore wind power.

Renewables' main focus is on maintaining and developing DONG Energy's leading market position in offshore wind power in northwestern Europe. This is done by:

- Utilising the strong capabilities contained within the Group
- Developing and reinforcing the project pipeline
- Industrialising and optimising processes in the design and operating phases
- Entering into partnerships and disposing of assets to focus on offshore wind.

CAPACITY OFFSHORE AND ONSHORE WIND AND HYDRO



* MW denotes DONG Energy's proportionate ownership interest

** MW denotes DONG Energy's withdrawal rights

The growing level of ambition to develop renewable energy in Northern Europe gives DONG Energy a number of growth opportunities outside Denmark. The Group's expertise, built up over many years of presence on the Danish market, gives it good opportunities to lead developments outside Denmark as well.

Unique capabilities

Renewables' organisation contains unique and strong capabilities in all parts of the project value chain, including in product development, technical planning, construction and the operation and maintenance of offshore wind farms. This gives it the opportunity to optimise all processes from start to finish.

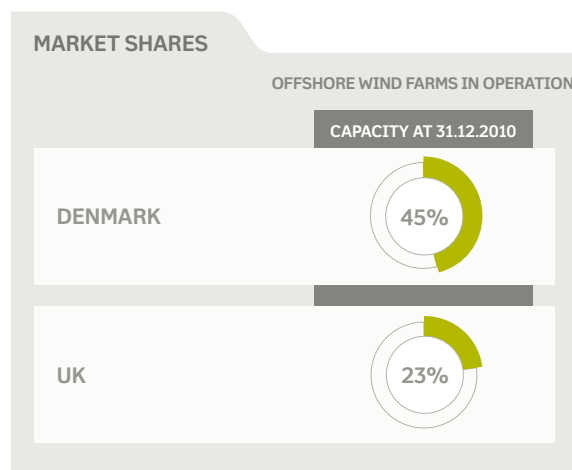
In the initial phases, the most expedient location for the site is identified. Environmental studies are carried out. The wind conditions are studied and partnerships are established with public authorities, partners and suppliers. In the construction phase, the expertise is used primarily with the contractors responsible for the physical installation of the wind farm, including the installation of foundations, turbines and cables. During the operating and maintenance phase, the business area's experience is used to optimise ongoing servicing in order to achieve the best possible utilisation of the wind farms.

As a developer, owner and operator of offshore wind farms, DONG Energy has more experience in offshore wind than any other company in the world. This is very important to the development and operational optimisation of new wind farms. For the employees of Renewables, the experience this business area has built up, project by project, means that they are getting better and better at assessing sites and wind conditions and making decisions on the choice of technology. In addition, they are also honing their project and risk management skills and the management of supplies from all of DONG Energy's suppliers.

Strong and robust pipeline of offshore wind projects

The majority of DONG Energy's wind power in operation is in Denmark, where, in the next few years, Renewables will be focusing on the construction of the Anholt project. In the future, an increasing proportion of offshore wind activities will be abroad. At present, Renewables is working with partners to construct the Walney 1-2, London Array and Lincs wind farms in the UK. In addition, at the start of 2011, DONG Energy has decided to build the Borkum Riffgrund 1 offshore wind farm in the German sector of the North Sea.

At the end of 2010, DONG Energy's market shares in the existing offshore wind farms in operation accounted for 23% of the total of 1,341 MW in the UK and 45% of the total of 865 MW in Denmark.



In recent years, DONG Energy has built up a varied, robust pipeline with a number of project opportunities in offshore wind in the UK, Germany, the Netherlands and on the onshore market in Poland and Norway. The Group's pipeline is thus spread across different geographical markets and regulatory regimes. The projects are designed to contribute to securing continued growth.

Most recently, DONG Energy was granted the right to explore the potential for extending the Walney and Burbo Bank projects via the so-called Round 2^{1/2} in the UK.

The pipeline is thus concentrated on the wind markets in northwestern Europe and includes a number of projects at various stages of development. These are projects that DONG Energy is able to realise if a decision is made to construct them.

An example of a project in the pipeline is West of Duddon Sands in the Irish Sea, close to Walney 1-2.

DONG Energy is currently constructing wind farms with a capacity of 1,316 MW (the Group's ownership interest) and has a pipeline of approximately 3,000 MW. Consequently, DONG Energy is well on the way to the target of total capacity in wind and hydro sources of at least 3,000 MW by 2020.

From pioneer to industrialisation

Although DONG Energy has been working in wind power for many years, there is still extensive scope for development. The size of the turbines is constantly being increased. The turbines are being sited further out to sea. The focus is on guaranteeing maximum utilisation of the wind. These factors generate strict requirements for the farm's design, turbines, foundations, access conditions and maintenance. Renewables' work is focused on all these areas in order to reduce costs and generate growth.

Planning takes place across the projects and incorporates experience and knowledge from earlier projects. This generates benefits throughout the phases in the project value chain, for example in the form of economies of scale and process optimisation in the installation phase.

The 2009 acquisition of A2SEA, the market leader in offshore installation, and the acquisition of an interest in the cable-laying company CT Offshore in 2010 have granted Renewables access to important expertise in precisely the installation logistics that make process optimisation possible.

DONG Energy expects to establish offshore wind farms in deeper water in the future. This means that, in 5-6 years, Renewables will need to construct offshore wind farms on the basis of a modified concept with larger turbines and different



SALE OF INTERESTS TO PENSION FUNDS

In September, PensionDanmark acquired 30% of the Nysted offshore wind farm from DONG Energy. And in December, a joint venture consisting of the Dutch Ampère Equity Fund and the Dutch organisation PGGM acquired a 24.8% interest in the Walney offshore wind farm, which is under construction. PGGM manages a number of collective pension schemes. The Walney transaction means that DONG Energy retains a 50.1% interest, while the remaining 25.1% is still owned by Scottish & Southern Energy.

DONG Energy hopes that these pension funds' investments in renewable generation will pave the way for similar investments of pension funds and sees the partnerships as recognition of the Group's unique expertise in the operation of offshore wind farms.

- The Nysted offshore wind farm is located south of Lolland in Denmark. The offshore wind farm has a capacity of 166 MW. Since it was brought on stream in 2003, it has had an average annual output of around 0.6 TWh. This is equivalent to electricity consumed by approximately 135,000 Danish households.
- The Walney offshore wind farm project is located approximately 15 km west of Barrow-in-Furness in Cumbria in the UK. Walney will have a total capacity of 367 MW and is being built in two phases (Walney 1 and Walney 2).

foundations. The next challenge will be to industrialise these concepts but work is already in progress to develop and test the foundations and turbines of the future.

Partnerships create value and spread risks

The current trend in offshore wind turbines is towards an increasing number of projects that are implemented with partners. The reasons for this are to spread risks, increase value creation on the projects and combine expertise, among other things.

Renewables has extensive experience of working with various partners, both industrial and financial, and is regarded as an attractive partner as a consequence of the Group's many years of experience of developing, constructing and operating wind projects.

Focus areas in 2011

In 2011, DONG Energy will focus on the construction of the offshore wind projects decided on in the UK and Denmark, i.e. Walney 1-2, London Array, Anholt and Lincs. Renewables will also continue developing the projects in its portfolio and will work to secure a long-term, robust pipeline of new project opportunities.

Another focus area is the continued industrialisation of offshore wind projects and the implementation of partner processes. Optimisation of the operation of existing wind farms will also continue.

OFFSHORE WIND PROJECTS 2010-2014

Project	MW	Number of turbines	Turbine size	Rotor diameter	Construction period	Location	DONG Energy ownership interest
Walney 1	183.6	51	3.6	107	2010-2011	Irish Sea	50.1%
Walney 2	183.6	51	3.6	120	2011	Irish Sea	50.1%
London Array	630	175	3.6	120	2011-2012	Thames Estuary	50%
Lincs	270	75	3.6	120	2010-2011	Greater Wash	25%
Anholt	400	111	3.6	120	2012-2013	Kattegat	100%
Borkum Riffgrund 1	320	Up to 89	3.6	120	2013-2014	North Sea (German sector)	100%



GENERATION

The Generation business area generates and sells electricity and heat. The CHP plants in Denmark are its core activity.

In 2010, thermal electricity generated by Generation in Denmark accounted for 53% of the country's total thermal electricity generation.

Heat generation accounted for 36% of total heat generation in Denmark, equivalent to the consumption of more than 800,000 Danish households.



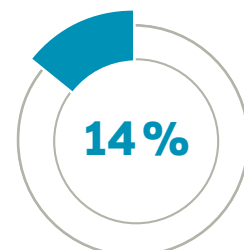
INBICON

The Inbicon demonstration plant in Kalundborg uses straw as fuel to generate second-generation bioethanol. The bioethanol is sold to Statoil in Denmark and was introduced to the market in 2010.

ELECTRICITY GENERATION, THERMAL
15.3 TWH

HEAT GENERATION
53.2 PJ

EBITDA
DKK 1.9BN
OUT OF DKK 14.1BN



GENERATION

Implementation of DONG Energy's strategy for the period up to 2015 characterised the activities and decisions in 2010. The objective is to increase production of green energy and secure efficient operation.

The strategy focuses on Generation's core activities:

- Continuous alignment of the portfolio to market conditions and operational efficiencies
- Transition from coal to biomass at the large Danish CHP plants
- Development and commercialisation of innovative technologies for energy utilisation of biomass.

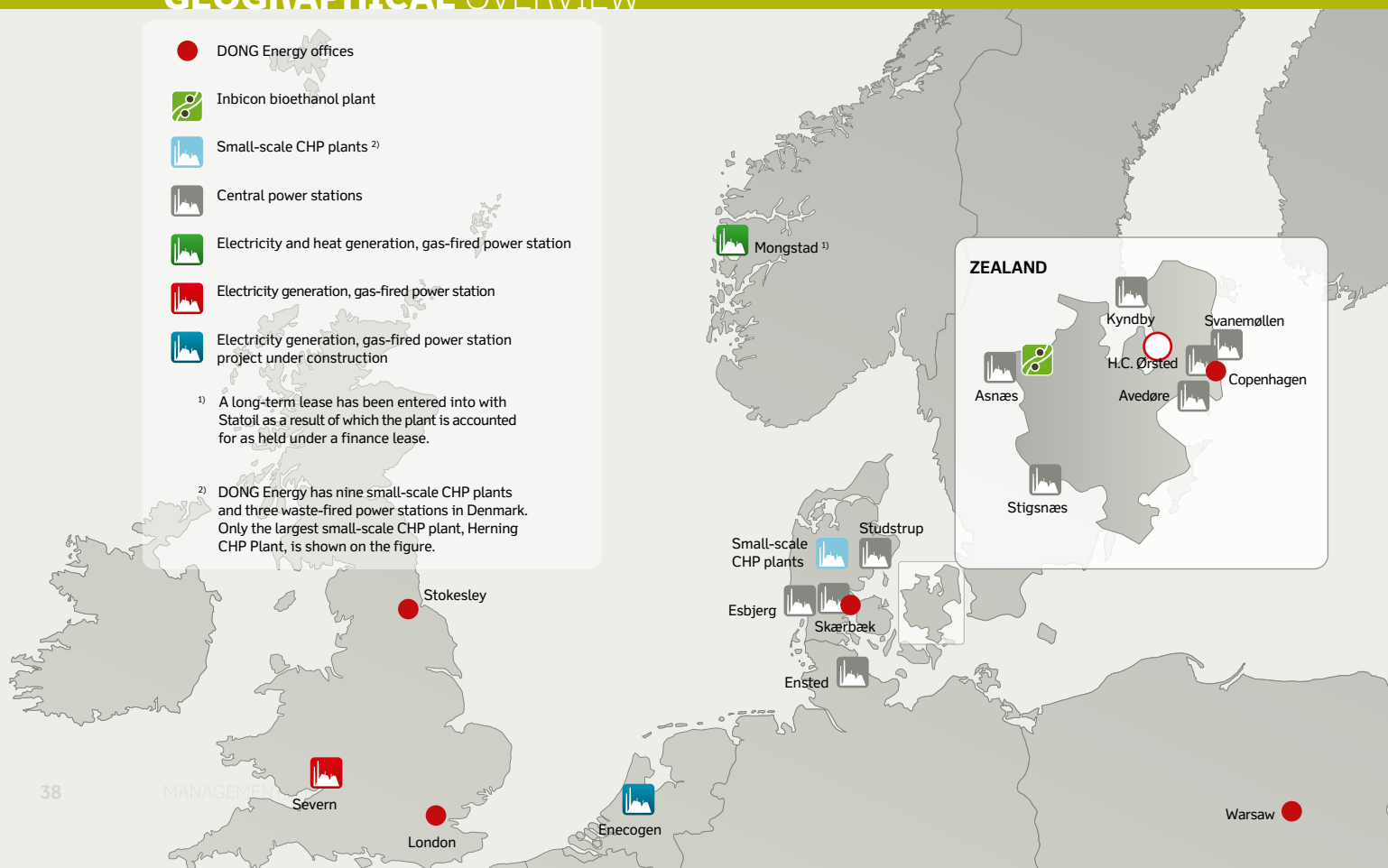
DONG Energy's plan for an 85/15 ratio between renewable and fossil-based generation sets the long-term target for DONG Energy's future electricity and heat generation. The target is a halving of CO₂ emissions per energy unit in the period 2006 to 2020. Generation is contributing to this target by increasing its use of biomass at its existing plants, reducing its use of coal and expanding production at new gas-fired power stations abroad.

Heat customers and Danish society are demanding green energy solutions, and DONG Energy is supplying them. In 2010, the dialogue with heat customers in large Danish cities about

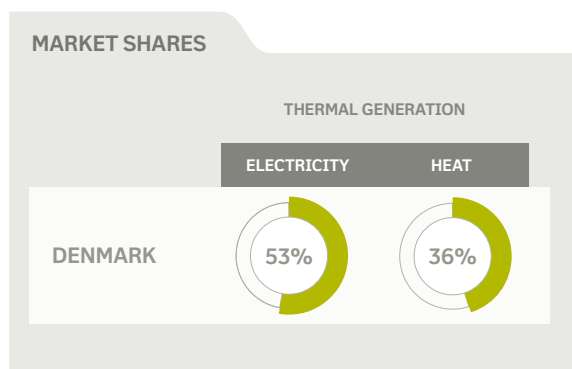
SIGNIFICANT EVENTS IN 2010

- Adoption of strategy focusing on core activities, providing the basis for ensuring future robust and efficient thermal operation and contributing towards DONG Energy's value creation
- Alignment of capacity with phasing out of two central power station units and a decision to phase out a further two units in 2013. Decisions to phase out six power station units have thus been made since 2008
- Start-up of operation at 824 MW gas-fired power station in the UK together with Energy Markets and start-up of operation at 260 MW gas-fired power station in Norway together with Statoil
- Establishment of New Bio Solutions as a new area of activity for Generation, which is to commercialise biomass pretreatment technologies
- Sale of first production of second-generation bio-ethanol to Statoil

GEOGRAPHICAL OVERVIEW



the conversion of coal-fired power stations to biomass continued. The decisions on conversion from coal to biomass depend on whether the necessary regulatory framework is put in place.

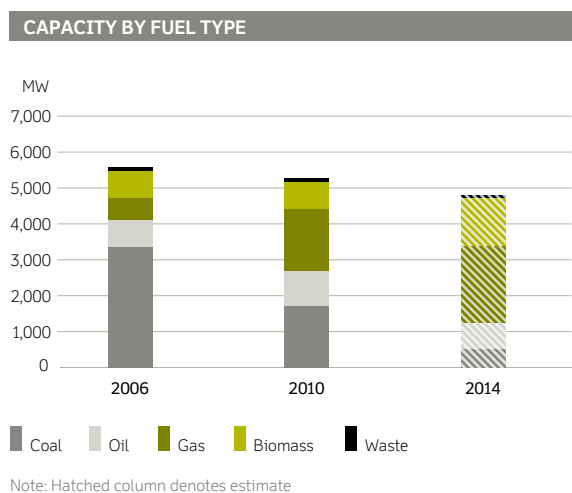


From coal to biomass

In 2010, biomass in the form of straw, wood chips and wood pellets made up 16% of the fuel consumption at the central power stations and small-scale CHP plants in Denmark. Most of the biomass is used at the Avedøre power station's unit 2 in Copenhagen, the Studstrup power station's unit 4 near Århus and at the Ensted power station near Åbenrå. The remaining biomass is used at the small-scale CHP plants, the biggest of which is the Herning CHP Plant.

The expected increase in the use of biomass at the central CHP plants will mainly be in the form of wood pellets.

The market for wood pellets is today mainly regional, but, in the course of a few years, is expected to evolve into a global market. In 2010, wood pellet supplies came predominantly from the countries around the Baltic and from Portugal. DONG Energy is working closely together with suppliers to ensure that the wood pellets are of the right quality and are manufactured on a sustainable basis.



In collaboration with the farming and forestry sectors and universities in Denmark, DONG Energy is exploring the possibilities of using other domestic types of biomass at its central CHP plants. For example, willow-firing trials are currently being carried out at Herning CHP Plant. Continued technological development and investments in new plants for biomass pretreatment are a prerequisite for the use of Danish biomass in significantly larger volumes than today.

Alignment of power station portfolio and efficiency improvement

The development of more CO₂-neutral capacity in Denmark and our neighbouring areas continued in 2010. Even though demand for electricity in Denmark and our neighbouring countries rose in 2010 after declining in 2009, there is still a surplus of electricity-generating capacity. This translates into low electricity prices in the Nordic countries and pressure on DONG Energy's earnings.

To remain one of the most efficient power generators on the market, DONG Energy focuses on continuously improving the efficiency of its operations. Efficiency improvements comprise optimisation of both the power station portfolio and the day-to-day operations. In 2009 and 2010, a number of initiatives were put in motion to reduce costs and boost earnings, and more new initiatives will be implemented in 2011.

Reduction of coal consumption and cost reductions are one of the strategic focus areas. In October 2010, it was thus decided to phase out the coal-fired power station unit at the Ensted power station near Åbenrå and the oil-fired unit 2 at the Stigsnæs power station near Skælskør.

Both units are scheduled for mothballing in 2013. Since 2008, DONG Energy has thus decided to phase out six power station units and to reduce its purely coal-fired capacity from more than 60% to less than 20% of installed capacity at central power stations in Denmark. At the same time, the Avedøre power station's unit 2 has been converted to enable co-firing with coal in 2011. This makes this plant one of the world's most efficient and flexible multi-fuel power stations, enabling firing with straw, wood pellets, oil, gas and coal. Overall, DONG Energy expects to reduce its annual coal consumption from around 6 million tonnes in 2006 to 2 million tonnes by 2014.

Internationalisation and new gas-fired power stations

DONG Energy is involved in the establishment and operation of three new gas-fired power stations in Northern Europe, which means that the Group is expanding its activities and earnings to areas outside Denmark. These activities are part of the strategy to internationalise DONG Energy to fully utilise the advantages and capabilities of an integrated energy company.

In 2010, the gas-fired power stations Severn in the UK (824 MW) and Mongstad in Norway (260 MW) were brought on stream.

DONG Energy also has a 50% stake in an 870 MW gas-fired power station under construction near Rotterdam in the Netherlands. The plant is scheduled to start commercial operation in 2011 and is operated by an operating company owned jointly by DONG Energy and Eneco.

In keeping with the Group's strategy to focus on its core activities, DONG Energy has elected to scale down several of its activities in the small-scale energy sector in Denmark, including the waste-fired CHP plants. With the existing conditions for small-scale electricity and heat generation in Denmark, it is difficult for DONG Energy to achieve satisfactory earnings from its small-scale CHP plants. In 2010, DONG Energy decided to close down the Vejen CHP plant. The Knudmose CHP plant, which was co-owned with Herning Municipality, was also shut down in 2010.

In addition, DONG Energy made an agreement with Haderslev Municipality on the latter's acquisition of the waste-fired Haderslev CHP plant in 2013, and the waste-fired power station in Frederikshavn was sold to the local waste company in December 2010. As part of the agreement with Vattenfall in 2006 in connection with the merger of DONG Energy, Vattenfall will become the owner of the Odense waste CHP plant at the start of 2011.

The Group's focus on its core activities has also meant that DONG Energy has suspended the development of large new biomass-fired power stations abroad.

The energy of the future from biomass

In 2010, New Bio Solutions was established as a new area of activity in Generation. The purpose is to mature and commercialise new technology for pretreatment and utilisation of

NEW BIO SOLUTIONS

Inbicon	Enzyme-based bio-refining of straw and other biomass that enables fermentation to bioethanol and production of other products such as biofuel pellets.
REnescience	Innovative sorting of household waste into solid and organic fractions and pretreatment using enzymes enables efficient energy utilisation.
Pyroneer	Low-temperature gasification results in efficient conversion to thermal biogas and efficient energy utilisation of residual biomass from agriculture and industry.

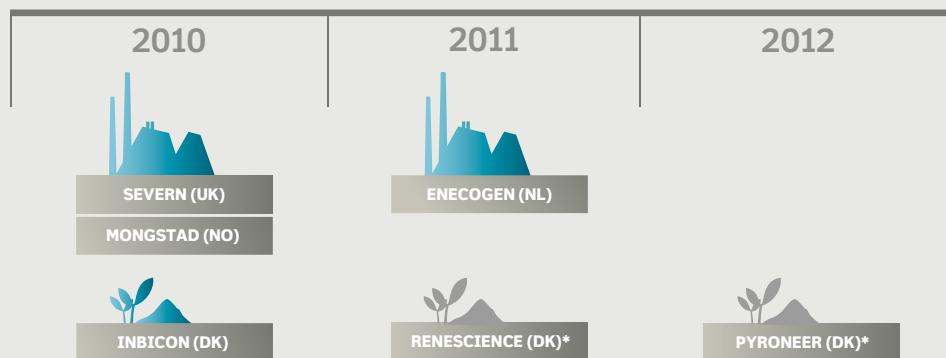
biomass for energy purposes. The technologies were developed at DONG Energy's Innovation Centre and are based on experience from several decades' use of biomass for energy production in Denmark.

Biomass today constitutes the largest proportion of renewable energy sources in the global energy supply, and there is a great potential to utilise biomass more efficiently. Efficient pretreatment of biomass ensures that biomass can become an increasingly important part of the global energy supply. Biomass is a flexible resource and can be combined with unpredictable electricity generation from, for example, wind and solar energy. Biomass can also be used in the transport sector as a substitute for oil-based transport fuels.

New Bio Solutions' business model is based on technology sales through licence agreements. Efforts to secure the commercial platform and value creation are made through strategic commercial partnerships and continued development of new technology.

In February 2010, Inbicon signed its first licence agreement with the Japanese industrial conglomerate Mitsui Engineering & Shipbuilding on the establishment of a plant for production of bioethanol from waste products from the palm oil industry

NEW ASSETS IN OPERATION





INBICON

Production of second-generation bioethanol from the world's largest demonstration plant began in 2010. The plant has an annual capacity of more than 5 million litres of ethanol, produced from more than 30,000 tonnes of straw. The bioethanol is used as transport fuel and mixed with petrol to minimise CO₂ emissions. In October 2010, the first production from the plant was delivered to Statoil and it now forms part of fuel sold at Danish petrol stations.

Unlike the first-generation product, second-generation bioethanol does not use biomass that could otherwise be used for food products. This avoids competition for crops and pressure on food prices.

DONG Energy is one of the global technology leaders in this field. For example, DONG Energy uses enzymes to produce ethanol, applying a patented process. The unique pretreatment increases efficiency and the possibilities of using the waste products from ethanol production for producing bio pellets and feedstuff.

in southeastern Asia. Negotiations on sales of further licences to companies in both the US, Europe and Brazil are underway. In June 2010, Inbicon sold its first production of second-generation bioethanol to Statoil from Inbicon's demonstration plant in Kalundborg, which is the largest plant of its kind in the world.

The REnescience technology is being tested at a demonstration plant in connection with the incineration of waste at Amagerforbrænding in Copenhagen. Negotiations are underway with Amagerforbrænding and others about the establishment of a full-scale plant in the coming years.

In 2010, DONG Energy secured the rights to a new technology for thermal gasification of biomass (Pyronergie) and at the same time received a funding commitment from Energinet.dk for the establishment of a demonstration plant adjoining the Asnæs power station.

Focus areas in 2011

The focus in 2011 will be on the transition to more green energy, efficiency improvement and internationalisation.

In Denmark, the dialogue with heat customers about increased use of biomass at central power stations will continue, along with the start-up of operation at the demonstration plant for gasification of biomass at the Asnæs power station.

The focus on continued efficiency improvements will be reflected in follow-up on existing cost-reduction programmes and implementation of new initiatives providing operational efficiencies.

The internationalisation will continue with the start-up of operation of a new gas-fired power station in the Netherlands and operation of the power stations in the UK and Norway that were brought on stream in 2010.



ENERGY MARKETS

The Energy Markets business area is responsible for optimising and managing the risk exposure of DONG Energy's entire energy portfolio. Pooling responsibility for these activities enables DONG Energy to achieve synergies for the benefit of both our customers and the Group.

Optimisation and risk management are effected by trading in energy with energy producers and wholesalers and via the European energy hubs and exchanges within the framework of the Group's policies.



LNG TERMINAL

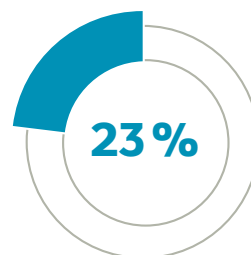
From the end of 2011, DONG Energy will be able to import gas via a Dutch liquefied natural gas (LNG) terminal. DONG Energy is thus expanding its selection of sources and suppliers of natural gas.

NATURAL GAS SALES
118.5 TWH

ELECTRICITY SALES
10.4 TWH

ELECTRICITY GENERATION, THERMAL
(OUTSIDE DENMARK)
0.9 TWH

EBITDA
DKK 3.2BN
OUT OF 14.1BN



ENERGY MARKETS

Energy Markets has an integrating role in the Group and is responsible for selling gas from the fields of the Exploration & Production business area and for selling electricity from the power stations abroad and from the Group's wind and hydro activities.

Customers to which Energy Markets sells this energy include the Sales & Distribution business area, wholesale markets and the gas-fired power stations of the Generation business area.

Energy Markets thus plays a pivotal role in the fulfilment of the corporate strategy to ensure that DONG Energy's energy portfolio is commercially optimised.

In addition to equity energy, the portfolio consists of the contracts Energy Markets enters into concerning gas purchases and sales from other producers or that it buys on energy hubs. The portfolio also comprises the Group's gas storage facilities.

An essential prerequisite for success in the integration role is the ability to understand the markets on which DONG Energy operates coupled with experience in handling complex issues throughout the energy chain.

Energy Markets has employees from more than 15 countries and is active on the markets in Denmark, Germany, the Netherlands and the UK. Most of the activities take place outside Denmark.

Energy trading

Trading on energy hubs and exchanges is an important part of Energy Markets' optimisation of the energy portfolio. The reasons for the trading activities include balancing purchases and sales of gas and utilising short-term earnings possibilities – such as selling gas when the hub market price is favourable. Energy Markets also trades in energy to minimise and control the Group's sensitivity to fluctuating energy prices.

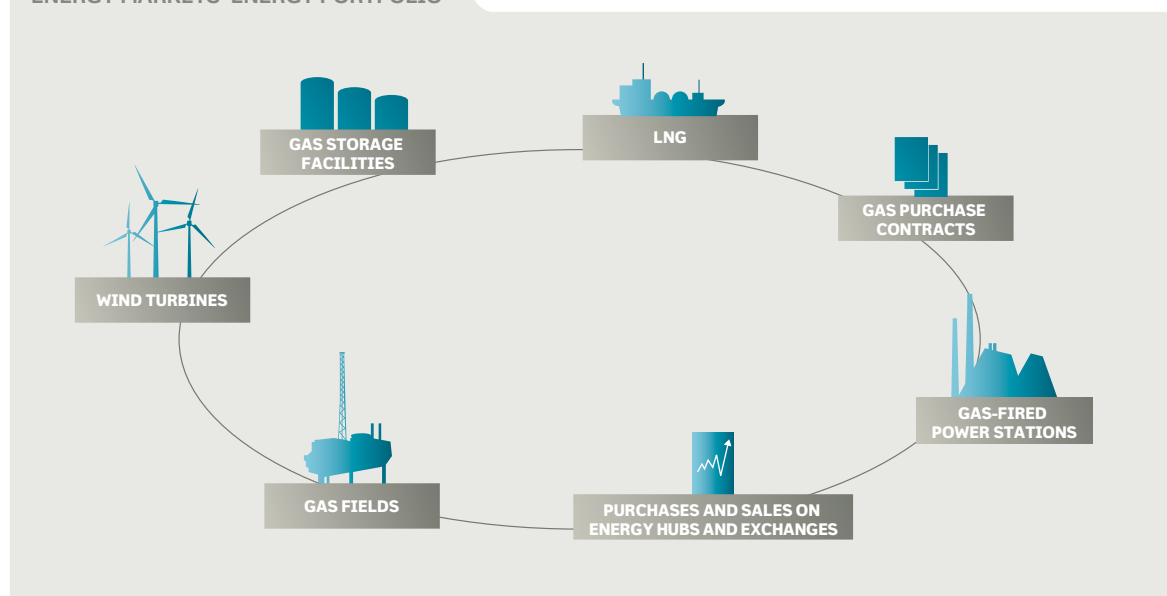
DONG Energy is a significant player on the Nordic power exchange, Nord Pool, and is also active on a number of other energy hubs and exchanges in Northern Europe. Trading is in both electricity, gas, oil, coal and CO₂. Energy Markets is involved in both physical and financial transactions and trades on both the spot and futures markets. Trading is based on energy assets owned by both DONG Energy and the Group's customers.

VOLUMES TRADED IN 2010

Electricity	245 TWh
Gas	291 TWh
Oil	160 million bbl
Coal	14 million tonnes
CO ₂	44 million tonnes

Note: The table comprises all volumes bought and sold by Energy Markets on energy hubs and exchanges in 2010

ENERGY MARKETS' ENERGY PORTFOLIO



Gas purchase contracts

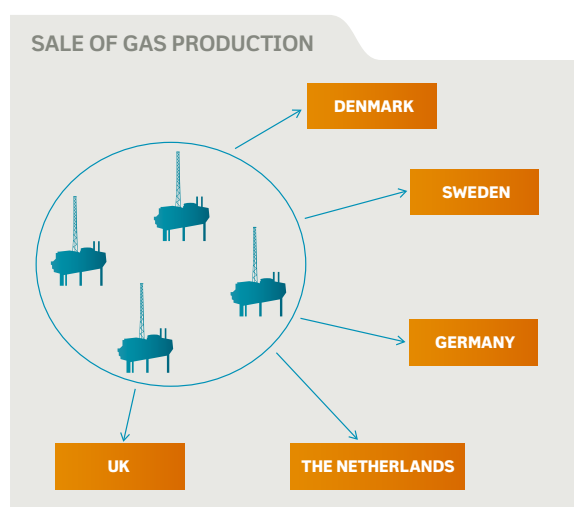
Energy Markets buys gas on behalf of the whole of DONG Energy. Gas purchases totalled 119.3 TWh in 2010, 70% of which was purchased under a number of long-term gas purchase contracts with external partners and 22% from Exploration & Production. The remaining 8% came from short-term gas purchase contracts. With its diversified portfolio of suppliers and contracts, Energy Markets maintains a high security of supply for DONG Energy and its customers while at the same time providing the robustness to cope with fluctuating market conditions.

The gas purchased from Exploration & Production primarily comes from the Norwegian Ormen Lange field. Pooling equity gas with the rest of Energy Markets' gas portfolio enhances the value of the output from each field, partly via optimised use of the infrastructure. As Energy Markets at the same time has access to several markets, the gas can be shipped to where demand is highest.

85% of externally procured gas came from contracts with the DUC partners A.P. Møller-Mærsk, Shell Olie- og Gasudvinding Danmark and Chevron Denmark. Supplies under these contracts come from the Danish sector of the North Sea and are expected to diminish in the years ahead. These volumes will be replaced by gas, partly equity gas, and partly gas from the Group's other business partners, including Gazprom and Iberdrola (LNG). The proportion of equity gas is expected to increase to 30% of the overall gas portfolio in the coming years.

Gas from other business partners represented 15% of total external purchases in 2010. This percentage is expected to increase in the coming years.

The gas purchase contracts are flexible in terms of the volume of gas to be purchased by DONG Energy at different times. This enables Energy Markets to vary its purchases in response



SIGNIFICANT EVENTS IN 2010

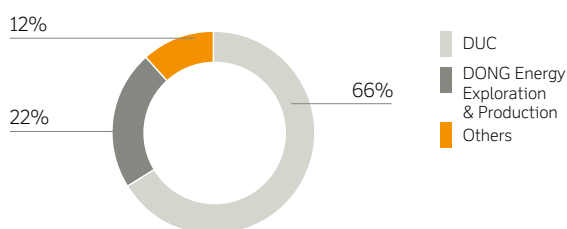
- First power generated by the gas-fired Severn power station, strengthening the market position in the UK and paving the way for further optimisation
- Contract with the Dutch energy company De Nederlandse Energie Maatschappij on delivery of electricity and gas
- Contract with Bayerngas Norge on delivery of gas from their interest in the Trym field in the North Sea in return for redelivery of gas to Bayerngas Norge in Continental Europe
- Contract with the Spanish energy company Iberdrola on delivery of approx. 1 billion m³ (12 TWh) of LNG to the Gate terminal in Rotterdam. Delivery commences at the end of 2011, and the contract has a ten-year term with an option for a five-year extension
- Renegotiations with gas suppliers to secure a price that reflects the current market conditions

to demand from its customers. The contracts are also flexible in terms of where in Europe Energy Markets wants the gas to be delivered to. It can thus be shipped to the markets in which demand is the highest. This diversification and flexibility allows Energy Markets to enhance the value of its overall gas portfolio. To help offset the consequences of the continued relatively low market prices for gas, Energy Markets initiated renegotiations with suppliers in 2010 to ensure that the price it pays reflects current market conditions.

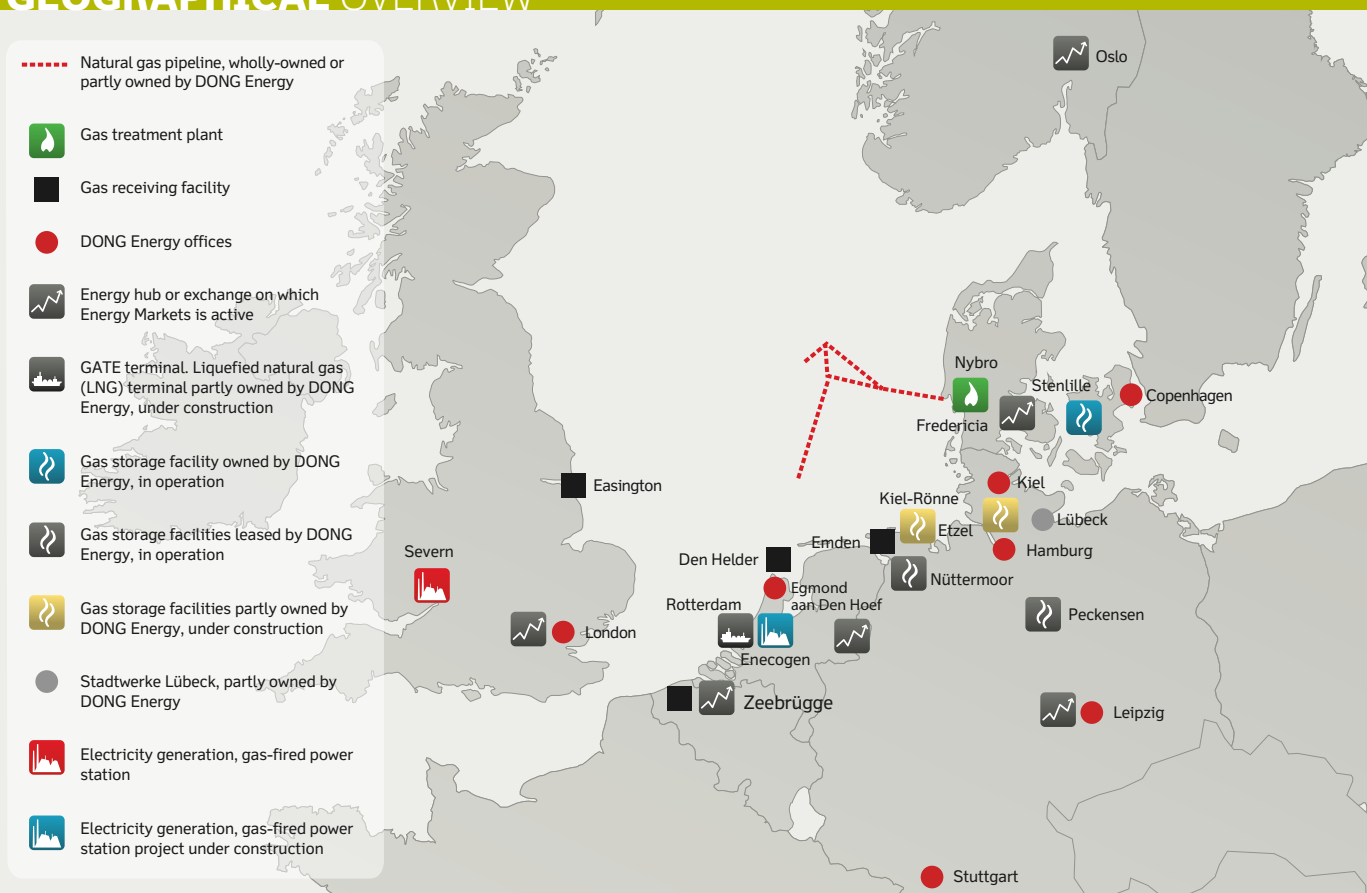
Gas and electricity sales

Energy Markets sells gas and electricity to energy companies in Denmark, Sweden, Germany, the Netherlands and the UK. Gas sales totalled 118.5 TWh in 2010, equivalent to twice the

GAS PURCHASES 2010



GEOGRAPHICAL OVERVIEW



annual consumption in Denmark. Electricity sales totalled 10.4 TWh, equivalent to one third of annual consumption.

Sales are effected via a variety of channels. A considerable proportion is sold to Sales & Distribution for onward sale to customers in Denmark, Sweden and the Netherlands. Energy Markets also sells gas to gas-fired power stations in Denmark and the UK. Besides internal sales, Energy Markets sells gas and electricity via sales subsidiaries in Germany, primarily in Northern Germany, where DONG Energy has a considerable market share. Energy Markets also sells gas and electricity on short-term and long-term contracts with business partners in Denmark and Europe.

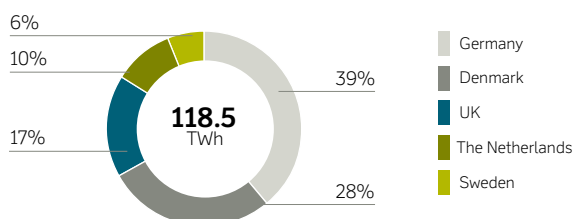
Energy sales to the Dutch market are expected to rise in 2011 in the wake of the contract concluded with the Dutch energy company De Nederlandse Energie Maatschappij. Besides strengthening the position in the Netherlands, this contract will increase DONG Energy's opportunities to balance its energy positions on the Dutch market.

Using a variety of sales channels secures reliable gas sales while at the same time making the business robust.

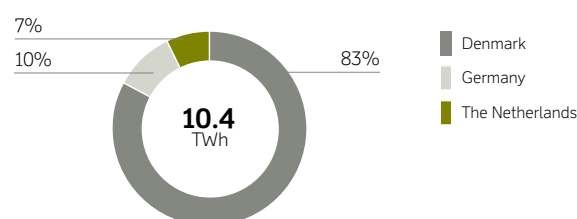
Gas pipelines and storage facilities

Energy Markets takes care of the commercial activities relating to part of the Group's gas infrastructure.

GAS SALES BY COUNTRY IN 2010



ELECTRICITY SALES BY COUNTRY IN 2010



DONG Energy thus owns a number of pipelines in the Danish sector of the North Sea and has leased capacity across large parts of the European pipeline system, securing it access to most gas markets in Northern Europe. With this pipeline access, Energy Markets can transport the gas to where demand is highest at any given time.

DONG Energy also has access to a number of gas storage facilities in Denmark and Germany, where Energy Markets is co-owner or has capacity on long-term or short-term lease. Besides higher security of supply, these storage facilities provide flexibility, for example by enabling Energy Markets to use gas from storage facilities rather than buying it on the market during periods when the price is high.

The German Peckensen storage facility became operational in October 2010. DONG Energy has leased capacity of just under 1.0 TWh until 2018. A further German storage facility, Etzel, is expected to become operational in November 2011. DONG Energy owns 33% of this storage facility, equivalent to a capacity of 2.0 TWh. Contracts on long-term leasing or purchase of storage capacity totalling 6.7 TWh have been entered into in Germany.

DONG Energy also owns 5% of the Dutch Gate LNG terminal in Rotterdam. The terminal will receive LNG from special carriers and convert it to gas for delivery into the European pipeline system. Energy Markets has secured annual terminal capacity of 24.3 TWh until 2014 and 36.5 TWh from 2015. The terminal is scheduled to become operational at the end of 2011.

Gas-fired power stations

The gas-fired Severn power station in the UK, which was built by DONG Energy, began commercial operation in November 2010. The Dutch gas-fired Enecogen power station, which is owned jointly with the local energy company Eneco, is expected to come on stream at the end of 2011.

Gas-fired power stations present Energy Markets with new opportunities for optimising its gas and electricity portfolio. If demand for electricity is high, Energy Markets can convert gas to electricity at the power stations. If, on the other hand, demand for gas is high, Energy Markets can sell the gas directly on the market.

Energy Markets will also be selling electricity generated by DONG Energy's UK wind farms as these come on stream. Pooling sales of electricity generation from both wind turbines and gas-fired power stations enables Energy Markets to achieve a number of synergies and economies of scale.

Focus areas in 2011

In 2011, the focus will be on two new activities, in particular. LNG trading will be introduced via DONG Energy's 5% stake in the Dutch Gate LNG terminal in Rotterdam. In addition, the Dutch gas-fired Enecogen power station is expected to begin operation at the end of the year.



SALES & DISTRIBUTION

The Sales & Distribution business area is responsible for providing efficient and reliable supplies of electricity and gas and thus works in the downstream part of the energy value chain, which ranges from production to consumption.

NATURAL GAS SALES

24.2 TWH

NATURAL GAS DISTRIBUTION

11.4 TWH

ELECTRICITY SALES

8.2 TWH

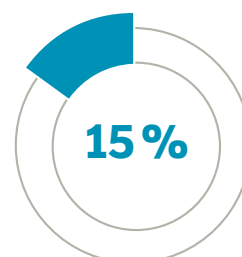
ELECTRICITY DISTRIBUTION

9.1 TWH

EBITDA

DKK 2.0BN

OUT OF DKK 14.1BN





CLIMATE PARTNER

DONG Energy and Tivoli have signed a climate partnership agreement. One of the initiatives was replacing conventional light bulbs with LED lights. So far, more than 3,500 15W bulbs have been replaced with 1.6W bulbs, equivalent to a total annual CO₂ reduction of 60 tonnes

SALES & DISTRIBUTION

Sales & Distribution is Denmark's largest energy supplier and is responsible for providing efficient and reliable supplies of electricity and gas to more than 1.2 million residential, public sector and business customers in Denmark, the Netherlands and Sweden. In Denmark, Sales & Distribution owns and operates 26,000 km of electricity and natural gas distribution networks, a natural gas storage facility and an oil pipeline from the North Sea to Fredericia.

Value creation in the business area and its contribution to the Group's strategy are primarily achieved through constant focus on efficient operations and reinvestment in the distribution business, coupled with continuous development of products and positions in which Sales & Distribution boasts strong capabilities. In the climate partnerships with business customers, municipalities, housing associations and organisations, Sales & Distribution combines its energy-saving capabilities with sales of wind power from the Renewables business area.

Sales of electricity, gas and related products

Sales & Distribution buys gas and electricity from Energy Markets and sells these products to customers in Denmark, Sweden and the Netherlands. With more than one million customers, Denmark is the main market. Here, DONG Energy enjoys a leading position in both electricity and gas, with market shares of 21% and 32% respectively in 2010.

Electricity sales to end customers in Denmark totalled 7.5 TWh in 2010, with sales to customers on the open market amounting to 45%. The remaining 55% was sold to PSO

customers, where prices are publicly regulated. Residential customers accounted for 33% of total sales in Denmark, while business customers accounted for 67%.

Natural gas sales to end customers in Denmark totalled 12.5 TWh in 2010, with sales to customers on the open market representing 82%. The remainder was sold to customers of DONG Energy's PSO company, whose prices are publicly regulated. Residential customers accounted for 18% of total natural gas sales, and business customers for the remaining 82%.

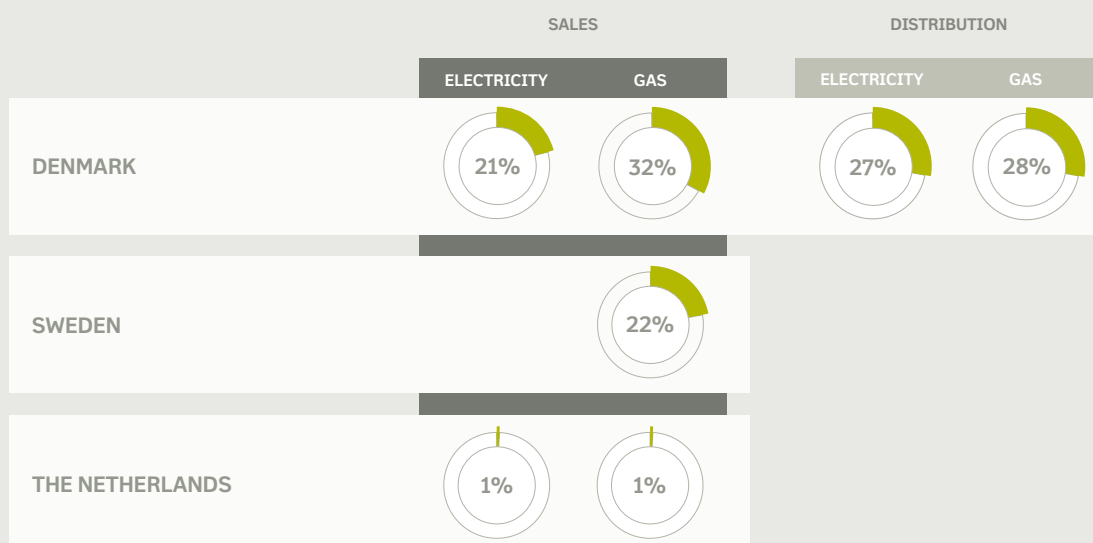
Business customers in Sweden bought 3.7 TWh of natural gas in 2010, equivalent to a 22% market share.

The position on the Dutch market was strengthened through a new partnership with the energy company De Nederlandse Energie Maatschappij. Under the contract, Sales & Distribution is to handle the administrative side of supplying approx. 230,000 residential and business customers on the Dutch market with electricity and gas. We also supply 106,000 of our own customers with electricity and gas. Electricity sales in the Dutch market totalled 0.7 TWh in 2010, while natural gas sales amounted to 8.0 TWh in 2010.

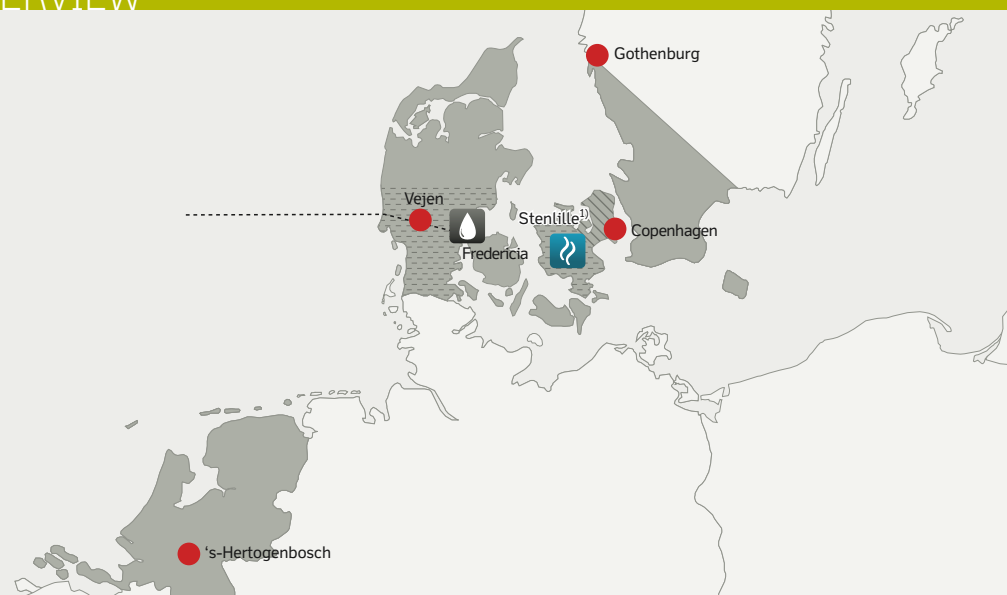
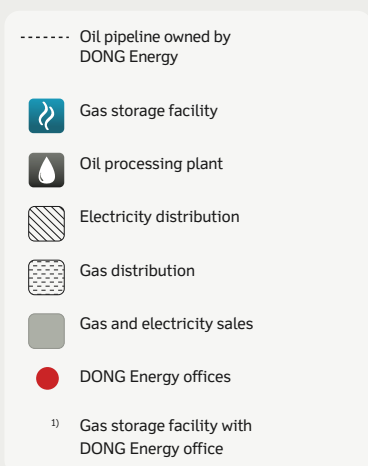
Electricity and natural gas distribution

DONG Energy owns and operates the electricity networks in Copenhagen and North Zealand and is Denmark's largest distributor of electricity, with more than 980,000 supply points. The distribution networks comprise 19,000 km of cables and

MARKET SHARES



GEOGRAPHICAL OVERVIEW



overhead lines, and 10,000 transformer stations. The volume of electricity distributed in DONG Energy's networks was 9.1 TWh in 2010, corresponding to 27% of distribution in Denmark.

In Denmark, DONG Energy distributes natural gas to customers in southern Jutland and South and West Zealand. At the end of 2010, the number of connected natural gas customers was 123,000, corresponding to around one third of all Danish natural gas customers. With a distributed volume of 11.4 TWh natural gas in 2010, DONG Energy is the second-largest gas distributor in Denmark, and the market share of the gas volume distributed was 28%.

In the gas area, new opportunities for more green utilisation of the distribution networks are emerging, partly by upgrading biogas from treatment plants to natural gas.

Climate partnerships

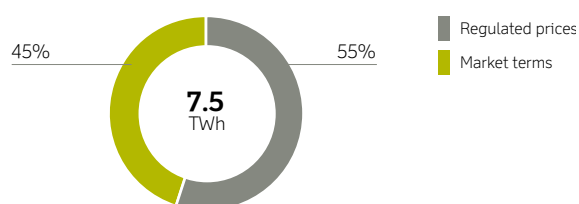
More than 60 large companies, municipalities, housing associations and organisations are now climate partners of DONG Energy. New partners include Høje-Taastrup

Municipality, Realdania, Experimentarium, Copenhagen Zoo, Ericsson, Premier Is and the Port of Frederikshavn. DONG Energy helps its partners take active joint responsibility via individual solutions that integrate climate, energy purchases and energy efficiency and via servicing of energy installations. The work with these climate partners is highly instrumental in DONG Energy having met its agreement with the Danish Ministry of Climate and Energy on energy savings in 2010. The climate partnerships have led to energy savings in excess of 46 GWh, equivalent to the annual electricity consumption of 10,500 households.

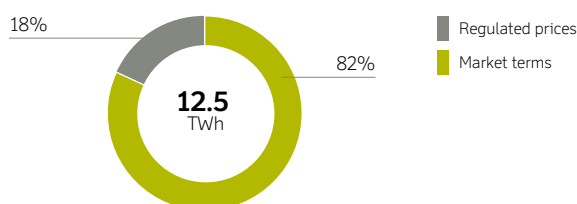
Cleantech – energy advice

Most homes in Denmark could become far more energy-efficient by installing insulation, replacing windows and installing heat pumps. DONG Energy Cleantech offers advice and sells energy-saving solutions to homeowners across Denmark. In 2010, a new type of partnership was entered into with the mortgage credit institute Totalkredit and thus a large number of banks. This collaboration provides access to a potential customer base of around half a million households in detached houses.

ELECTRICITY SALES IN DENMARK



GAS SALES IN DENMARK



SIGNIFICANT EVENTS IN 2010

- Continued growth in the number of climate partnerships and further development of solutions resulting in high energy savings in close collaboration with partners
- DONG Energy Cleantech strengthens its market position via collaboration with Totalkredit
- Partnership agreement with a Dutch energy company, De Nederlandse Energie Maatschappij, on handling the administrative side of electricity and gas supplies to approx. 230,000 residential and business customers on the Dutch market
- Continued development of the smart grid

Efficient operations

The ambition is to be best in class in the core activities, sales and distribution of electricity and gas and energy advice, in order to create value for customers, society and DONG Energy. Customers must be offered a high service level and attractive solutions at competitive prices. In 2010, a customer ambassador function was created that is to help to ensure good customer service, evaluate customer complaints and liaise with consumer organisations. The work on ensuring a high security of supply is being carried out on several fronts, including by replacing overhead lines with underground cables to avoid power cuts due to storms and establishment of the smart grid, for example.

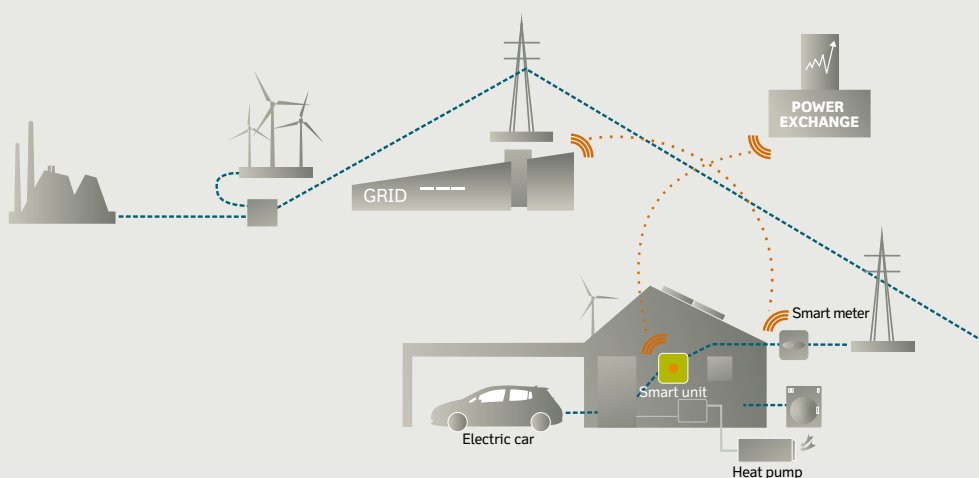
At the same time, Sales & Distribution is working intensively to implement projects that focus on efficient work processes in connection with ongoing operating tasks and construction projects. Earnings from electricity and gas distribution are publicly regulated and are fixed on the basis of the costs associated with efficient operation of the network plus a return on the invested capital.

The smart grid

DONG Energy's efforts to develop the smart grid continued in 2010 and will remain a focus area in the years ahead. In future, the grid will be at the core of the integration of large volumes of wind power and the eco-friendly conversion of the transport and heating sectors, especially via an increase in the number of electric cars and heat pumps. This considerable transition, with increased use of the grid, must be implemented while maintaining a high security of supply.

Electric cars are expected to become an important part of the energy sector of the future. Smart charging will allow customers to charge at their own convenience, for example via the Better Place infrastructure. It will also help promote grid-connection of renewables.

Another branch of the work on the smart grid focuses on flexibility at business customers and small production plants. This initiative involves an advanced system that responds to demand. The pilot project can demonstrate how it is possible to borrow and save energy from units installed in customers' premises. When winds are strong and production from the offshore wind farms high, large volumes of wind power must be transmitted to heat pumps and electric cars. Conversely, when winds are weak, energy must be



SMART GRID

The smart grid can control a household's electricity consumption, for example by starting up a heat pump and charging an electric car. The washing machine/tumble drier can be started and the electric car be charged during the night, when the electricity price is typically low.

The smart meter records consumption, which is settled with DONG Energy at a variable price.

procured from other units that generate power, or electricity-consuming units must temporarily be turned off. These may be heat pumps, emergency power generation equipment, building ventilation, drain pumps and cold stores.

Focus areas in 2011

Efficient operation will remain the focus area in distribution in 2011. In addition, the work on the development of the smart grid will continue with undiminished intensity.

On the sales side, the work on the development of climate partnership solutions will continue. The work includes efforts that will enable DONG Energy to offer small companies partnership solutions. It is an objective for DONG Energy to be able to offer both residential and business customers more climate-friendly solutions.

RISK AND RISK MANAGEMENT

DONG Energy's financial results are affected by a number of risk factors, some of which can be mitigated or eliminated. Risk management aims to constantly identify, analyse and manage material financial and non-financial risks in order to reduce them to acceptable levels.

Risks are a natural part of DONG Energy's business. For some market risk elements, management is designed to achieve an optimum balance between value creation and associated risks, while, for other risks such as environmental, safety and technical risks, an attempt is made to eliminate them completely or, if this is not possible, reduce them as far as possible.

Material risks for DONG Energy can be divided into four main categories (see figure). These risks are, to a certain extent, interdependent.

Risk management

The objective of risk management is to ensure that the risks that may affect implementation of strategy, including expected earnings, are identified and assessed. Risk management forms an active part of the decision-making process. This safeguards support for and optimisation of future value creation in accordance with DONG Energy's strategy. In the years to come, the strategy will contribute to diversifying the Group's risks, among other things because growth abroad will reduce the relative importance of Danish energy markets.

The diversified composition of assets in the various links in the value chain also has a positive effect on DONG Energy's rating, as the rating agencies assign different risk profiles to different assets and interpret as positive the fact that the volatility in earnings from the various assets is partially self-equalising.

To achieve transparent, efficient risk management, DONG Energy has organised its risk management in a number of decision-making bodies. At least once a year, material business risks are presented to the Board of Directors' Audit and Risk Committee and the full Board of Directors. The Board of Directors also receives quarterly follow-up on the risks identified and reporting on compliance with the guidelines adopted. Market and credit risks are managed under powers approved by the Board of Directors which the Group Executive Management has delegated via an overall risk policy for the Group and the individual business areas. The Group Executive Management constantly assesses and adjusts the internal control and risk management systems.

The Board of Directors has established a separate risk control function which, independently of the business areas and the Group Executive Management, checks and quality-assures internal policies and procedures and validates the models on which risk assessments are based.

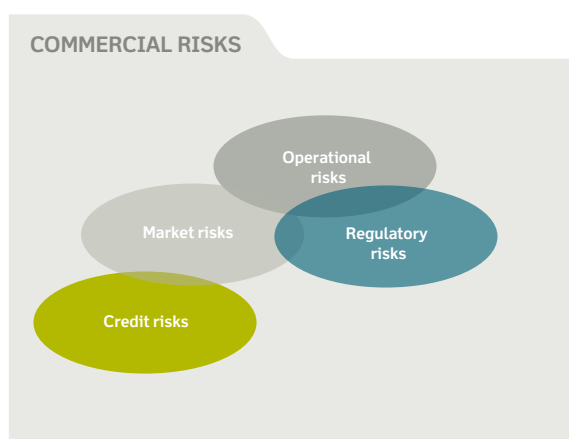
Commercial risks

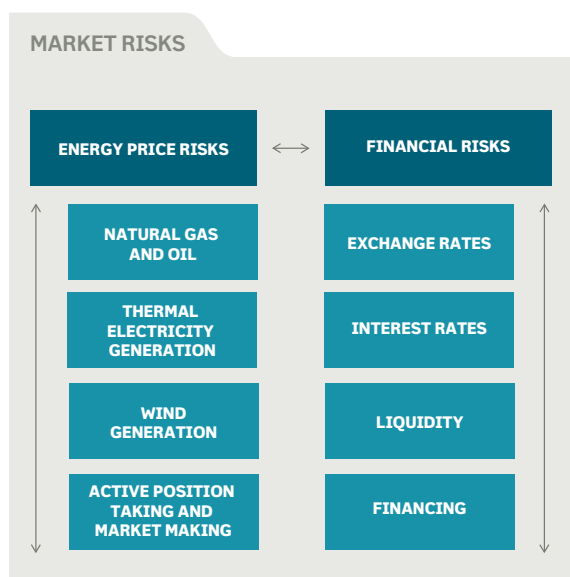
Market risks

Market risks can be divided into energy price risks and financial risks. Financial risks comprise exchange rate risks, interest rate risks, liquidity risks and financing risks. Energy price risks are affected by fluctuations in the prices of natural gas, oil, electricity, coal, CO₂ and, to a lesser extent, other commodities. Part of the exposure depends on one specific price (direct risks), while other parts depend on the difference between two or more prices (spread risks).

Market price risk is higher for the former direct exposure than for the spread-based exposures as the prices of individual commodities are typically much more volatile than the levels of correlated energy prices.

In the long term, the Group's market risks are determined by the composition of its assets. On a short-term management horizon determined by the availability of liquid financial and physical markets (typically 3-5 years), price hedging agreements are entered into in order to reduce the fluctuations in the Group's cash flows in the short and medium terms.





Natural gas and oil price risks

Natural gas and oil price risks come primarily from equity production of oil and gas and from differences in the indexation of sales and purchase prices for natural gas. Risks thus comprise both direct and spread-based exposures.

DONG Energy's production of oil contributes to reducing its oil price exposure from oil price-indexed natural gas purchase contracts, and the integrated business model thus has a stabilising effect on the Group's cash flows and overall risk profile.

Overall, DONG Energy's gas and oil exposure in 2011 and 2012 consists of a long gas position (positive effect if prices rise) and a short oil position. As gas and oil prices correlate positively over long periods of time, the long gas exposure will, to some extent, be offset by the short oil exposure.

The gas and oil exposure profile is expected to change in the years to come as the degree of oil price indexation in gas purchase and sales contracts is expected to be reduced. This

is because it is expected that there will be a higher proportion of gas hub prices in the price indexation and equity production of oil will increase. Until this takes full effect, DONG Energy will be affected financially when oil and gas price trends diverge in the short term (decouple), as was the case in most of 2009 and 2010.

Natural gas and oil price risks are managed with a time frame of up to five years. The risk to future cash flows from natural gas and oil positions is measured and managed within established mandates using price hedging agreements.

Price risks for thermal electricity generation

The electricity price is determined by fuel prices, prices for CO₂ allowances, weather conditions and general supply and demand conditions. The risks are consequently spread-based. Risk management of thermal power generation is based on freezing the contribution margin for future electricity generation. Price exposure is managed within a time frame of 2-2 ½ years, reflecting the given liquidity conditions for trading on the forward market.

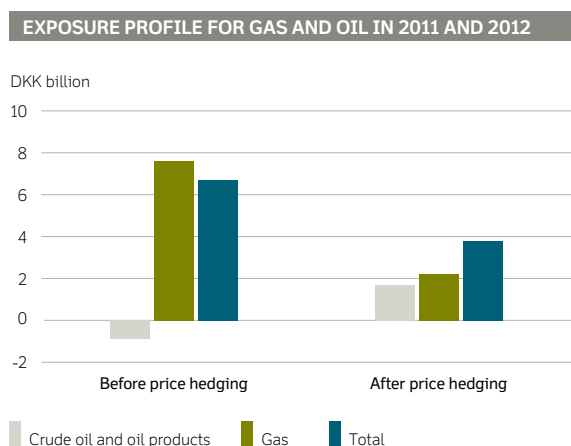
In 2011, the natural gas-fired Enecogen power station in the Netherlands will be completed. This will affect exposure in relation to gas and CO₂ and will also result in exposure to a contribution margin based on Dutch electricity prices.

The strategic measures involving adaptation of Danish thermal power generation and the establishment of new gas-fired power stations in the UK (Severn) and the Netherlands (Enecogen) will, in the years to come, reduce DONG Energy's electricity exposure to Nord Pool and contribute to a more diversified position on the market.

At the end of 2010, price hedging was in place for 60% of the expected thermal electricity generation in 2011 and 32% in 2012 for Denmark and the UK.

Wind generation

In connection with the development of renewable energy sources, primarily offshore wind farms, a major part of the earnings from wind power will come from public subsidy schemes. The most important elements are fixed tariffs (Denmark) or guaranteed minimum prices for green certificates (the UK and Poland). The development of the wind power portfolio in Denmark and the UK consequently increases exposure to public subsidy regimes and associated legislation. At the end of 2010, fixed tariffs and guaranteed minimum prices for green certificates accounted for just over half of expected earnings from the wind power portfolio in 2011 and 2012 (see figure "Breakdown of earnings from wind farms in 2011 and 2012").



Active position taking and market making

In addition to trading in energy on the basis of positions from DONG Energy's assets, the Group also, to a lesser extent, actively positions itself in order to ensure that it is always present on the markets and thus achieves more detailed market insight. In addition, market risks arise from DONG Energy having assumed the role of market maker on the Danish electricity market.

The activities in relation to active position taking and market making are carried out within narrow risk limits with daily reporting of earnings and risk. Overall one-day 95% VaR for active position taking was DKK 5 million at the end of 2010.

Currency risks

The majority of DONG Energy's business activities entail exposure to fluctuations in exchange rates, primarily USD, GBP, PLN, SEK, NOK and EUR. The total net exposure is calculated on an ongoing, consolidated basis. The Group aims to minimise net exposure via forward contracts, swaps and options. Currency positions are calculated on the basis of estimated operating cash flows in a five-year time frame. In addition, currency risks are included in connection with net investments in foreign subsidiaries and loans without any time frame.

Interest rate risks

DONG Energy's interest rate risks relate to interest-bearing assets, financial price hedges and non-current liabilities. The Group wants to limit the effect of changes in interest rates. As a result, the loan portfolio, including hybrid capital, was predominantly fixed-interest at the end of 2010. Interest rate risk is managed actively via a target for the DKK duration on the net debt.

Total interest rate risk at the end of 2010 was DKK 2.2 billion, calculated as the amount by which the market value of debt, hybrid capital and cash and cash equivalents would fall in the event of a one percentage point increase across the interest rate curve. Interest rate risk is equivalent to interest-bearing net debt and hybrid capital having an average term of 4.4 years.

Liquidity and financing risks

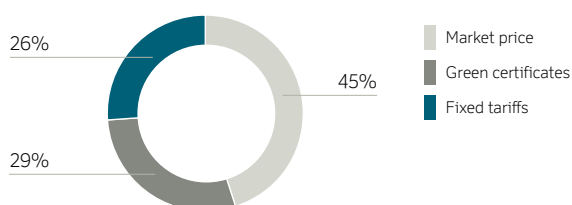
To minimise refinancing risks, the Group ensures that the composition of debt, its maturity profile and cash resources comply with internal policies. This is done partly by spreading risk across different financing sources and maturities, partly by ensuring that cash resources are sound, in the form of committed borrowing facilities, cash and cash equivalents or securities. At the end of 2010, cash resources were DKK 23.8 billion, of which DKK 12.6 billion was unused committed borrowing facilities and DKK 11.2 billion was cash and cash equivalents and securities.

To secure financing on attractive terms, DONG Energy has set targets for its credit rating and capital structure (see page 15). The target for credit rating is to have a rating of at least BBB+ (Standard & Poor's) and Baa1 (Moody's). DONG Energy's current rating is A- (Standard & Poor's) and Baa1 (Moody's). The capital structure target is for adjusted net debt to amount to up to three times cash flows from operating activities. At the end of 2010, this key performance indicator was 1.8 times.

Credit risks

DONG Energy seeks to mitigate its credit risks by systematically credit-rating potential counterparties before entering into contracts, by using financial standard contracts and by requiring security. Allocated credit lines are monitored con-

BREAKDOWN OF EARNINGS FROM WIND FARMS IN 2011-2012



MATURITY PROFILE 31.12.10



Source: Excluding hybrid capital.
EUR 600 million maturing in 2005 with first possible repayment date in 2015.
EUR 700 million maturing in 2010 with first possible repayment date in 2021.

tinuously and counterparties in the areas of energy trading and financial activities are monitored daily.

Monitoring of counterparties and allocation of credit lines are based on limits fixed by the Board of Directors and the Group Executive Management. An internal credit rating is required for major counterparties. Information from external credit rating agencies, information in the public domain and DONG Energy's own analyses are used to establish the internal rating and to assess the extent of the potential commitment with each counterparty.

In 2010, there were no losses on individual major counterparties at DONG Energy. However, the recession has resulted in a certain rise in the number of cases of arrears among retail customers, although from a very low level, and the number appears to have peaked.

Regulatory risks

Changes in regulatory conditions in both Denmark and abroad are material to DONG Energy's strategic opportunities and thus also future earnings. For example, this applies to subsidy regimes for offshore wind farms. In several countries, these involve green certificates per MWh generated from the authorities. DONG Energy is consequently exposed to risks as a result of political changes in the framework conditions for these subsidy schemes.

In Denmark, DONG Energy is also subject to public regulation of electricity and gas distribution and of sales of electricity and gas to PSO customers who have not chosen their supplier on open market terms. Regulatory changes can have a major impact on earnings in these areas.

Finally, changes in tax regimes, in particular for Exploration & Production, can have a major influence on DONG Energy's future earnings.

Operational risks

DONG Energy has a number of risks associated with the development, construction, operation and maintenance of installations and these risks cannot be directly hedged. The Group focuses constantly on avoiding and averting inexpedient situations. Selected material risks identified are highlighted below.

Risks associated with natural gas and oil

The construction, maintenance, operation and development of production installations for natural gas and oil are exposed to the risk of breakdown and delays as a result of technical problems or other unforeseen events.

The production of natural gas and oil is associated with the risk of the wells not being able to deliver the anticipated

production or of it becoming more expensive to operate the fields than anticipated, as well as the risk of long-term technical breakdown. The production stoppage on the Siri platform in 2009 was an example of such a risk. DONG Energy's production also comes from a relatively limited number of fields. Risks are reduced by continued focus on inspection, improvement of maintenance programmes and internal and external inspection of production equipment and facilities.

Technical exposure relating to offshore wind turbines

DONG Energy has already invested heavily in the development of offshore wind farms and expects to continue to do so. These projects have so far been in relatively accessible areas in terms of water depth, seabed conditions and distance from shore. As development continues, the farms are expected to be larger and to be erected under more complex conditions. This requires continued development of both technology and logistical solutions. DONG Energy has met this challenge in part by insourcing installation vessels for cable-laying and installation of turbines.

Risks associated with long-term operating problems in thermal electricity generation

As DONG Energy's Danish portfolio of facilities ages, the risk of breakdown increases. Combined with the closure of several power station units in Denmark, this means that loss of power generation on account of breakdown cannot necessarily be compensated for by increased generation at another station. The costs of repairing potential damage in the event of breakdown will be covered by DONG Energy's insurance programme.

The Severn and Enecogen gas-fired power stations abroad are so-called turnkey stations, for which DONG Energy has an operating guarantee from the supplier. However, the loss of contribution margin as a result of unsold generation on account of breakdown is not covered by the insurance.

Insurance of physical assets

DONG Energy has significant physical assets in the form of production facilities, distribution networks, storage facilities and buildings, plus installations and buildings under construction. DONG Energy has taken out a number of insurance policies to protect the value of these installations.

The subsidiary DONG Insurance A/S was established to optimise the insurance portfolio and is supervised by the Danish Financial Supervisory Authority.

CORPORATE GOVERNANCE

The Corporate Governance Committee has prepared Recommendations on Corporate Governance that listed companies must comply with. As a State-owned public limited company, DONG Energy operates on terms very similar to those applying to listed companies. The Group has consequently elected to generally comply with the recommendations.

The Board of Directors reviews the corporate governance recommendations annually based on best practice.

As principal shareholder (76.49% ownership interest), the State exercises its ownership in accordance with the principles in the publication "The State as shareholder".

Shareholder meetings

Shareholder meetings at which management briefs shareholders on the Group's activities - within the framework laid down by law - are held at suitable intervals.

Annual General Meeting

General meetings are convened by not less than two weeks' notice in accordance with the Articles of Association. At the AGM, the annual report is adopted; an auditor appointed; a Chairman, Deputy Chairman and other members of the Board of Directors elected; the Board of Directors' remuneration determined; the Board of Directors and the Executive Board discharged from their obligations; and any resolutions proposed by the Board of Directors on authority to purchase treasury shares decided on.

Composition of Board of Directors

The Board consists of 12 members. Eight members are elected at the AGM and four by the employees. Details of Board members can be found on pages 62-65.

DONG Energy attaches importance to Board members possessing extensive knowledge and experience from managerial posts with large Danish and foreign companies with a broad range of areas of activity, including in areas directly related to DONG Energy's business areas. In the assessment of the composition of the Board, the candidates' skills and background are considered, but also the wish for diversity and an appropriate balance. DONG Energy has decided not to set an age limit for Board members. However, the age of potential candidates forms part of the overall assessment of the Board's composition.

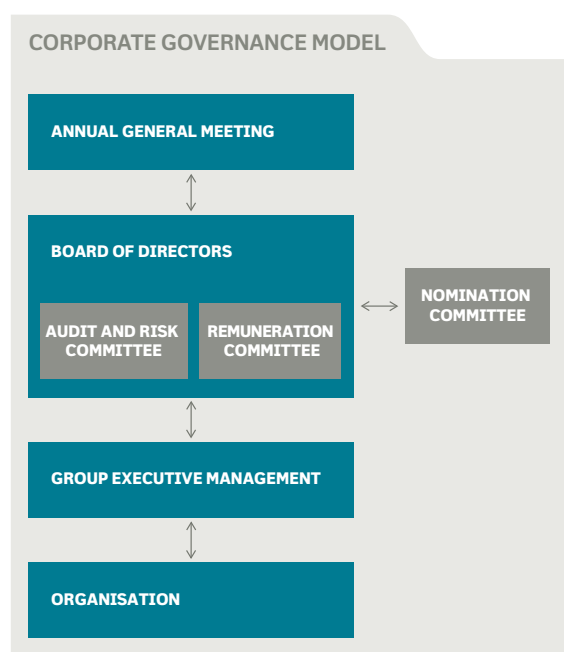
In 2010, DONG Energy joined the "Operation Chain Reaction" initiative of the Danish Minister for Gender Equality. It focuses on development and recruitment of more female managers to the boards of Danish public limited companies.

DONG Energy is working actively to increase the proportion of female members on its Board, and this will also form part of the Nomination Committee's assessment of the Board's composition in the lead-up to the AGM in spring 2011.

A Nomination Committee is appointed after the AGM each year and by 30 September of the following year. Its main role is to review the Board's composition and to recommend suitable candidates for election at the AGM. It must also ensure that the Board's composition complies with the Recommendations on Corporate Governance, including, to the extent possible, the wish for diversity. The Committee's rules of procedure can be found on DONG Energy's website.

The Nomination Committee consists of six members. Each of the four largest registered shareholders is entitled to elect one member. The other two members are the Chairman of the Board of Directors, who also chairs the Committee, and the Deputy Chairman. As most of the Committee's members are thus appointed by the company's largest shareholder, the Committee has a different composition than assumed in the Recommendations on Corporate Governance and thus does not comply with the Recommendations.

Two of the members elected at the AGM are appointed by SEAS-NVE and the former shareholders in Elsam under a provisional shareholders' agreement between DONG Energy's shareholders. None of the Board members elected at the AGM has had any other association with DONG Energy than as



member of the Board of Directors in companies that are now part of the Group, and as residential customers on standard terms, neither in previous years nor in 2010. All Board members elected at the AGM retire at the AGM each year, but may stand for re-election. All Board members elected at the AGM are independent, except for one member, who does not satisfy the new recommendations on independence, having been on the board for more than 12 years.

Under Danish legislation the Group's employees are entitled to elect a number of Board members corresponding to half the number elected at the AGM. These are elected for three-year terms and have the same rights, duties and responsibilities as members elected at the AGM. Election of employee representatives to the Board will be held in spring 2011.

The duties and responsibilities of the Board of Directors

DONG Energy's overall objectives and strategy are determined by the Board of Directors, which is also responsible for appointing a competent Group Executive Management. The Board is also responsible for ensuring clear guidelines for accountability, segregation of duties, planning, follow-up and risk management. The duties of the Board and its Chairman are set out in the Board's rules of procedure, which are reviewed and updated annually by the full Board. They were most recently revised in December 2010.

The Board met ten times in 2010.

The Board undertook a structured self-assessment in 2010 based on assessment forms distributed to each Board member and subsequent discussion of the responses by the full Board.

The Board has appointed an Audit and Risk Committee and a Remuneration Committee.

Audit and Risk Committee

After the AGM, the Board of Directors appoints the members of the Audit and Risk Committee, which reports to the Board of Directors. The Committee's main role is to support the Board in its review of the financial reporting, the annual report and internal accounting and ERP systems. The Committee also reviews the external auditors' skills and independence and is responsible for the conclusion of engagement agreements with external auditors. The Committee monitors the Group's compliance with legislation and other requirements from public authorities concerning the company's annual report, financial reporting and internal control systems, including control systems relating to the publication of relevant information. It is also part of the Committee's remit to monitor issues relating to the risk policy laid down by the Board of Directors, from a financial and an accounting point of view.

Furthermore, the Committee discusses accounting pro-

cedures with the external auditors, evaluates their work, establishes whistleblowing procedures and undertakes other relevant tasks.

All its members have accounting skills in accordance with the rules on audit committees in the Danish Act on Registered and State Authorised Public Accountants.

The Committee met six times in 2010.

The Committee's terms of reference can be found on the company's website.

Remuneration Committee

After the AGM the Board of Directors appoints the members of the Remuneration Committee, which reports to the Board of Directors. The Committee's main role includes the preparation and presentation of recommendations to the Board on the Group Executive Management's salaries, bonus and other components of their service contracts as well as guidelines governing salaries to senior executives, other salary and employment conditions, which are submitted to the Board of Directors, and the Board of Directors' remuneration, which is submitted to the shareholders for approval at the AGM. The Committee met twice in 2010.

Members of the Board of Directors and the Group Executive Management may not buy shares and DONG Energy has not issued any options or warrants. Details of the remuneration of the members of the Board of Directors and the Group Executive Management can be found in a note to the consolidated financial statements. DONG Energy's remuneration policy can be found on DONG Energy's website. The remuneration policy is expected to be adopted at the company's AGM in spring 2011.

The Remuneration Committee consists of two members. As one member does not satisfy the new recommendations on independence, the majority of the Committee's members are not independent.

The Committee's terms of reference can be found on the company's website.

Group Executive Management

The Group Executive Management is responsible for the day-to-day management of the company and consisted of six persons at the end of 2010. Details of its members can be found on pages 66-67. The CEO and CFO are registered with the Danish Commerce and Companies Agency as members of the Executive Board of DONG Energy A/S. The Board of Directors lays down the detailed rules for the Group Executive Management, including the segregation of duties between the Board of Directors and the Group Executive Management and the latter's powers to enter into agreements on behalf of the company.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

DONG Energy must report on the key components of its internal control and risk management systems in connection with the financial reporting process

The Board of Directors and the Executive Board have the overall responsibility for the Group's risk management and internal control in connection with financial reporting, including compliance with relevant legislation and other regulation in relation to financial reporting.

The internal control and risk management systems are designed partly to ensure that the financial statements are presented in accordance with applicable accounting legislation, including Danish disclosure requirements for annual reports of listed and State-owned public limited companies, and partly to ensure a fair and informative reporting free from material errors and deficiencies.

The internal control and risk management systems are designed to ensure that material errors or irregularities in the reporting are detected and corrected, but do not provide absolute certainty that all errors are detected and corrected. The systems can be divided into the following areas:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

Control environment

The Audit and Risk Committee, which has been appointed by the Board of Directors, monitors the effectiveness of the internal control and risk management systems. The committee reports to the full Board of Directors. Further information on the Audit and Risk Committee is provided on page 59.

The Executive Board is responsible for ensuring that the internal control and risk management systems are effective and that controls have been implemented to address risks relating to the financial reporting. For jointly controlled assets and entities such requirements are determined and approved in collaboration with the partners in the assets and entities in question.

The Board of Directors approves overall policies in areas such as finance, treasury, credit and risk management.

The Audit and Risk Committee monitors the financial reporting and the effectiveness of the internal risk management systems and discusses material estimates and uncertainties in connection with the financial reporting. Reference is also made to the note on Critical accounting estimates and judgements on pages 77-81.

Managers at several levels of the Group have the operative responsibility for the internal control and risk management systems. The internal control environment comprises clearly defined organisational roles and responsibilities, reporting requirements and authorisation and approval procedures.

Furthermore, suitable accounting and consolidation systems have been established that include validation controls, and policies, manuals and procedures have been established in material financial reporting areas. Policies, manuals and procedures are updated and communicated on a continuous basis.

Risk assessment

DONG Energy's financial results are affected by various risk factors. The Board of Directors and the Audit and Risk Committee perform an overall assessment of these risks at least once a year. For further details, reference is made to the section on Risk and Risk Management on pages 54-57.

As part of the risk assessment, the Audit and Risk Committee and the Executive Board take a position, at least once a year, on the risk of fraud and the measures to be put in place to mitigate any such risks. The Audit and Risk Committee also assesses the possibilities of the day-to-day management of overriding controls or engaging in fraudulent financial reporting.

Control activities

Control activities are based on the risk assessment, and the overall objective is that the internal control environment must be planned in such a way as to reduce any residual risk of error in the consolidated financial reporting to an acceptable level.

Each month, the Group's companies report financial data to the Group, which consolidates the data for use for its financial reporting and its reporting to the Executive Board and the Board of Directors. The companies supplement the financial data reported with comments on financial and operat-

ing performance and information about material estimates and judgements made in the financial data reported. The financial reporting also comprises budget figures, including reporting of budget discrepancies with adjustment of estimates for the year. The companies' reporting is controlled as part of the financial reporting.

Information and communication

DONG Energy has information and communication systems that are designed to ensure timely, effective and reliable information and communication in terms of ensuring financial reporting in accordance with applicable legislation. Information and communication systems include the financial reporting manual and reporting instructions, including budget and monthly closing procedures as well as internal control requirements and controller manual, which are updated on a continuous basis as appropriate.

DONG Energy is organised internally into a number of networks that help to ensure an ongoing exchange of information. These include a Finance Network, with participation by the heads of the Group's business areas and Corporate Finance, and a Controller Network. These two networks ensure that relevant policies and procedures are developed and are instrumental in supporting an effective exchange of information and communication.

The information systems are designed to ensure that relevant information in relation to the preparation of financial statements is identified, processed and communicated. These systems meet the confidentiality prescribed for listed companies and State-owned public limited companies.

Monitoring

All control and risk management systems must be regularly monitored, controlled and quality -assured to ensure that they are effective.

DONG Energy's internal control and risk management systems are monitored on a continuous basis and at several levels.

The business areas report detailed monthly financial data and quarterly updating of expectations. Data are analysed and reviewed with the Group Executive Management and presented to the Board of Directors.

DONG Energy has not established an internal audit function, but has established the Group Risk Control function, which reports to the Audit and Risk Committee. Group Risk Control has seven employees and carries out a number of investigations and tests, particularly within the financial area and the Group's IT use. Group Risk Control plans the year's investi-

gations together with the Audit and Risk Committee and the external auditor, and reports on the findings of its investigations to the Group Executive Management and the Audit and Risk Committee.

The auditor, appointed by the shareholders at the general meeting, reports via the auditors' records, on material issues, including the control environment in connection with the financial reporting. Less material issues are reported on in Management Letters to the Group Executive Management. The Executive Board follows up on any weaknesses identified.

The Audit and Risk Committee monitors the financial reporting, including that applicable legislation is complied with, that the accounting policies are relevant, that critical accounting estimates and judgements are adequate and that the overall information level in the financial reporting is found to be satisfactory.

The Audit and Risk Committee also deals with any concerns raised via the whistleblower function. In 2010, there were two cases of concerns being reported, both of which were investigated.

Future

Monitoring and reporting on the internal control and risk management systems is an ongoing process that is being developed on a continuous basis. DONG Energy will continue to focus on improving its internal control and risk management systems and its reporting on the systems.

In 2010, DONG Energy initiated a self-assessment of the maturity of existing controls and documentation of these controls. The self-assessment will continue in 2011.

BOARD OF DIRECTORS



FRITZ H. SCHUR

Chairman

b. 1951. Joined the board as Chairman in 2005, reelected 2010. Term of office expires in 2011.

Chairman of Remuneration Committee and Nomination Committee.

Education: BSc (Business Administration), Copenhagen Business School, 1973

Remuneration, Board: DKK 500,000

Remuneration, Committees: DKK 50,000

Career and posts

1973 Formation of FSC A/S (Fritz Schur Consumer Products A/S)

1978- CEO, Chairman, Deputy Chairman or member of companies in the Fritz Schur Group

1988-1996 Reconstruction and winding up of companies in distress, primarily for banks

Other management positions

Member of the Board of Directors and/or CEO of F. Schur & Co. A/S, FSS MID ApS, Havnefrontens Selskabslager 909 ApS.

Member of the Board of Directors and CEO of Fritz Schur A/S and CEO or Chairman of the Board of Directors of two wholly-owned subsidiaries.

CEO of FS 1 ApS and Chairman of the Board of Directors of a wholly-owned subsidiary.

CEO of FS 11 ApS and Chairman of the Boards of Directors of two wholly-owned subsidiaries.

CEO of FS 12 ApS and Deputy Chairman of one directly and one indirectly wholly-owned subsidiary.

Chairman

SAS AB (Sweden)

Posten Norden AB

F. Uhrenholt Holding A/S

Relationscore ApS and Chairman of the Board of a wholly-owned subsidiary

C.P. Dyvig & Co. A/S

Deputy Chairman

Brd. Klee A/S

Member

WEPA Industrieholding SE

Experimentarium

– Center for formidling af naturvidenskab og moderne teknik (foundation)



LARS NØRBY JOHANSEN

Deputy Chairman

b. 1949. Joined the board in 1997, re-elected 2010. Deputy Chairman since 2001.

Term of office expires in 2011.

Chairman of Audit and Risk Committee.

Member of Remuneration Committee and Nomination Committee.

Education: MPhil, Århus University, 1974

Remuneration, Board: DKK 300,000

Remuneration, Committees: DKK 125,000

Career and posts

1974-1983 Odense University, Lecturer in Political Science and from 1978 Associate Professor

1977-1979 European University Center, Florence (Italy), Associate Professor

1982 Harvard University, Visiting Fellow

1983-1985 Danish School of Public Administration, Management Consultant

1986 Danish Insurance Association, Vice President

1986-1988 Baltica, Claims Manager, Vice President

1988-1995 Falcks Redningskorps A/S and Falck Holding A/S, CEO

1995-2000 Falck A/S, CEO

2000-2004 Group 4 Falck A/S, CEO

2004-2005 Group 4 Securicor, CEO

Other management positions

Chairman

Falck A/S and a wholly-owned subsidiary

Georg Jensen A/S

William Demant Holding A/S

Deputy Chairman

Rockwool Fonden

Member

Codan A/S and a wholly-owned subsidiary

Index Award A/S

Institut for selskabsledelse ApS

Arp-Hansen Hotel Group



HANNE STEN ANDERSEN Employee representative

b. 1960. Joined the board in 2007. Term of office expires in 2011.
Education: Graduate Diploma in Business Administration, Copenhagen Business School, 1990
Remuneration, Board: DKK 175,000

Career and posts

1985-1992 Industrirådet (replaced by Confederation of Danish Industry (DI)), Information Consultant
1992-1998 DI, HR Consultant
1998-2000 Leo Pharma A/S, HR Partner for Production
2000-2003 Danisco A/S, Group HR, HR Consultant
2003- DONG Energy A/S, Training Manager in Sales & Distribution



JAKOB BROGAARD

b. 1947. Joined the board in 2007, re-elected 2010. Term of office expires in 2011.

Member of Audit and Risk Committee.

Education: Academy Foundation Degree (Management Accounting and Business Finance), 1976

Remuneration, Board: DKK 175,000

Remuneration, Committees: DKK 50,000

Career and posts

1964-2007 Danske Bank A/S

(member of Executive Committee 1996-2007)

Other management positions

Deputy Chairman

LR Realkredit A/S

Finansiel Stabilitet A/S

Roskilde Bank A/S

Member

Forsikringselskabet Danica, Skadeforsikringsaktieselskab af 1999 and a wholly-owned subsidiary

OW Bunker & Trading A/S

Wrist Group A/S

Newco AEP A/S



POUL DREYER Employee representative

b. 1964. Joined the board in 2007. Term of office expires in 2011.
Education: Industrial Operator, 1993
Remuneration, Board: DKK 175,000

Career and posts

1985-1987 Royal Danish Life Guards, Sergeant

1987- NESA A/S (now DONG Energy A/S), Industrial Operator



JØRGEN PETER JENSEN Employee representative

b. 1968. Joined the board in 2007. Term of office expires in 2011.
Education: MSc (Chemical Engineering), Technical University of Denmark (DTU), 1993. PhD, DTU, 1996

Remuneration, Board: DKK 175,000

Career and posts

1996-1997 DTU, Post. doc.

1997-2001 Skærbæk power station, Chemical Engineer

2001-2005 Energi E2, R&D Project Engineer

2005-2008 DONG Energy Power A/S, Chemical Engineer

2009 DONG E&P, Facility Engineer

2009- DONG Energy Power A/S, Manager

BOARD OF DIRECTORS



JØRN P. JENSEN

b. 1964, joined the board in 2010. Term of office expires in 2011.
Education: MSc (Economics and Business Administration), Copenhagen Business School, 1988
Remuneration, Board: DKK 175,000

Career and posts

1992-1993 Brüel & Kjær, Group Controller
1994-1999 Foss Electric A/S, CFO
1999-2000 Nilfisk Advance A/S, Executive Vice President and CFO
2000-2001 Carlsberg A/S, CFO
2001-2004 Carlsberg A/S, CEO
2004-2007 Carlsberg Breweries and Carlsberg A/S, CFO
2007- Carlsberg Breweries and Carlsberg A/S, Deputy CEO and CFO

Other management positions

Member of the management

Member of the management of 28 wholly-owned Danish and foreign subsidiaries of the Carlsberg Group and member of the management of Boliginteressentskabet Tuborg.

CEO

Ekeløf Invest ApS



JENS KAMPMANN

b. 1937. Joined the board in 2005, re-elected 2010. Term of office expires in 2011.

Member of Audit and Risk Committee.

Education: MSc (Economics), Copenhagen University, 1962

Remuneration, Board: DKK 175,000

Remuneration, Committees: DKK 50,000

Career and posts

1962-1964 Danish Ministry of Education

1964-1971 Danish Ministry of Finance (Ministry of Economic Affairs)

1966-1978 Member of Danish Parliament and, in 1971, 1972-1973 and 1977-1978, also Minister

1974-1977 Danish Ministry of Finance (Ministry of Economic Affairs)

1978-1990 Danish Environmental Protection Agency, Director

1990-2006 Invest Miljø A/S, CEO

Other management positions

Chairman

Frydenholm Holding A/S and a wholly-owned subsidiary

Dalum Holding A/S

Desmi A/S

Special Waste Systems A/S

Member

White Arkitekter A/S

JKC ApS

Retrocom Holding A/S

Genan A/S

Genan Business & Development A/S

Genan Global A/S

Kampus.NU ApS

Frydenholm Fødevarer A/S

CEO

JKC ApS

Toftøje Invest ApS



POUL ARNE NIELSEN

b. 1944. Joined the board in 2006, re-elected 2010. Term of office expires in 2011.

Education: Agricultural college, 1968, and MSc (Sports, Social Science and Business Economics), 1991

Remuneration, Board: DKK 175,000

Career and posts

1982-1998 Høje-Taastrup Upper Secondary School, Lecturer

1994-2007 Vallø Municipality, Mayor

2007- Stevns Municipality, Mayor

Other management positions

Chairman

SEAS-NVE A.m.b.a. and a wholly-owned subsidiary

SEAS-NVE Strømmen A/S

Sjællandske Medier A/S

Member

Sampension KP Livsforsikring A/S and a wholly-owned subsidiary



JENS NYBO STILLING SØRENSEN Employee representative

b. 1968. Joined the board in 2007. Term of office expires in 2011.
Education: Unskilled
Remuneration, Board: DKK 175,000

Career and posts

1990-2000 SK Power Company A/S
2000- Energi E2 A/S (now DONG Energy A/S)
Semi-skilled Worker



LARS REBIÉN SØRENSEN

b. 1954. Joined the board in 2007, re-elected 2010. Term of office expires in 2011.

Career: MSc (Forestry) (Royal Veterinary and Agricultural University, Copenhagen), 1981
Graduate Diploma in International Trade, Copenhagen Business School, 1983
Remuneration, Board: DKK 175,000

Career and posts

1982- Novo Nordisk A/S, CEO since 2000

Other management positions

Member

Bertelsmann AG (Germany)



MOGENS VINTHER

b. 1947. Joined the board in 2010. Term of office expires in 2011.
Education: LL.M. (Master of Laws), 1973. Lawyer 1976. Entitled to appear before the Danish High Court and Supreme Court.
Remuneration, Board: DKK 175,000

Career and posts

1973 Advokatfirma Langberg & Vinther (law firm)
1980- Advokatfirma Langberg & Vinther, partner

Other management positions

Chairman

Fonden Det Gamle Apotek i Ribe
Foreningen Gammelt Præg - Ribe Bybevaring

Member

Syd Energi Holding A/S
Syd Energi A.m.b.a.
Fonden Ribe Byferie
Fonden til Ribe Bys Forskønnelse

GROUP EXECUTIVE MANAGEMENT



ANDERS ELDRUP

CARSTEN K. THOMSEN

KURT BLIGAARD PEDERSEN

Registered with the Danish Commerce and Companies Agency as CEO
b. 1948. CEO since 2001.

Remuneration: DKK 5,642,478

Education

MSc (Political Science), Århus University, 1972

Career and posts

1972-1973 Office of the Auditor General of Denmark
1973-1980 Danish Ministry of Finance, Principal
1980-1984 Danish Ministry of Finance, Personal Secretary to Minister
1984-1988 Danish Ministry of Finance, Head of Division
1988-1990 Danish Ministry of Finance, Deputy Permanent Secretary
1990-1991 Danish Ministry of Finance, Department of the Budget, Director
1991-2001 Danish Ministry of Finance, Permanent Secretary
2001- DONG Energy A/S, CEO

Other management positions Chairman

Copenhagen Cleantech Cluster

Member

Lindoe Offshore Renewables Center
- LORC (fund)
Experimentarium
- Center for formidling af naturvidenskab og moderne teknik (foundation)
Rockwool Fonden
Terma A/S
Technical University of Denmark (DTU)

Registered with the Danish Commerce and Companies Agency as CFO
b. 1957. CFO since 2002.

Remuneration: DKK 5,590,913

Education

MSc (Economics), Copenhagen University, 1983

Career and posts

1983-1985 Danish Ministry of the Interior
1985-1986 Danish Ministry of Finance
1986-1988 Andelsbanken
1988-1991 McKinsey, Consultant
1991-1994 Rigshospitalet, Director of Finance
1995-2002 Danish State Railways, CFO
2002- DONG Energy A/S, CFO

Other management positions

Deputy Chairman

NNIT A/S

Member

GN Store Nord A/S and two wholly-owned subsidiaries (GN Resound and GN Netcom)
Chairman of the Audit Committee of GN Store Nord A/S

b. 1959. Member of DONG Energy's Group Executive Management since 2002 and responsible for Energy Markets.

Education

MSc (Political Science), Århus University, 1988

Career and posts

1988-1992 Social Democratic Parliamentary Group, Consultant
1992-1996 Danish Ministry of Finance, Head of Department and later Deputy Permanent Secretary
1996-2000 City of Copenhagen, CFO and, from 1997, CEO of the Financial Department
2000-2001 Falck Danmark A/S, CEO
2002- DONG Energy A/S, Executive Vice President Energy Markets

Other management positions

Deputy Chairman

BRF Holding A/S and a wholly-owned subsidiary

Member

BRF Fonden
Copenhagen Zoo



NIELS BERGH-HANSEN

LARS CLAUSEN

SØREN GATH HANSEN

b. 1948. Member of DONG Energy's Group Executive Management since 2006 and responsible for Generation and Renewables.

Education

MSc (Civil Engineering), Technical University of Denmark, 1973

Career and posts

1973-1976 A. Jespersen & Søn, Engineer and Project Manager
1976-1980 Bruun & Sørensen, Engineer and Project Manager
1981 Nielsen & Rauschenberger, Engineer and Project Manager
1982-1988 Århus Kommunale Værker, Senior Engineer and Project Manager
1988-1990 Tarco, CEO
1990-1992 Søren T. Lyngsø, CEO
1992-2000 Sønderjyllands Højspændingsværk, CEO
2000-2006 Elsam A/S, from 2005 CEO
2006- DONG Energy A/S, Executive Vice President Generation and Renewables

Other management positions

Chairman

Foreningen af Danske Privathavne

Deputy Chairman

Port of Aabenraa
Dansk Energi

Member

Project Zero-Fonden
Danish Ports

b. 1959. Member of DONG Energy's Group Executive Management since 2007 and responsible for Sales & Distribution.

Education

MSc (Civil Engineering), Technical University of Denmark, 1986, and Graduate Diploma in Economics and Marketing, Copenhagen Business School, 1988

Career and posts

1986-1995 Shell
1995-1996 PA Consulting
1996-1998 A/S Dansk Shell, Commercial Director
1999-2003 A/S Dansk Shell, CEO
2004-2007 Shell Gas in the UK and Scandinavia, General Manager
2007- DONG Energy A/S, Executive Vice President Sales & Distribution

Other management positions

Member

Better Place Danmark A/S
Dansk Energi

b. 1954. Member of DONG Energy's Group Executive Management since 2002 and responsible for Exploration & Production.

Education

MSc (Political Science), Copenhagen University, 1983

Career and posts

1983 Department of Danish Ministry of the Environment, Head of Section
1983-1984 Danish Ministry of Finance, Administration Department, Head of Section
1984- DONG Energy A/S, since 2002 Executive Vice President Exploration & Production

Other management positions

None

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

DKK million	Note	2010	2009
Revenue	3, 4, 9	54,598	49,262
Production costs	5, 6, 14, 15	(44,469)	(43,345)
Gross profit		10,129	5,917
Sales and marketing	5, 6, 14, 15	(458)	(428)
Management and administration	5, 6, 7, 14, 15	(1,835)	(1,930)
Other operating income	8, 9	295	241
Other operating expenses	8	(57)	(43)
Operating profit (EBIT)		8,074	3,757
Gain (loss) on disposal of enterprises	28	905	(62)
Share of profit (loss) of associates	16	77	74
Financial income	10	3,407	2,662
Financial expenses	11	(5,002)	(4,024)
Profit before tax		7,461	2,407
Income tax expense	12	(2,997)	(1,269)
Profit for the year		4,464	1,138
Other comprehensive income			
Value adjustments of hedging instruments:			
Value adjustments for the year		(979)	(1,911)
Value adjustments transferred to revenue		(1,052)	(999)
Value adjustments transferred to production costs		(128)	76
Value adjustments transferred to financial items		7	8
Value adjustments transferred to inventories		(204)	244
Tax on value adjustments of hedging instruments		599	655
Foreign exchange adjustments:			
Foreign exchange adjustments relating to foreign enterprises		716	995
Foreign exchange adjustments relating to equity-like loans, etc.		36	327
Tax on foreign exchange adjustments relating to equity-like loans, etc.		(9)	(89)
Other comprehensive income		(1,014)	(694)
Total comprehensive income		3,450	444

DKK million	Note	2010	2009
Profit for the year is attributable to:			
Equity holders of DONG Energy A/S		4,237	802
Hybrid capital holders of DONG Energy A/S (adjusted for tax effect)		334	340
Non-controlling interests	21	(107)	(4)
Profit for the year		4,464	1,138
Total comprehensive income for the year is attributable to:			
Equity holders of DONG Energy A/S		3,268	100
Hybrid capital holders of DONG Energy A/S		334	340
Non-controlling interests		(152)	4
Total comprehensive income		3,450	444
Earnings per share (EPS) and diluted earnings per share (DEPS) of DKK 10, in DKK	13	14.43	2.73

Assets

DKK million	Note	2010	2009
Goodwill		651	663
Rights		1,722	2,100
Completed development projects		357	245
In-process development projects		21	144
Intangible assets	14	2,751	3,152
Land and buildings		2,859	3,013
Production assets		57,502	50,827
Exploration assets		975	2,997
Fixtures and fittings, tools and equipment		205	267
Property, plant and equipment under construction		19,144	13,026
Property, plant and equipment	15	80,685	70,130
Investments in associates	16	2,919	3,605
Other securities and equity investments	16	374	1,374
Deferred tax	22	404	281
Receivables	18	2,862	3,596
Other non-current assets		6,559	8,856
Non-current assets		89,995	82,138
Inventories	17	2,861	3,064
Receivables	18	31,844	27,783
Income tax	25	27	422
Securities	30	7,620	2,570
Cash	30	4,147	4,499
Non-current assets		46,499	38,338
Assets classified as held for sale	20	845	76
Assets		137,339	120,552

Equity and liabilities

DKK million	Note	2010	2009
Share capital		2,937	2,937
Reserves		8,287	9,256
Retained earnings		26,278	23,944
Proposed dividends		2,203	481
Equity attributable to equity holders of DONG Energy A/S		39,705	36,618
Hybrid capital		8,088	8,088
Non-controlling interests		3,515	102
Equity	21	51,308	44,808
Deferred tax	22	8,188	6,666
Pension obligations	5	22	21
Provisions	23	9,418	7,260
Bond loans	24	22,833	22,549
Bank loans	24	10,673	10,859
Other payables	24	1,688	1,970
Non-current liabilities		52,822	49,325
Provisions	23	444	212
Bond loans	24	3,737	0
Bank loans	24	660	1,798
Other payables	24	27,584	24,370
Income tax	25	621	39
Current liabilities		33,046	26,419
Liabilities		85,868	75,744
Liabilities associated with assets classified as held for sale	20, 24	163	0
Equity and liabilities		137,339	120,552

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

DKK million	Share capital	Hedging reserve	Translation reserve	Share premium	Retained earnings	Proposed dividends	Equity attributable to equity holders of DONG Energy A/S	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2010	2,937	658	(650)	9,248	23,944	481	36,618	8,088	102	44,808
Comprehensive income for the year										
Profit for the year	-	-	-	-	4,237	-	4,237	334	(107)	4,464
Other comprehensive income										
Value adjustments for the year	-	(979)	-	-	-	-	(979)	-	-	(979)
Value adjustments transferred to revenue	-	(1,059)	-	-	-	-	(1,059)	-	7	(1,052)
Value adjustments transferred to production costs	-	(128)	-	-	-	-	(128)	-	-	(128)
Value adjustments transferred to financial items	-	7	-	-	-	-	7	-	-	7
Value adjustments transferred to inventories	-	(204)	-	-	-	-	(204)	-	-	(204)
Foreign exchange adjustments relating to foreign enterprises	-	(2)	770	-	-	-	768	-	(52)	716
Foreign exchange adjustments relating to equity-like loans, etc.	-	-	36	-	-	-	36	-	-	36
Tax on other comprehensive income	-	599	(9)	-	-	-	590	-	-	590
Total comprehensive income	0	(1,766)	797	0	4,237	0	3,268	334	(152)	3,450
Transactions with owners										
Coupon payments, hybrid capital	-	-	-	-	-	-	0	(451)	-	(451)
Tax, hybrid capital	-	-	-	-	-	-	0	117	-	117
Proposed dividends	-	-	-	-	(2,203)	2,203	0	-	-	0
Dividends paid	-	-	-	-	-	(481)	(481)	-	(16)	(497)
Addition on acquisition of enterprises	-	-	-	-	-	-	0	-	-	0
Addition of non-controlling interests	-	-	-	-	475	-	475	-	3,544	4,019
Disposal of non-controlling interests	-	-	-	-	(175)	-	(175)	-	37	(138)
Total changes in equity in 2010	0	(1,766)	797	0	2,334	1,722	3,087	0	3,413	6,500
Equity at 31 December 2010	2,937	(1,108)	147	9,248	26,278	2,203	39,705	8,088	3,515	51,308

DKK million	Share capital	Hedging reserve	Translation reserve	Share premium	Retained earnings	Proposed dividends	Equity attributable to equity holders of DONG Energy A/S	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2009	2,937	2,594	(1,892)	9,248	23,242	1,926	38,055	8,088	47	46,190
Comprehensive income for the year										
Profit for the year	-	-	-	-	802	-	802	340	(4)	1,138
Other comprehensive income										
Value adjustments for the year	-	(1,911)	-	-	-	-	(1,911)	-	-	(1,911)
Value adjustments transferred to revenue	-	(999)	-	-	(8)	-	(1,007)	-	8	(999)
Value adjustments transferred to production costs	-	76	-	-	-	-	76	-	-	76
Value adjustments transferred to financial items	-	8	-	-	-	-	8	-	-	8
Value adjustments transferred to inventories	-	244	-	-	-	-	244	-	-	244
Foreign exchange adjustments relating to foreign enterprises	-	-	995	-	-	-	995	-	-	995
Foreign exchange adjustments relating to equity-like loans, etc.	-	(9)	336	-	-	-	327	-	-	327
Tax on other comprehensive income	-	655	(89)	-	-	-	566	-	-	566
Total comprehensive income	0	(1,936)	1,242	0	794	0	100	340	4	444
Transactions with owners										
Coupon payments, hybrid capital	-	-	-	-	-	-	0	(451)	-	(451)
Tax, hybrid capital	-	-	-	-	-	-	0	111	-	111
Proposed dividends	-	-	-	-	(481)	481	0	-	-	0
Dividends paid	-	-	-	-	-	(1,926)	(1,926)	-	(31)	(1,957)
Addition on acquisition of enterprises	-	-	-	-	-	-	0	-	29	29
Addition of non-controlling interests	-	-	-	-	(43)	-	(43)	-	50	7
Disposal of non-controlling interests	-	-	-	-	432	-	432	-	3	435
Total changes in equity in 2009	0	(1,936)	1,242	0	702	(1,445)	(1,437)	0	55	(1,382)
Equity at 31 December 2009	2,937	658	(650)	9,248	23,944	481	36,618	8,088	102	44,808

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

DKK million	Note	2010	2009
Cash flows from operations (operating activities)	26	15,441	11,084
Interest income and similar items		3,743	2,523
Interest expense and similar items		(4,864)	(3,361)
Income tax paid	25	(106)	(778)
Cash flows from operating activities		14,214	9,468
Purchase of intangible assets		(136)	(170)
Sale of intangible assets		0	8
Purchase of exploration assets		(346)	(699)
Purchase of other property, plant and equipment		(14,727)	(14,990)
Sale of property, plant and equipment		939	191
Acquisition of enterprises	27	(33)	(1,304)
Disposal of enterprises	28	2,279	376
Acquisition of associates	16	(57)	0
Acquisition of other equity investments	16	(248)	(168)
Purchase of securities		(3,680)	(3,742)
Sale of securities	16	1,303	0
Change in other non-current assets		99	(605)
Financial transactions with associates		(245)	(195)
Dividends received and capital distributions		59	99
Cash flows from investing activities		(14,793)	(21,199)
Proceeds from raising of loans		5,226	18,881
Instalments on loans		(2,928)	(4,946)
Coupon payments on hybrid capital		(451)	(451)
Dividends paid		(481)	(1,926)
Dividends paid to non-controlling interests		0	(31)
Acquisition of equity interests from non-controlling interests	29	(138)	(32)
Disposal of equity interests to non-controlling interests	29	119	86
Other capital transactions with non-controlling interests	29	349	38
Change in other non-current liabilities		(574)	610
Cash flows from financing activities		1,122	12,229
Net increase (decrease) in cash and cash equivalents		543	498
Cash and cash equivalents at 1 January		2,915	2,369
Net increase (decrease) in cash and cash equivalents		543	498
Cash classified as held for sale, etc.		0	63
Foreign exchange adjustments of cash and cash equivalents		167	(15)
Cash and cash equivalents at 31 December	30	3,625	2,915

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note

1	Basis of reporting	76
2	Critical accounting estimates and judgements	77
3	Segment information	82

Notes to the statement of comprehensive income

4	Revenue	86
5	Staff costs	86
6	Research and development costs	89
7	Fee to auditor appointed at the Annual General Meeting ..	89
8	Other operating income and expenses	90
9	Government grants	90
10	Financial income	91
11	Financial expenses	91
12	Income tax expense	92
13	Earnings per share	94

Notes to the balance sheet

14	Intangible assets	95
15	Property, plant and equipment	99
16	Associates and other securities	102
17	Inventories	103
18	Receivables	104
19	Construction contracts	106
20	Assets classified as held for sale	106
21	Equity	107

22	Deferred tax	108
23	Provisions	111
24	Loans and borrowings	112
25	Income tax receivable and payable	113

Notes to the statement of cash flows

26	Cash flows from operations (operating activities)	114
27	Acquisition of enterprises	115
28	Disposal of enterprises	118
29	Transactions with non-controlling interests	119
30	Cash and cash equivalents	120

Notes without reference

31	Financial risks	121
32	Financial instruments	123
33	Jointly controlled entities	131
34	Lease commitments	132
35	Contractual obligations and security arrangements	133
36	Contingent assets and liabilities	133
37	Related party transactions	135
38	Events after the reporting period	137
39	Description of accounting policies	137
40	Licence overview	152
41	Company overview	155

01 | Basis of reporting

DONG Energy A/S is a public limited company with its registered office in Denmark. The annual report for the period 1 January - 31 December 2010 comprises the consolidated financial statements of DONG Energy A/S and its subsidiaries (the Group) as well as separate financial statements for the parent company, DONG Energy A/S.

The annual report has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and also complies with International Financial Reporting Standards issued by the IASB.

The annual report has been prepared in accordance with Danish disclosure requirements for annual reports of listed and State-owned public limited companies, see the statutory order on adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The annual report is presented in Danish kroner (DKK), rounded to the nearest million, unless otherwise stated.

The annual report has been prepared on the historical cost basis except that derivative financial instruments, financial instruments held for trading, financial instruments classified as available for sale and CO₂ emissions allowances held for trading are measured at fair value.

Non-current assets and disposal groups classified as held for sale are stated at the lower of carrying amount before the reclassification and fair value less costs to sell.

The accounting policies described in note 39 have been applied consistently to the financial year and the comparative figures.

Implementation of new standards and interpretations

In 2010, DONG Energy implemented the following standards (IASs and IFRSs) and interpretations (IFRICs), which are relevant to DONG Energy and have effect for reporting periods beginning on or after 1 January 2010:

- Revised IFRS 3 Business Combinations
- Amendment to IAS 27 Consolidated and Separate Financial Statements
- More amendments to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items
- Amendment to IFRIC 9 and IAS 39 Embedded Derivatives
- IFRIC 17 Distributions of Non-Cash Assets to Owners

- Parts of Improvements to IFRSs May 2008, which became effective on 1 July 2009
- Improvements to IFRSs April 2009

Of the new standards and interpretations, only IFRS 3 affects recognition and measurement, and it did not have any effect on the annual report for 2010.

New International Financial Reporting Standards and IFRIC Interpretations

The IASB has issued the following new or amended standards and interpretations that have not yet become effective and are consequently not mandatory in connection with the preparation of DONG Energy's annual report for 2010:

Adopted by the EU

- Amendment to IFRS 7 Improving Disclosures about Financial Instruments
- Revised IAS 24 Related Party Disclosures
- Amendment to IAS 32 Classification of Rights Issues
- Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Improvements to IFRSs May 2010

DONG Energy has considered the implications of these new or changed standards and interpretations, none of which is expected to have a material effect on DONG Energy's financial reporting.

Not adopted by the EU

- Amendments to IFRS 7 Financial Instruments: Disclosures
- IFRS 9 Financial Instruments

DONG Energy has started assessing the effect of these financial reporting standards and expects that they will only have limited effect on DONG Energy's financial reporting.

DONG Energy expects to implement the new standards and interpretations from their mandatory effective dates.

02 | Critical accounting estimates and judgements

Accounting estimates

In the process of preparing the consolidated financial statements, management makes a number of estimates and judgements that affect the reported amounts of assets and liabilities at the balance sheet date, the reported amounts of income and expenses in the reporting period and disclosures on contingent assets and contingent liabilities at the balance sheet date.

Estimates and assumptions made are based on historical experience and other factors that are believed by management to be reasonable under the circumstances, but that, by their nature, are uncertain and unpredictable. The effect of such estimates and judgements can lead to results that differ significantly from those that would result from the use of other judgements and assumptions. The Group's special risks are referred to in the chapter on Risk and risk management in management's review on pages 54-57, comprising the sections Risk management and Commercial risks, and in the notes.

Estimates and judgements relating to recoverable natural gas and oil reserves, impairment testing of intangible assets and property, plant and equipment and purchase obligations under gas contracts had a significant effect on the consolidated financial statements for 2010.

The international financial crisis led to tightened focus, again in 2010, on the estimates made in respect of, for example, discount rates and expectations concerning the future development in energy prices and exchange rates to ensure that the consolidated financial statements are not affected by short-term fluctuations that are not expected to apply in the long term.

The areas in which estimates and judgements have the most significant effect are described in the following.

Determination of natural gas and oil 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 directives.

The assessment of natural gas and oil reserves is based on estimates and assumptions of both proved and probable reserves (Proved and Probable/2P). Proved reserves are the estimated quantities of hydrocarbons that geological and engineering data demonstrate with reasonable certainty to be recoverable within future years from known reservoirs under existing economic and operating conditions, i.e. prices and costs estimates as of

the date the estimate is made. Probable reserves are those additional reserves that are less likely to be recovered than proved reserves.

The evaluation of natural gas and oil reserves affects the assessment of the recoverable amount and depreciation profile of DONG Energy's Exploration & Production assets, and future changes in reserves may have a significant effect on the unit-of-production depreciation applied in connection with depreciation and impairment losses related to a number of the Group's production assets.

Impairment testing

DONG Energy has significant investments in intangible assets and property, plant and equipment, including primarily production assets, the values of which are sensitive to various factors, including changes in energy prices, exchange rates, interest rates and regulatory provisions.

Goodwill and in-process development projects are tested for impairment annually. Other intangible assets and property, plant and equipment are tested for impairment if events or changed conditions indicate that the asset's carrying amount may not be recoverable, i.e. if the carrying amount exceeds the sum of discounted cash flows that can be expected to arise on use of the asset (value in use) and the carrying amount at the same time exceeds the fair value less disposal costs. Such events may include long-term changes in future market conditions, market prices of natural gas, oil, electricity, fuel and CO₂, changes in the weighted average cost of capital, reductions in estimated reserves, or changes in regulatory provisions.

If such a judgement indicates a possible impairment, and neither quoted market prices in active markets nor prices of similar assets are available, discounted cash flows are used to measure the recoverable amount to determine whether the value of the assets is impaired. The assumptions and criteria applied to determine the assets' recoverable amounts constitute management's best estimates and assumptions based on the available information such as market prices, levels of fixed costs, revenue growth rates and reserve estimates, which, however, by their nature, are subject to uncertainty. Impairment losses on intangible assets and property, plant and equipment amounted to DKK 93 million and DKK 317 million respectively (2009: DKK 37 million and DKK 741 million). Reference is made to notes 14 and 15.

02 | Critical accounting estimates and judgements

Depreciation profiles for production assets

Production assets are measured at cost less accumulated depreciation. As stated in note 39, the depreciation profile for a number of production assets has been determined using the unit-of-production method based on the ratio of current production to estimated recoverable reserves or based on the expected earnings profile. The future expected applications may subsequently prove not to be realisable, which may require useful lives to be reviewed and may result in a need for the recognition of impairment losses or the charging of a loss on disposal of the assets. The Group charged depreciation of DKK 5,111 million on production assets (2009: DKK 3,866 million), see note 15.

Investments in associates, other securities and other non-current financial investments

Investments in associates, other equity investments, other securities and other non-current investments are tested for impairment if there are any indications of impairment. Such indications include assessment of regulatory, financial and technological factors and general market conditions. The assets are written down if the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the value in use and the fair value less disposal costs. A DKK 75 million impairment loss on other equity investments was recognised in 2010 (2009: DKK 52 million), see note 16.

Write-downs and valuation of receivables

Write-downs are made for bad and doubtful debts on the basis of due date and historical experience. The estimates are subject to uncertainties, as they are based on an estimation of the right to collect the receivable and an assessment of the counterparty's ability to pay. The risk of bad debts continued to increase as a result of the international financial crisis, and this has been taken into consideration in connection with the valuation of the Group's receivables. Write-downs of trade receivables were DKK 189 million on 31 December 2010 (2009: DKK 183 million). Realised losses for the year were DKK 63 million (2009: DKK 154 million), see note 18.

Provisions for decommissioning costs

DONG Energy has significant decommissioning obligations. The estimates of the Group's decommissioning obligations are updated on a regular basis, and provisions amounted to DKK 7,123 million at 31 December 2010 (31 December 2009: DKK 5,667 million), see note 23.

These provisions comprise expected costs for decommissioning of production facilities and technical installations and restoration of drilling sites and other installations in accordance with

current legislation and recognised procedures. Such obligations include natural gas and oil production facilities (Exploration & Production); decommissioning obligations relating to the Group's thermal generating plants and wind farms (Generation); natural gas pipelines and associated infrastructure (Energy Markets); and the Group's natural gas distribution network, natural gas storage facility and oil pipeline (Sales & Distribution). No decommissioning obligations are recognised in respect of the electricity grid in Sales & Distribution, as it is considered improbable that such decommissioning obligations will result in an outflow from the Group of resources embodying economic benefits.

Provisions for decommissioning costs are measured at the present value of the future restoration and decommissioning obligations estimated at the balance sheet date. The assumptions and estimates applied in the calculation of the present value of decommissioning obligations are affected by any changes in expected decommissioning and restoration costs, the future date on which the corresponding costs will be incurred, and official requirements. Expected decommissioning and restoration costs are based either on examinations carried out by external experts, or internal estimates prepared by the Group. Estimated costs include a risk premium, based on empirical data. The discount rate applied reflects the general risk-free interest rate level in the given market.

Business combinations

The identifiable assets, liabilities and contingent liabilities acquired in a business combination are measured at fair values at the date of acquisition. For a significant part of the assets acquired and liabilities assumed, an effective market does not exist on the basis of which the fair value can be determined. This applies to intangible assets, in particular. Management makes estimates of the fair value of assets, liabilities and contingent liabilities acquired, primarily using models that are based on calculations of present values of future cash flows and probabilities and expected cash flows related to identified contingent liabilities.

The excess of the cost of the acquiree over the fair value of the assets, liabilities and contingent liabilities acquired is recognised as goodwill and allocated to the cash-generating units, which subsequently form the basis for impairment testing. In that connection, management makes estimates of acquired and existing cash-generating units and the associated goodwill allocation.

The determination of fair values of identifiable assets, liabilities and contingent liabilities relating to acquisitions in 2009 was

completed in 2009, and it was estimated that the value of acquired net assets still existed on 31 December 2010. No business combinations were effected in 2010.

In connection with the sale of equity investments to non-controlling interests in previous years estimates were made of some contingent sales contracts. In 2010, selling prices receivable were adjusted downwards by DKK 195 million. The adjustment was recognised in other receivables with a counter entry in consolidated equity.

Unlisted financial contracts

DONG Energy has concluded financial contracts based, among other things, on natural gas, oil, electricity and coal, that are unlisted and are measured at fair value, including a single long-term contract that runs until 2020. Reference is made to note 32 for further details. Fair values are determined based on fixed valuation models by reference to market data and the outlook concerning long-term prices and exchange rates, etc., each of which is subject to uncertainty.

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 being onerous depending on market developments, etc., and the liabilities incurred by the DONG Energy Group as a result of these contracts may also be subject to uncertainty. The judgements concerning these complex contracts and their future effects are subject to significant uncertainties.

Provisions for litigation losses

The Group is a party to various litigation proceedings, including relating to obligations assumed by the Group in relation to acquisitions of enterprises made in 2006, and claims have been advanced against the Group, see note 36.

A provision for an estimated loss is recognised in profit for the year if the information that was available prior to the publication of the financial statements indicates that it is more likely than not that an obligation had arisen at the balance sheet date, and that the amount of the loss can be estimated reliably.

The application of these accounting principles for determining potential losses in connection with a dispute is naturally difficult, considering the complexity of the factors involved and the legislation. The decision as to whether a provision should be made in such disputes requires conclusions to be drawn concerning various factual and legal matters outside the Group's control. If

the judgements do not, at a given time, reflect the subsequent development or the final outcome of the dispute, this can have a significant impact on the Group's future profits (losses) and balance sheets and may have an adverse impact on the Group's operating profit, cash flows and financial position. The factors taken into consideration when deciding whether to make a provision include the nature of the action, claim or statement. Other factors taken into consideration include the development of the case (including the development after the balance sheet date, but before publication of the financial statements), recommendations or opinions from legal or other advisers, experience from similar cases, and management's decision on how the Group will react to the action, the claim or the statement.

Judgements made in connection with the accounting policies

As part of the Group's accounting policies, management makes judgements, apart from those involving estimations, that may have a significant effect on the consolidated financial statements. These judgements primarily comprise the selection of recognition methods for exploration assets, recognition and classification of derivative financial instruments and commodity contracts, and classification of, for example, hybrid capital, acquirees and jointly controlled assets and entities.

Accounting treatment of exploration and production

DONG Energy recognises exploration costs using the successful efforts method. Costs for acquisition of shares in exploration and appraisal licences are, as a rule, capitalised on a licence-by-licence basis. Exploration costs incurred in connection with the determination of exploration targets, but that are not directly attributable to individual exploration wells, are expensed as incurred. Costs for exploration and appraisal wells are initially capitalised on a licence-by-licence basis under exploration assets and are not depreciated. At 31 December 2010, the Group had capitalised DKK 975 million under exploration assets (2009: DKK 2,997 million), see note 15.

The result of evaluation activities is reviewed on a licence-by-licence basis. On completion of an appraisal well, the evaluation costs are expensed together with the associated exploration costs, unless the results indicate with reasonable probability the existence of reserves that can be utilised commercially.

Following the evaluation of a successful exploration well, and once a decision has been made on a development and operating plan for a licence, and the plan has been approved by the relevant authorities, the exploration costs are transferred to property,

02 | Critical accounting estimates and judgements

plant and equipment under construction. When the field is ready for start-up of commercial production, the total costs in the balance sheet, including the initial exploration and evaluation costs, are transferred to a single cost centre for the field under production assets. Subsequent costs are capitalised if this increases the economic benefits from the production assets or replaces a part of the existing production asset. Depreciation commences when the field comes on stream.

Accounting treatment of derivative financial instruments and commodity contracts

DONG Energy hedges commodity, currency and interest rate risks. These hedging transactions predominantly relate to future income from the sale of natural gas, oil and electricity, and coal purchase costs. Changes in the fair value of the derivative financial instruments that, according to the provisions in IAS 39, qualify for recognition as cash flow hedges, are recognised directly in other comprehensive income until the hedged transaction, e.g. the sale, is recognised in profit for the year.

The purpose of managing financial and energy price risks is to limit the risk of significant fluctuations in earnings and cash flows from the underlying operations. Through internal policies and guidelines, DONG Energy seeks to ensure that derivative financial instruments used to manage risks are only used to hedge booked, agreed or planned underlying transactions rather than for own trading. Own trading is limited to commodity derivatives and is undertaken in specific markets within a defined framework to limit any significant impact from the trading activities on the Group's earnings. Open positions from operating activities and activities in connection with hedging of own trading are reported and monitored on an ongoing basis.

Furthermore, contracts to which the Group is a party are reviewed to identify any features that correspond to derivative financial instruments in order to determine whether separate recognition and measurement of an embedded financial instrument are required under IFRS. The Group's natural gas sourcing and sales contracts include price formulas that are indexed to various energy prices. Based on a review of these and other contracts, including the economic relationships between relevant energy prices and contractual indices, it has been judged that there are no embedded financial instruments in the contracts requiring separate recognition and measurement under IFRS.

Under IFRS, contracts that involve physical delivery of commodities are, in certain circumstances, accounted for as derivative financial instruments. Based on an evaluation of the purpose of

the Group's commodity contracts and the connection between that purpose and the Group's other activities, the Group's contracts that involve physical delivery of commodities are generally deemed to satisfy the criteria for exemption from classification as derivative financial instruments for normal sale and purchase contracts. Contracts that involve physical delivery of commodities and are classified and accounted for as derivative financial instruments primarily comprise contracts entered into in the course of the Group's trading activities or as part of certain hedging activities. Reference is made to note 32.

Accounting treatment of hybrid capital

In 2005 DONG Energy issued hybrid capital of EUR 1,100 million, see note 21. Hybrid capital comprises issued bonds that qualify for recognition as compound financial instruments due to the special characteristics of the loan. The principal amount, which constitutes a liability, is recognised at present value (nil). The balance of the net proceeds is recognised in equity.

Accordingly, any coupon payments are accounted for as dividends that are recognised directly in equity at the time the payment obligation arises. This is because the coupon payments are discretionary and relate to the part of the hybrid capital, the equity instrument, that is recognised in equity. Coupon payments consequently do not have any effect on profit 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, as a result of the 1,000-year term of the hybrid capital, amortisation charges will only impact on profit 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 under financing activities.

In the period 2011 to 2014, any coupon payments on hybrid capital will amount to about DKK 451 million per year using the current EUR/DKK exchange rate. The amount will subsequently vary in step with changes in the interest rate level. DONG Energy will be able to omit or defer coupon payments. Any deferred coupon payments concerning the hybrid capital will be payable if a decision is made to make dividend or other distributions to the company's shareholders, and the company's equity will be reduced by a corresponding amount less tax each time coupon is paid.

In January 2011, DONG Energy issued new hybrid capital maturing in 3010 and repurchased EUR 500 million of the existing EUR 1,100 million hybrid capital.

Jointly controlled assets and entities

DONG Energy recognises the Group's jointly controlled assets and entities using proportionate consolidation. These primarily comprise natural gas and oil exploration and production licences, wind farms and power stations. If the option to recognise jointly controlled entities using proportionate consolidation is abolished, this will affect the Group's statement of comprehensive income, as it is expected that the profit or loss items for jointly controlled entities will have to be presented as an aggregated amount in future, in the same way as the share of profit of associates. It is also expected to affect the balance sheet, including primarily intangible assets and property, plant and equipment, as it is expected that assets and liabilities relating to jointly controlled entities will have to be presented as a net amount in future, in the same way as investments in associates.

Business combinations

In connection with business combinations, the Group makes judgements of the contracts concluded in order to determine whether the acquiree should be classified as a subsidiary, a jointly controlled asset, a jointly controlled entity or an associate. Such judgements are made on an acquisition-by-acquisition basis based on purchase contracts concluded, shareholders' agreements and similar agreements, which determine the extent to which control of the acquiree has been transferred.

For acquisitions accounted for as business combinations, the purchase method is used, and identifiable assets, liabilities and contingent liabilities are valued at fair value in connection with the acquisition.

The fair value of individual assets is determined based on publicly available market prices to the extent that an efficient market exists for the asset in question.

No business combinations were effected in 2010.

Transactions with non-controlling interests are accounted for as transactions with the group of owners. If the acquisition of further ownership interests in a subsidiary results in a difference between the purchase price and the carrying amount of the acquired non-controlling interest, the difference is taken directly

to equity. Gains and losses on sale of equity investments to non-controlling interests are also recognised in equity to the extent that the sale does not result in a loss of control. The determination of whether a sale results in a loss of control relies on judgements on a case-by-case basis based on contracts concluded.

03 | Segment information

Segmentation

Management has defined the Group's operating segments based on the reporting regularly presented to the Group Executive Management, and which forms the basis for management's strategic decisions. The Group Executive Management adopts a product-driven approach to the management of activities, managing each segment differently from a commercial point of view. As part of DONG Energy's strategy in the period up to 2015, the Generation segment was split up into two reportable segments in 2010: The area that is responsible for the Group's wind and hydro generation has been moved to the Renewables segment, and the area that is responsible for thermal generation at the Group's power stations has retained the Generation name. The comparative figures for 2009 have been restated accordingly.

Segment income, segment expense, segment assets and segment liabilities are those items that, in the internal management reporting, are directly attributable to the individual segment or can be indirectly allocated to the individual segment on a reliable basis. Other activities primarily comprise income and expense, assets and liabilities, investing activities, income taxes, etc., relating to the Group's administrative functions, certain initial stages of research and development that do not relate to the Group's primary activities.

The internal management reporting complies with the Group's accounting policies (IFRS). The Group operates with two performance measures, with EBITDA as the primary measure of performance, and EBIT as the secondary measure of performance. EBITDA was determined inclusive of DKK 202 million amortisation of purchased CO₂ emissions allowances (2009: DKK 186 million), as purchased CO₂ emissions allowances are accounted for as cost of sales items. For definitions of gross investments and net working capital, reference is made to note 39. Transactions between segments are priced on arm's length terms.

Reportable segments comprise the following products and services:

- **Exploration & Production** explores for and produces natural gas and oil in Denmark, Norway, the UK (West of Shetland area), the Faroe Islands and Greenland. DONG Energy also has a stake in the overall natural gas pipeline network (Gassled) connecting the Norwegian fields with the European continent and the UK.
- **Renewables** develops, builds and operates wind farms in Denmark, the UK, Poland, Norway, Sweden and France. Renewables also has interests in hydroelectric stations in Sweden.

- **Generation** generates and sells electricity and heat from thermal power stations in Denmark. Generation also owns gas-fired power stations in Norway and the UK and a demonstration plant for production of second-generation bioethanol in Denmark.
- **Energy Markets** optimises DONG Energy's energy portfolio, forming the link between the Group's procurement and sale of energy. Energy Markets trades in natural gas and electricity with energy producers and wholesale customers as well as on European energy hubs and exchanges.
- **Sales & Distribution** is responsible for providing efficient and reliable energy supplies of electricity and gas and thus works in the downstream part of the energy value chain, which ranges from production to consumption. Sales & Distribution has activities in sales to wholesale and end customers in Denmark, Germany, the Netherlands and Sweden. Electricity distribution also comprises operation of the electricity distribution networks in Copenhagen and North Zealand.

Further details of the Group's reportable segments are given in management's review.

Geographical breakdown

DONG Energy primarily sells products and services in the market in Northern Europe. A large part of the Group's sales takes place via power exchanges and gas hubs in Europe the physical location of which does not reflect the Group's market risks. Segment information in respect of geographical markets is determined by breaking revenue down, as far as possible, by customer location based on supply point. 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, customer location is defined on the basis of invoicing address. DONG Energy also sells a substantial proportion of electricity and gas on hubs and exchanges. The transfer of risk normally takes place on delivery at the exchange or hub, and DONG Energy consequently does not know the counterparty in every single case. The breakdown of revenue by geographical location is therefore limited to Denmark and Rest of World.

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

No single customer accounts for more than 10% of the Group's total revenue.

Reference is made to note 4 for a breakdown of the Group's sales by products and services.

Activities – 2010

DKK million	Exploration & Production	Renewables	Generation	Energy Markets	Sales & Distribution	Reportable segments, total	Other activities	Eliminations	Consolidated total
External revenue	4,976	2,505	11,163	22,219	13,740	54,603	(5)	0	54,598
Intragroup revenue	3,248	442	167	9,545	445	13,847	1,781	(15,628)	0
Revenue	8,224	2,947	11,330	31,764	14,185	68,450	1,776	(15,628)	54,598
EBITDA	5,012	1,725	1,864	3,207	2,036	13,844	245	0	14,089
Depreciation and amortisation, excluding purchased CO ₂ emissions allowances	(1,950)	(770)	(1,269)	(565)	(971)	(5,525)	(80)	0	(5,605)
Impairment losses	0	0	(401)	0	(9)	(410)	0	0	(410)
Operating profit (EBIT)	3,062	955	194	2,642	1,056	7,909	165	0	8,074
Net working capital, external transactions	(430)	(420)	163	2,162	1,953	3,428	(983)	21	2,466
Net working capital, intragroup transactions	1,099	(49)	28	557	(1,612)	23	(2)	(21)	0
Net working capital	669	(469)	191	2,719	341	3,451	(985)	0	2,466
Segment assets	29,026	35,203	33,522	30,745	22,423	150,919	60,141	(74,152)	136,908
Gross investments	(4,023)	(6,378)	(3,853)	(477)	(858)	(15,589)	(103)	0	(15,692)

Natural gas and oil exploration expenditure of DKK 420 million has been recognised in Exploration & Production. Natural gas and oil exploration assets and liabilities amounted to DKK 1,404 million and DKK 647 million respectively at 31 December 2010.

Operating and investing cash flows arising from natural gas and oil exploration absorbed DKK 190 million and DKK 346 million respectively.

DKK million	Denmark	Rest of World	Consolidated total
Revenue	31,364	23,234	54,598

DKK million	Denmark	Norway	UK	Rest of World	Consolidated total
Intangible assets and property, plant and equipment	43,348	16,809	18,916	4,363	83,436

03 | Segment information

Activities - 2009

DKK million	Exploration & Production	Renewables	Generation	Energy Markets	Sales & Distribution	Reportable segments, total	Other activities	Eliminations	Consolidated total
External revenue	4,446	1,333	9,589	20,300	13,072	48,740	522	0	49,262
Intragroup revenue	2,133	344	1,229	7,901	314	11,921	1,438	(13,359)	0
Revenue	6,579	1,677	10,818	28,201	13,386	60,661	1,960	(13,359)	49,262
EBITDA	3,427	609	306	2,046	2,239	8,627	213	0	8,840
Depreciation and amortisation, excluding purchased CO ₂ emissions allowances	(1,343)	(343)	(1,040)	(542)	(968)	(4,236)	(69)	0	(4,305)
Impairment losses	(44)	0	(52)	0	(677)	(773)	(5)	0	(778)
Operating profit (loss) (EBIT)	2,040	266	(786)	1,504	594	3,618	139	0	3,757
Net working capital, external transactions	(62)	(163)	1,284	2,553	965	4,577	(579)	(100)	3,898
Net working capital, intragroup transactions	268	0	(349)	1,609	(1,312)	216	(316)	100	0
Net working capital	206	(163)	935	4,162	(347)	4,793	(895)	0	3,898
Segment assets	25,239	25,136	31,074	28,974	22,741	133,164	55,278	(68,593)	119,849
Gross investments	(3,050)	(7,133)	(4,489)	(530)	(1,689)	(16,891)	(1,240)	0	(18,131)

Natural gas and oil exploration expenditure of DKK 292 million has been recognised in Exploration & Production. Natural gas and oil exploration assets and liabilities amounted to DKK 3,176 million and DKK 166 million respectively at 31 December 2009.

Operating and investing cash flows arising from natural gas and oil exploration absorbed DKK 312 million and DKK 699 million respectively.

DKK million	Denmark	Rest of World	Consolidated total
Revenue	26,690	22,572	49,262

DKK million	Denmark	Norway	UK	Rest of World	Consolidated total
Intangible assets and property, plant and equipment	43,798	14,412	11,951	3,121	73,282

Reconciliations

Performance measures

DKK million	2010	2009
EBITDA for reportable segments	13,844	8,627
Depreciation, amortisation and impairment losses for reportable segments, excluding purchased CO ₂ emissions allowances	(5,935)	(5,009)
EBIT for reportable segments	7,909	3,618
EBIT other activities	165	139
EBIT, see consolidated statement of comprehensive income, page 68	8,074	3,757
Gain (loss) on disposal of enterprises	905	(62)
Share of profit of associates	77	74
Financial income and expenses, net	(1,595)	(1,362)
Profit before tax, see consolidated statement of comprehensive income, page 68	7,461	2,407

Assets

DKK million	2010	2009
Segment assets for reportable segments	150,919	133,164
Assets, other activities	60,141	55,278
Assets, eliminations	(74,152)	(68,593)
Deferred tax	404	281
Income tax receivable	27	422
Total assets, see consolidated balance sheet, page 70	137,339	120,552

04 | Revenue

DKK million	2010	2009
Sales and transportation of natural gas	23,464	20,377
Sales and transportation of oil	4,356	3,132
Sales of electricity	14,981	12,397
Sales of district heat	2,701	2,289
Distribution and storage of natural gas	1,210	1,285
Distribution of electricity	3,444	4,024
Construction contracts	469	823
Trading activities, net	478	908
Effect of economic hedges, net	(111)	925
Effect of hedge accounting, net	1,052	999
Other revenue	2,554	2,103
Revenue	54,598	49,262

05 | Staff costs

DKK million	2010	2009
Wages, salaries and remuneration	(3,246)	(3,370)
Pensions	(295)	(282)
Other social security costs	(66)	(40)
Other staff costs	(36)	(43)
Staff costs	(3,643)	(3,735)
Staff costs are recognised as follows:		
Production costs	(1,860)	(2,042)
Sales and marketing	(214)	(209)
Management and administration	(872)	(771)
Transfer to assets	(697)	(713)
Staff costs	(3,643)	(3,735)

The Group'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, to public servants taken over from

municipally owned regional gas companies and to a few employees employed with companies abroad under a discontinued pension scheme. The average number of employees in DONG Energy in 2010 was 5,800 (2009: 5,820 employees).

Remuneration of Board of Directors, Executive Board and other senior executives

2010

DKK '000	Salaries	Bonus	Pension	Total
Parent company Board of Directors:				
Chairman	(500)	0	0	(500)
Deputy Chairman	(300)	0	0	(300)
Other members ¹	(1,706)	0	0	(1,706)
Audit and Risk Committee:				
Chairman	(100)	0	0	(100)
Other members ²	(100)	0	0	(100)
Remuneration Committee:				
Chairman	(50)	0	0	(50)
Other member	(25)	0	0	(25)
Executive Board and other senior executives in the Group:				
CEO	(4,822)	(827)	(2)	(5,651)
CFO	(4,399)	(1,198)	(2)	(5,599)
Other senior executives in the Group	(12,930)	(1,889)	(1,658)	(16,477)
Remuneration	(24,932)	(3,914)	(1,662)	(30,508)

¹ Annual remuneration was DKK 175 thousand per member in 2010.

² Annual remuneration was DKK 50 thousand per member in 2010.

At 31 December 2010, the Executive Board and other senior executives consisted of six persons in total (2009: six persons).

DONG Energy has prepared a remuneration policy for the remuneration of the Board of Directors and for the Executive Board registered with the Danish Commerce and Companies Agency, and overall guidelines for incentive pay for these officers were adopted at DONG Energy's Annual General Meeting in January 2008. Both the remuneration policy and the overall guidelines for incentive pay can be viewed on DONG Energy's website.

Remuneration for the Board of Directors and for the Executive Board registered with the Danish Commerce and Companies Agency complied with the remuneration policy and the overall guidelines for incentive pay in 2010 and continues to do so in 2011.

The service contract of the CEO includes a termination package under which he will be entitled to salary, including pension, equivalent to 33½ months' salary if his service contract is terminated by the company (2009: 33½ months) consisting of salary during the notice period (12 months) and termination benefit (21½ months).

The CFO and the Group's other senior executives will be entitled to 24 months' salary, including pension, if their contracts of service are terminated by the company (2009: 24 months) consisting of salary during the notice period (12 months) and termination benefit (12 months).

Further details of the Group Executive Management are provided in the Corporate governance section on pages 58-59 and the Board of Directors and Executive Board sections on pages 62-67 in management's review.

05 | Staff costs

2009

DKK '000	Salaries	Bonus	Pension	Total
Parent company Board of Directors:				
Chairman	(500)	0	0	(500)
Deputy Chairman	(300)	0	0	(300)
Other members ¹	(1,575)	0	0	(1,575)
Audit and Risk Committee:				
Chairman	(100)	0	0	(100)
Other members ²	(100)	0	0	(100)
Remuneration Committee:				
Chairman	(50)	0	0	(50)
Other member	(25)	0	0	(25)
Executive Board and other senior executives in the Group:				
CEO	(4,817)	(1,363)	(2)	(6,182)
CFO	(4,384)	(1,000)	(2)	(5,386)
Other senior executives in the Group	(12,277)	(2,614)	(2,163)	(17,054)
Remuneration	(24,128)	(4,977)	(2,167)	(31,272)

¹ Annual remuneration was DKK 175 thousand per member in 2009.² Annual remuneration was DKK 50 thousand per member in 2009.

06 | Research and development costs

DKK million	2010	2009
Research and development costs incurred during the year	(821)	(1,074)
Amortisation of and impairment losses on development costs recognised under intangible assets	(97)	(131)
Development costs recognised under intangible assets	137	161
Research and development costs recognised in profit for the year	(781)	(1,044)
Research and development costs have been recognised as follows:		
Production costs	(777)	(1,026)
Sales and marketing	(3)	(3)
Management and administration	(1)	(15)
Research and development costs recognised in profit for the year	(781)	(1,044)

Research and development costs incurred in 2010 included primarily development of wind farms in Denmark, development of thermal generation, bioethanol technology and IT systems. In 2009, research and development costs included development of

wind farms in Denmark, the UK, Sweden, Poland, Germany and the Netherlands; development of thermal generation; bioethanol technology; and development of infrastructure and systems enabling electricity to be used for transportation.

07 | Fees to auditor appointed at the Annual General Meeting

DKK million	2010	2009
Audit fees	(12)	0
Other assurance engagements	(1)	0
Tax and VAT advice	(6)	0
Non-audit fees	(7)	0
Total fees to PricewaterhouseCoopers	(26)	0
Audit fees	0	(18)
Other assurance engagements	(1)	(2)
Tax and VAT advice ¹	(16)	(19)
Non-audit fees ¹	2	(58)
Total fees to KPMG ²	(15)	(97)
Audit fees	0	(4)
Other assurance engagements	(1)	(2)
Tax and VAT advice	0	(6)
Other services	(1)	(2)
Total fees to Deloitte ²	(2)	(14)

¹ Fees for 2010 include adjustments in respect of previous years.

² Fees for 2010 comprise the period until the Annual General Meeting on 19 April 2010.

08 | Other operating income and expenses

DKK million	2010	2009
Gain on sale of intangible assets and property, plant and equipment	184	40
Other operating income	111	201
Other operating income	295	241
Loss on sale of intangible assets and property, plant and equipment	(46)	(40)
Other operating expenses	(11)	(3)
Other operating expenses	(57)	(43)
Other operating income and expenses, net	238	198

The gain on sale of intangible assets and property, plant and equipment comprised primarily Nysted Offshore Wind Farm 1. Other operating income included DKK 0 million (2009: DKK 160

million) relating to a successful insurance claim in respect of production assets.

09 | Government grants

DKK million	2010	2009
Government grants recognised in profit for the year under revenue	1,140	869
Government grants recognised in profit for the year under other operating income	20	1
Government grants recognised in the balance sheet	(15)	(53)
Government grants recognised during the year	1,145	817

Grants recognised as revenue comprise green certificates and price supplements granted for electricity generation based on wind power, biomass and waste, and natural gas at small-scale power stations.

DONG Energy has received grants for feasibility studies in connection with the establishment of installations and the construction of installations. Government grants received have been recognised under liabilities and transferred to other operating income as the assets to which the grants relate are depreciated.

In 2009, several of the UK wind farms became subject to a different subsidy scheme. In that connection, subsidies totalling DKK 122 million awarded under the previous subsidy scheme were repaid. The repayment was recognised under government grants recognised in the balance sheet in 2009.

10 | Financial income

DKK million	2010	2009
Interest income from cash, etc.	356	280
Interest income from securities at fair value	326	175
Gains on securities at fair value	50	30
Foreign exchange gains	2,531	2,050
Value adjustments of derivative financial instruments	137	80
Other financial income	7	47
Financial income	3,407	2,662

11 | Financial expenses

DKK million	2010	2009
Interest expense relating to payables	(2,227)	(1,619)
Transfer to assets	328	282
Interest element of decommissioning costs	(196)	(176)
Losses on securities at fair value	(73)	(31)
Foreign exchange losses	(2,677)	(2,169)
Value adjustments of derivative financial instruments	(152)	(100)
Losses on financial liabilities	0	(150)
Impairment losses on other equity investments classified as available for sale	0	(52)
Other financial expenses	(5)	(9)
Financial expenses	(5,002)	(4,024)

Foreign exchange adjustments are recognised in revenue and cost of sales for the year with DKK 253 million (2009: DKK 93 million) and in profit for the year with DKK 107 million (2009: loss of DKK 26 million).

The weighted average effective interest rate relating to capitalised borrowing costs on general borrowing for the construction or development of assets was 4.46% (2009: 4.35%).

In 2009, the Group had specific loans of 6.5%-14.5% in acquirers. The loans were partially repaid in 2009 and the balance of loans was repaid at the start of 2010.

12 | Income tax expense

DKK million	2010	2009
Income tax expense	(2,997)	(1,269)
Tax on other comprehensive income	590	566
Tax for the year	(2,407)	(703)
Tax for the year can be broken down as follows:		
Current tax (income tax and hydrocarbon tax) calculated using normal tax rates	(1,145)	(802)
Special current tax, hydrocarbon tax calculated using higher tax rate	(568)	(75)
Deferred tax calculated using normal tax rates	(810)	(117)
Special deferred tax, hydrocarbon tax calculated using higher tax rate	(448)	(394)
Effect of reduction of income tax rate	1	0
Adjustments to current tax in respect of prior years	(65)	235
Adjustments to deferred tax in respect of prior years	38	(116)
Income tax expense	(2,997)	(1,269)

2010	DKK million	%
Income tax expense can be explained as follows:		
Calculated 25% tax on profit before tax	(1,865)	25
Adjustments of calculated income tax in foreign subsidiaries in relation to 25%	(62)	1
Special tax, hydrocarbon tax	(1,017)	14
Tax effect of:		
Non-taxable income	283	(4)
Utilisation of previously unrecognised tax assets to reduce deferred tax	(26)	0
Non-deductible expenses	(256)	3
Unrecognised tax assets	(73)	1
Share of profit of associates	19	0
Effective tax for the year	(2,997)	40

2009	DKK million	%
Income tax expense can be explained as follows:		
Calculated 25% tax on profit before tax	(602)	25
Adjustments of calculated income tax in foreign subsidiaries in relation to 25%	(21)	1
Special tax, hydrocarbon tax	(469)	19
Tax effect of:		
Non-taxable income	80	(3)
Utilisation of previously unrecognised tax assets to reduce deferred tax	98	(4)
Non-deductible expenses	(236)	10
Unrecognised tax assets	(158)	7
Share of profit (loss) of associates	18	(1)
Adjustments to tax in respect of prior years	21	(1)
Effective tax for the year	(1,269)	53

13 | Earnings per share

DKK million	2010	2009
Profit for the year	4,464	1,138
Coupon on hybrid capital after tax	(334)	(340)
Attributable to non-controlling interests	107	4
Attributable to DONG Energy Group	4,237	802
Average number of shares of DKK 10 each	293,709,900	293,709,900
Earnings per share (EPS) and diluted earnings per share (DEPS) of DKK 10, in DKK	14.43	2.73

14 | Intangible assets

DKK million	Goodwill	Rights	Completed development projects	In-process development projects	Total
Cost at 1 January 2010	663	3,760	827	144	5,394
Foreign exchange adjustments	1	29	-	-	30
Adjustments relating to acquisition of enterprises	(13)	-	-	-	(13)
Additions	-	384	6	131	521
Disposals	-	(191)	(34)	(7)	(232)
Transfers	-	39	196	(235)	0
Reclassifications	-	(347)	-	(12)	(359)
Cost at 31 December 2010	651	3,674	995	21	5,341
Amortisation and impairment losses at 1 January 2010	-	(1,660)	(582)	-	(2,242)
Foreign exchange adjustments	-	1	1	-	2
Amortisation on disposals	-	185	29	-	214
Amortisation charge	-	(385)	(86)	-	(471)
Impairment charge	-	(93)	-	-	(93)
Amortisation and impairment losses at 31 December 2010	0	(1,952)	(638)	0	(2,590)
Carrying amount at 31 December 2010	651	1,722	357	21	2,751
Cost at 1 January 2009	447	3,643	726	189	5,005
Foreign exchange adjustments	(1)	5	2	2	8
Additions on acquisition of enterprises	217	313	-	-	530
Additions	-	380	14	133	527
Disposal on disposal of enterprises	-	(10)	(18)	-	(28)
Disposals	-	(482)	-	(3)	(485)
Transfers	-	33	103	(92)	44
Reclassifications	-	(122)	-	(85)	(207)
Cost at 31 December 2009	663	3,760	827	144	5,394
Amortisation and impairment losses at 1 January 2009	-	(1,776)	(508)	-	(2,284)
Foreign exchange adjustments	-	-	(3)	-	(3)
Disposal on disposal of enterprises	-	5	5	-	10
Amortisation on disposals	-	476	-	-	476
Amortisation charge	-	(328)	(76)	-	(404)
Impairment charge	-	(37)	-	-	(37)
Amortisation and impairment losses at 31 December 2009	0	(1,660)	(582)	0	(2,242)
Carrying amount at 31 December 2009	663	2,100	245	144	3,152

In 2010, CO₂ emissions allowances totalling DKK 347 million were reclassified from rights to inventories, as this portion of the

Group's portfolio of CO₂ emissions allowances is expected to be sold to a third party.

14 | Intangible assets

Amortisation and impairment losses for the year can be broken down as follows:

DKK million	2010	2009
Production costs	522	412
Sales and marketing	14	5
Management and administration	28	24
Amortisation and impairment losses	564	441

Impairment testing

Goodwill and in-process development projects are tested for impairment annually. The carrying amounts of rights and completed development projects are assessed annually to determine whether there is any indication of impairment. If any such indication exists, an impairment test is carried out.

In an impairment test, the asset's recoverable amount is compared with its carrying amount. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an intangible asset is the higher of its fair value less expected disposal costs and the present value of the expected future net cash flows (value in use).

Goodwill

Testing for impairment is carried out for the two business areas or activities that represent the smallest cash-generating units (CGUs) to which the carrying amount of goodwill can be allocated on a reasonable and consistent basis.

Acquired entities are established either as new activities or are integrated as quickly as possible with existing activities to utilise potential synergies. For acquisitions that are not established as separate activities the implication of this is that it will not be possible, after a very short time, to allocate the carrying amount of goodwill to the acquirees on a reasonable and consistent basis, and it will therefore no longer be possible to test goodwill from each acquisition for impairment.

The recoverable amount of the CGU central power stations is based on a forecasting model and the recoverable amount of the remaining CGUs is determined as a value in use, where net cash flows are determined on the basis of business plans and budgets that have been approved by management. A terminal value based on the general growth outlook for each market has been determined for the period after the budget period (terminal period). Net cash flows have been discounted using a discount rate before tax that reflects the risk-free interest rate with the addition of a risk premium in respect of specific risks related to the activities.

The goodwill allocation for each CGU and significant assumptions applied in connection with the impairment tests carried out are set out below:

2010

	Central power stations	A2SEA	Energy Markets	DONG Energy Sales B.V.
Segment	Generation	Renewables	Energy Markets	Sales & Distribution
Share of consolidated goodwill	125	157	93	276
Share of consolidated goodwill (%)	19.00	24.00	14.00	43.00
Discounting before tax (%)	9.33	10.67	9.00	9.33
Expected growth in net cash flows in terminal period (%)	0	2.00	2.00	2.00

NOTES TO THE BALANCE SHEET

2009

	Central power stations	A2SEA	Energy Markets	DONG Energy Sales GmbH	DONG Energy Sales B.V.
Segment	Generation	Renewables	Energy Markets	Energy Markets	Sales & Distribution
Share of consolidated goodwill	125	157	60	46	275
Share of consolidated goodwill (%)	19.00	24.00	9.00	7.00	41.00
Discounting before tax (%)	9.25	11.50	8.75	10.00	10.00
Expected growth in net cash flows in terminal period (%)	0	2.00	2.00	2.00	2.00

The result of the year's impairment tests was that the recoverable amount was higher than the carrying amount of goodwill. It has consequently not been deemed necessary to write down goodwill in 2010.

Central power stations

The central power stations in West and East Denmark generate electricity and district heat.

In August 2010, the power stations in West and East Denmark became interconnected via a new Great Belt cable. Until now, the power stations in East Denmark and West Denmark have been defined as separate CGUs and have been managed separately, as it was not possible to redistribute electricity between West Denmark and East Denmark and also because the prices varied. With the new interconnection, these power stations will be managed together in future. Now that a connection has been established, electricity in Denmark can be redistributed, enabling generation to be optimised and the differences in price between West Denmark and East Denmark to be reduced or eliminated.

The main criteria used for determining the recoverable amount are the green dark spread and the discount rate. The green dark spread represents the contribution margin per MWh of power generated at a coal-fired power station and is calculated as the difference between the market price of power and the cost of the coal and CO₂ emissions allowances used to generate the power. The calculation of expected net cash flows is based on the Group's own forecasting model, which forecasts net cash flows for the period 2011-2046. The model has been prepared so that it takes into account the history of each power station and the Group's experience in power station operation, including service lives, maintenance, etc. Against this background, the model is considered to be more accurate than a calculation of the value in use using terminal values.

A2SEA

A2SEA specialises in the construction of offshore wind farms.

The main criteria used for determining the recoverable amount are the utilisation rate, daily rates for A2SEA's vessels, synergies in the installation process for offshore wind turbines and the discount rate. The assumptions on which budgeted utilisation rates are based include the existence of contracts for part of revenue and the setting-up of projects in the immediate future. Budgeted daily rates are based on evaluation of the current level of daily rates and the prices of vessel newbuilds. The determination of net cash flows is based on the company's business plan and expected net cash flows for the period 2011-2016.

Energy Markets

Energy Markets optimises DONG Energy's energy portfolio, forming the link between the Group's procurement and sale of energy.

DONG Energy Sales GmbH sells natural gas and electricity to customers in Germany. The company was accounted for as a separate CGU in 2009. From 2010, DONG Energy Sales GmbH is accounted for as an integral part of Energy Markets' sales department. The asset consequently no longer generates cash flows that are predominantly independent of cash flows from other assets. Against the background of this new business model it is thus no longer possible to segregate the sales activity from the cash flows generated by the overall portfolio management and optimisation carried out in Energy Markets.

The main criteria used for determining the recoverable amount are gross margins, portfolio composition and the discount rate used. Budgeted gross margins are based on recently realised margins. Expected net cash flows have been determined on the basis of budgets and forecasts for the period 2011-2020. The model has

14 | Intangible assets

been prepared so that it takes account of the contract composition in the period and the Group's portfolio management experience.

DONG Energy Sales B.V.

DONG Energy Sales B.V. sells natural gas and electricity to end users in the Netherlands.

The main criteria used for determining the recoverable amount are gross margins and the discount rate applied. Budgeted gross margins are based on recently realised margins. Expected net cash flows have been determined on the basis of the company's business plan and budgets for the period 2011-2018.

Rights

Rights consist primarily of gas purchase rights, acquired CO₂ emissions allowances and a connection right relating to gas transportation. At 31 December 2010, the carrying amount of gas purchase rights was calculated at DKK 875 million (2009: DKK 948 million), CO₂ emissions allowances amounted to DKK 182 million (2009: DKK 410 million) and the carrying amount of the connection right was DKK 292 million (2009: DKK 348 million).

In 2010, there were indications of impairment of rights relating to CO₂ emissions allowances, and impairment testing was therefore performed. It is estimated that the recoverable amount of rights to CO₂ emissions allowances in the Netherlands is lower than the carrying amount. This has resulted in the recognition of a DKK 93 million impairment loss, which reflects a change in the Group's estimate relating to the allocation of CO₂ emissions allowances in the Netherlands. The right is recognised under the Generation segment.

There were no indications of impairment of other rights in 2010. Consequently, other rights were not tested for impairment. In 2009, a DKK 37 million impairment loss was recognised in respect of discontinued projects.

Completed development projects

Completed development projects relate primarily to IT software and the development of technical solutions, including for the electricity grid. The carrying amount of completed development projects was DKK 357 million at 31 December 2010 (2009: DKK 245 million).

There were no indications of impairment of completed development projects. Consequently, completed development projects were not tested for impairment.

In-process development projects

In-process development projects are tested for impairment annually.

In-process development projects relate primarily to the implementation of new IT systems. The carrying amount of in-process development projects was DKK 21 million at 31 December 2010 (2009: DKK 144 million).

The Group tested the carrying amounts of recognised in-process development projects for impairment in 2010. The test included reviewing the project development stage in the form of expenses incurred and milestones achieved, etc., compared with the approved business plans. Against this background, it is considered that the recoverable amount exceeds the carrying amount, and the Group's in-process development projects have therefore not been written down.

15 | Property, plant and equipment

DKK million	Land and buildings	Production assets	Exploration assets	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2010	3,482	74,257	2,997	473	13,043	94,252
Foreign exchange adjustments	2	1,426	49	-	433	1,910
Additions	20	2,840	386	12	13,046	16,304
Disposals	(27)	(744)	(100)	(13)	(196)	(1,080)
Transfer to assets classified as held for sale	(4)	(1,046)	-	(1)	(1)	(1,052)
Transfers	6	9,516	(2,357)	11	(7,176)	0
Reclassifications	28	-	-	-	12	40
Cost at 31 December 2010	3,507	86,249	975	482	19,161	110,374
Depreciation and impairment losses at 1 January 2010	(469)	(23,430)	-	(206)	(17)	(24,122)
Foreign exchange adjustments	-	(324)	-	(1)	-	(325)
Depreciation on disposals	11	171	-	13	-	195
Depreciation charge	(141)	(5,111)	-	(84)	-	(5,336)
Impairment charge	(23)	(294)	-	-	-	(317)
Transfer to assets classified as held for sale	2	241	-	1	-	244
Reclassifications	(28)	-	-	-	-	(28)
Depreciation and impairment losses at 31 December 2010	(648)	(28,747)	0	(277)	(17)	(29,689)
Carrying amount at 31 December 2010	2,859	57,502	975	205	19,144	80,685

15 | Property, plant and equipment

DKK million	Land and buildings	Production assets	Exploration assets	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2009	3,292	60,054	2,784	373	7,620	74,123
Foreign exchange adjustments	4	2,535	75	3	181	2,798
Addition on acquisition of enterprises	-	1,160	-	4	1,801	2,965
Additions	37	2,144	699	110	13,540	16,530
Disposals on disposal of enterprises	-	(1,484)	-	(11)	(78)	(1,573)
Disposals	(28)	(460)	(14)	(40)	(5)	(547)
Transfers	177	10,308	(547)	34	(10,016)	(44)
Cost at 31 December 2009	3,482	74,257	2,997	473	13,043	94,252
Depreciation and impairment losses at 1 January 2009	(343)	(19,408)	-	(157)	(220)	(20,128)
Foreign exchange adjustments	(1)	(566)	-	1	(2)	(568)
Disposals on disposal of enterprises	-	1,037	-	10	-	1,047
Depreciation on disposals	-	319	-	21	-	340
Depreciation charge	(125)	(3,866)	-	(81)	-	(4,072)
Impairment charge	-	(726)	-	-	(15)	(741)
Transfers	-	(220)	-	-	220	0
Depreciation and impairment losses at 31 December 2009	(469)	(23,430)	0	(206)	(17)	(24,122)
Carrying amount at 31 December 2009	3,013	50,827	2,997	267	13,026	70,130

Depreciation and impairment losses can be broken down as follows:

DKK million	2010	2009
Production costs	5,577	4,687
Sales and marketing	12	16
Management and administration	64	110
Depreciation and impairment losses	5,653	4,813

Impairment testing

DONG Energy tests property, plant and equipment for impairment if there is any indication of impairment.

In an impairment test, the asset's recoverable amount is compared with its carrying amount. An impairment loss is recognised

whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of property, plant and equipment is the higher of the assets' fair value less expected disposal costs and the present value of the expected future net cash flows (value in use).

Production assets

Gas and oil-producing fields

Gas and oil-producing fields were tested for impairment in 2010. Based on the impairment testing of gas and oil-producing fields, it is estimated that the recoverable amount exceeds the carrying amount, and no impairment losses have therefore been recognised on the Group's gas and oil-producing fields.

A DKK 44 million impairment loss was recognised in 2009 in respect of plants no longer in operation. The impairment loss was recognised in the Exploration & Production segment.

Electricity distribution network

The electricity distribution network was tested for impairment in 2010. The electricity distribution network is recognised under the Sales & Distribution segment.

Based on the impairment testing of the electricity distribution network, it is estimated that the recoverable amount corresponds to the carrying amount. No impairment loss was consequently recognised on the Group's electricity distribution network in 2010. The main criteria in connection with the determination of the recoverable amount are the regulatorily permitted return, discount rates, expected volume of transported KWh, operation and maintenance as well as the associated investment level.

Fibre optic network

DONG Energy's fibre optic network, which constituted a separate CGU and product group in Sales & Distribution, was put up for sale in 2009. In connection with the sales process, the fibre optic network was written down by DKK 677 million in 2009 to the expected selling price less expected costs to sell. The fibre optic network was sold at a further loss of DKK 85 million in 2009.

Other production assets

As part of the Group's strategy to focus on its core activities, the Group has elected to scale down several of its activities in the small-scale power station sector in Denmark. In that connection, a decision has been made to mothball the Vejen CHP plant, which led to the recognition of a DKK 51 million impairment loss, DKK 7 million of which related to land and buildings. It has also been decided to explore the possibility of disposing of some of the small-scale CHP plants. In that connection, small-scale CHP plants have been written down to fair value less disposal costs. The impairment loss was DKK 248 million, DKK of 16 million relates to land and buildings. All assets are recognised under the Generation segment.

Two other production facilities are in the process of being closed down, and a DKK 9 million impairment loss has been recognised

in that connection in the Generation and Sales & Distribution segments respectively.

Other significant production facilities have been tested for impairment, including primarily power stations and wind farms. It is estimated that the recoverable amount of other production assets corresponds to the carrying amount, and no impairment losses were consequently recognised in respect of other production assets.

Exploration assets

Exploration assets are tested for impairment annually and if there are any indications of impairment. Impairment testing is also carried out at the time commercial finds of gas and/or oil have been identified, and when the exploration assets are reclassified to production assets.

Significant parameters in connection with the determination of the recoverable amount of exploration assets are expectations concerning reserves, production profile, natural gas and oil prices, exchange rates, discount rates, and production costs.

Based on the impairment testing of exploration assets, it is estimated that the recoverable amount corresponds to the carrying amount. No impairment losses were consequently recognised on the Group's exploration assets in 2010.

Property, plant and equipment under construction

Significant items of property, plant and equipment under construction, including primarily wind farms, have been tested for impairment. It is estimated that the recoverable amount of property, plant and equipment under construction generally exceeds the carrying amount.

A DKK 15 million impairment loss was recognised in respect of discontinued projects in 2009. The impairment loss was recognised in the Generation segment.

Other property, plant and equipment

The carrying amounts of other property, plant and equipment are assessed annually to determine whether there is any indication of impairment. If any such indication exists, an impairment test is carried out.

Based on the impairment testing of other property, plant and equipment, it is estimated that the recoverable amount exceeds the carrying amount. No impairment losses were consequently recognised in 2010 in respect of the Group's other property, plant and equipment.

16 | Associates and other securities

DKK million	Investments in associates		Other equity investments		Other securities	
	2010	2009	2010	2009	2010	2009
Cost at 1 January	4,143	4,165	269	101	1,173	-
Foreign exchange adjustments	7	-	-	-	-	-
Additions	57	-	248	168	130	1,173
Disposals	-	-	-	-	(1,303)	-
Disposal on disposal of associates	(1,103)	-	-	-	-	-
Capital contributions	232	93	-	-	-	-
Capital reductions	-	(9)	-	-	-	-
Transfer to assets classified as held for sale	(19)	(106)	-	-	-	-
Cost at 31 December	3,317	4,143	517	269	0	1,173
Value adjustments at 1 January	(538)	(859)	(68)	(16)	-	-
Foreign exchange adjustments	309	307	-	-	-	-
Share of profit for the year	77	74	-	-	-	-
Disposal on disposal of associates	(196)	-	-	-	-	-
Dividends received	(59)	(90)	-	-	-	-
Impairment charge	-	-	(75)	(52)	-	-
Transfer to assets classified as held for sale	9	30	-	-	-	-
Value adjustments at 31 December	(398)	(538)	(143)	(68)	0	0
Carrying amount at 31 December	2,919	3,605	374	201	0	1,173

Additions to associates for the year comprise the acquisition of a 29% stake in CT Offshore ApS. Disposal on disposal of associates for the year comprises the sale of Nordkraft AS and Salten Kraftsamband AS as well as Deudan GmbH and Deudan GmbH & Co. KG, see note 28.

Investments in associates include rights with indefinite useful lives. These rights have been tested for impairment. There was deemed to be no need to write down rights with indefinite useful lives in 2010 and 2009.

Other equity investments comprise investments in unlisted securities classified as assets available for sale. The investments are measured at the lower of cost and recoverable amount, as the fair value of the assets cannot be determined reliably.

The impairment losses in respect of other equity investments relate to investments, etc., in connection with the Group's participation in development project companies.

DKK million	2010	2009
Revenue	4,867	4,860
Profit	313	306
Attributable to DONG Energy	77	74
Assets	13,417	16,913
Liabilities	2,324	3,052
Equity	11,093	13,861
Equity attributable to DONG Energy	2,919	3,605

The accounting figures disclosed in the note have been determined on the basis of the recognised values in the Group. For an

overview of the Group's ownership interests in associates, reference is made to note 41.

17 | Inventories

DKK million	2010	2009
Raw materials and consumables	102	134
Fuel	1,125	1,889
Natural gas and crude oil	1,118	825
CO ₂ emissions allowances	513	210
Other inventories	3	6
Inventories at 31 December	2,861	3,064

The carrying amount of inventories (CO₂ emissions allowances) recognised at fair value was DKK 513 million (2009: DKK 210 million).

The bulk of the inventories are expected to be used within one year. Cost of sales totalled DKK 31,234 million in 2010 (2009: DKK 30,014 million).

18 | Receivables

DKK million	2010	2009
Receivables from associates	542	527
Receivables from jointly controlled entities	12	0
Receivables from disposal of activities	103	100
Receivables from sale of equity investments to non-controlling interests	76	349
Receivable capital contributions from non-controlling interests	0	304
Assets held under finance leases	2,027	0
Construction contracts, see note 19	0	1,763
Other receivables	102	553
Non-current receivables at 31 December	2,862	3,596
Trade receivables	9,681	8,164
Receivables from associates	2	27
Receivables from jointly controlled entities	259	0
Receivables from disposal of activities	131	111
Receivables from sale of equity investments to non-controlling interests	1,664	0
Receivable capital contributions from non-controlling interests	2,212	0
Assets held under finance leases	73	0
Fair value of derivative financial instruments, see note 32	14,461	15,282
Deposits	102	153
Construction contracts, see note 19	61	67
Other receivables	3,198	3,979
Current receivables at 31 December	31,844	27,783
Current and non-current receivables at 31 December	34,706	31,379

Other receivables include VAT, duties, prepayments, etc.

Apart from the fair value of derivative financial instruments, current receivables fall due less than one year after the close of the financial year. The remaining maturity of derivative financial instruments appears from note 32.

Further details of credit risks related to receivables are given in the chapter on Risk and risk management in management's

review on pages 54-57 under the Credit risks section and in note 31.

Receivables from jointly controlled entities were offset by identical payables to jointly controlled entities, see note 24. The amount comprised the part of the Group's receivables from jointly controlled entities that cannot be eliminated in accordance with the rules in IFRS.

Assets held under finance leases with DONG Energy as lessor

DKK million	Present value	Interest	Minimum lease income
0 - 1 year	73	82	155
1 - 5 years	323	450	773
More than 5 years	1,704	455	2,159
Assets held under finance leases	2,100	987	3,087

Assets held under finance leases where DONG Energy is the lessor comprise a gas-fired power station constructed for Statoil in Mongstad in Norway.

The lease has a 20-year term, but includes an option for two five-year extensions.

The present value of the contract was calculated using the interest rate implicit in the lease.

There is no contingent rent under the leases.

Receivables that are past due but not impaired

DKK million	2010	2009
Days past due:		
Up to 30 days	866	428
30 - 90 days	99	216
More than 90 days	185	380
General write-downs	(148)	(143)
Trade receivables that are past due but not impaired	1,002	881

General write-downs of trade receivables are assessed on the basis of due date and historical experience. Write-downs are recorded on a summary account.

The Group's trade receivables at 31 December 2010 include receivables totalling DKK 171 million (2009: DKK 50 million) that

have been written down to DKK 130 million following individual assessment (2009: DKK 10 million). The individual write-down on trade receivables was DKK 41 million (2009: DKK 40 million).

Movements in general and individual write-downs

DKK million	2010	2009
Write-downs at 1 January	183	291
Write-downs for the year	72	71
Reversal of previous write-downs	(3)	(25)
Receivables written off	(63)	(154)
Write-downs at 31 December	189	183

19 | Construction contracts

DKK million	2010	2009
Selling price of construction contracts	43	1,827
Progress billings	0	0
Net value of construction contracts at 31 December	43	1,827
Which can be broken down as follows:		
Construction contracts (assets)	61	1,830
Construction contracts (liabilities)	(18)	(3)
Net value of construction contracts at 31 December	43	1,827

The development in construction contracts from 2009 to 2010 primarily reflected the construction of a gas-fired power station for Statoil in Mongstad in Norway. The power station has been completed and was transferred to assets held under finance leases in 2010.

Construction contracts are recognised as receivables, see note 18, and liabilities, see note 24.

20 | Assets classified as held for sale

In 2010, an agreement on sale of some completed offshore transmission networks in the UK was made, and the sale is expected to be closed in the second quarter of 2011. DONG Energy expects an accounting gain after tax of approx. DKK 40 million (Renewables segment).

In connection with the merger in 2006, DONG Energy entered into an agreement with Vattenfall on the sale of Odense Kraftvarmeværk A/S with a transfer date of 1 January 2011. Furthermore, as part of the Group's strategy, DONG Energy has sold Frederikshavn Affaldskraftvarmeværk A/S with a transfer

date of 1 January 2011. DONG Energy expects an accounting gain after tax of approx. DKK 0 million for both disposals (Generation segment). In January 2011, DONG Energy sold its interest in DELPRO A/S (Sales & Distribution segment) and expects an accounting gain after tax of approx. DKK 0 million.

Assets classified as held for sale at 31 December 2009 comprised DONG Energy's equity investment in Swedegas AB (Energy Markets segment), which was sold in 2010. Reference is made to note 28.

DKK million	2010	2009
Property, plant and equipment	805	0
Other non-current assets	13	76
Non-current assets	818	76
Current assets	27	0
Assets classified as held for sale at 31 December	845	76
Non-current liabilities	66	0
Current liabilities	97	0
Liabilities classified as held for sale at 31 December	163	0

21 | Equity

Share capital

DKK million	2010	2009
Share capital at 1 January	2,937	2,937
Share capital at 31 December	2,937	2,937

The company's share capital is DKK 2,937,099,000, divided into shares of DKK 10.

All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up. The shares may only be assigned or otherwise transferred with the written consent of the Danish Finance Minister.

Resolutions concerning amendments to the Articles of Association or DONG Energy A/S's dissolution require at least two thirds of the votes cast and of the voting share capital to be represented at the general meeting in order to be carried.

Dividends

The Board of Directors recommends that dividend of DKK 2,203 million be paid for the 2010 financial year, equivalent to 52% of profit for the year determined as profit after tax attributable to the company's shareholders (i.e. excluding coupon to hybrid capital holders and non-controlling interests) and DKK 7.50 per share (2009: DKK 1.64 per share). It is the Board of Directors' intention to distribute DKK 7.50 per share in 2011, and, in the years after the 2011 financial year and until a decision, if any, on an IPO is made, to generally increase the annual distribution by DKK 0.25 per share, although in such a way that the payout ratio does not fall below 40% and does not exceed 60% of profit for the year determined as profit after tax attributable to the company's shareholders (i.e. excluding coupon to hybrid capital holders and non-controlling interests).

Dividend distributions to shareholders have no tax implications for DONG Energy A/S.

Dividend paid (DPS) per DKK 10 share amounted to DKK 1.64 (2009: DKK 6.56).

For further information about the Group's capital management procedures and processes, reference is made to the Financial objectives chapter on page 15 in management's review.

Hybrid capital

Hybrid capital of DKK 8,088 million comprises the EUR bonds (hybrid capital) issued in the European capital market in June 2005. The loan principal is EUR 1.1 billion, and the loan is subject to a number of special terms. The purpose of the issue was to strengthen DONG Energy A/S's capital base and to fund DONG Energy's CAPEX and acquisitions.

The bonds rank as subordinated debt and have a maturity of 1,000 years. The coupon for the first ten years is fixed at 5.5% p.a., following which it becomes floating with Eurocibor + 3.2%. The tax effect of coupon payments is recognised directly in equity. Coupon is settled annually in the middle of the year. DONG Energy A/S can omit or defer coupon payments to bond holders. However, deferred coupon payments will fall due for payment in the event of DONG Energy A/S subsequently making any distributions to its shareholders. The proceeds from the issuing of hybrid capital were DKK 8,111 million (EUR 1.1 billion). So far, DONG Energy A/S has not used the option to defer coupon payments.

Non-controlling interests

Non-controlling interests' share of recognised profit and equity in the Group at 31 December 2010 concerns:

DKK million	Profit (loss) for the year	Equity
DONG Energy Sales GmbH	(5)	0
DONG Energy Kraftwerke Greifswald GmbH & Co. KG	43	0
DONG Energy Nysted I A/S	0	67
EnergiGruppen Jylland F&B A/S	15	0
DONG Energy Germany AG	(2)	32
MIG Business Development A/S	0	1
A2SEA A/S	7	318
Storrun Vindkraft AB	(1)	61
Walney (UK) Windfarms Ltd.	50	3,036
Non-controlling interests	107	3,515

22 | Deferred tax

DKK million	2010	2009
Deferred tax at 1 January	6,385	5,448
Foreign exchange adjustments	179	331
Addition on acquisition of enterprises	-	(21)
Deferred tax for the year recognised in profit for the year	1,258	511
Deferred tax for the year recognised in other comprehensive income	(1)	-
Adjustments in respect of prior years	(38)	116
Transfer to assets classified as held for sale	2	-
Effect of reduction of income tax rate	(1)	-
Deferred tax at 31 December	7,784	6,385
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (assets)	(404)	(281)
Deferred tax (liabilities)	8,188	6,666
Deferred tax at 31 December, net	7,784	6,385

DKK million	2010	2009
Deferred tax relates to:		
Intangible assets	479	470
Property, plant and equipment	9,785	8,380
Other non-current assets	89	27
Current assets	(154)	(125)
Non-current liabilities	(3,063)	(2,646)
Current liabilities	(6)	(1)
Retaxation	1,701	1,049
Tax loss carryforwards	(1,047)	(769)
Deferred tax at 31 December	7,784	6,385
Deferred tax assets that are not recognised in the balance sheet relate to:		
Temporary differences	(1,305)	342
Tax loss carryforwards	12,114	10,485
Unrecognised deferred tax assets at 31 December	10,809	10,827

Of the deferred tax of DKK 7,784 million (2009: DKK 6,385 million), DKK 7,784 million is due after 12 months (2009: DKK 6,385 million).

The tax base of tax losses includes DKK 0 million (2009: DKK 113 million) relating to unutilised deductible net financing costs.

Unrecognised deferred tax assets relate primarily to unutilised losses in hydrocarbon income. It is considered unlikely that the losses will be utilised in the foreseeable future.

22 | Deferred tax

Changes in temporary differences during the year

2010

DKK million	Balance sheet at 1 January	Foreign exchange adjustments	Additions subsidiaries	Recognised in profit for the year	Recognised in other comprehensive income	Adjustments in respect of prior years	Transfer to assets classified as held for sale	Effect of change in tax rate	Balance sheet at 31 December
Intangible assets	470	-	-	32	-	(23)	-	-	479
Property, plant and equipment	8,380	210	-	1,280	-	(50)	(28)	(7)	9,785
Other non-current assets	27	-	-	144	-	(82)	-	-	89
Current assets	(125)	-	-	(20)	-	(7)	(2)	-	(154)
Non-current liabilities	(2,646)	(35)	-	(328)	(69)	6	9	-	(3,063)
Current liabilities	(1)	(1)	-	(116)	102	(13)	23	-	(6)
Retaxation	1,049	-	-	549	-	103	-	-	1,701
Tax loss carryforwards	(769)	5	-	(283)	(34)	28	-	6	(1,047)
Deferred tax	6,385	179	0	1,258	(1)	(38)	2	(1)	7,784

2009

DKK million	Balance sheet at 1 January	Foreign exchange adjustments	Additions subsidiaries	Recognised in profit for the year	Recognised in other comprehensive income	Adjustments in respect of prior years	Transfer to assets classified as held for sale	Effect of change in tax rate	Balance sheet at 31 December
Intangible assets	374	-	-	140	-	(44)	-	-	470
Property, plant and equipment	6,671	412	(22)	1,218	-	101	-	-	8,380
Other non-current assets	23	-	8	24	-	(28)	-	-	27
Current assets	57	4	(1)	(246)	(33)	94	-	-	(125)
Non-current liabilities	(2,349)	(77)	-	(335)	60	55	-	-	(2,646)
Current liabilities	(82)	(2)	-	55	(36)	64	-	-	(1)
Retaxation	834	-	-	251	-	(36)	-	-	1,049
Tax loss carryforwards	(80)	(6)	(6)	(596)	9	(90)	-	-	(769)
Deferred tax	5,448	331	(21)	511	0	116	0	0	6,385

23 | Provisions

DKK million	2010			2009		
	Decommissioning obligations	Other	Total	Decommissioning obligations	Other	Total
Provisions at 1 January	5,667	1,805	7,472	4,469	1,226	5,695
Foreign exchange adjustments	123	2	125	215	-	215
Provisions used during the year	(20)	(80)	(100)	(9)	(238)	(247)
Provisions reversed during the year	-	-	0	(14)	-	(14)
Provisions made during the year	363	1,012	1,375	365	817	1,182
Change in interest rate estimates	798	-	798	491	-	491
Change in estimates of other factors	62	-	62	(26)	-	(26)
Transfer to assets classified as held for sale	(66)	-	(66)	-	-	0
Interest rate element of decommissioning obligations	196	-	196	176	-	176
Provisions at 31 December	7,123	2,739	9,862	5,667	1,805	7,472

Decommissioning obligations relate to expected future costs for decommissioning of production facilities, including primarily decommissioning of power stations and wind farms, and restoration of natural gas and oil drilling sites. The equivalent value of the provision is recognised under production assets (property, plant and equipment) and depreciated together with the production assets. The increase in decommissioning obligations in 2010 was primarily due to new wind farms and natural gas and oil drilling sites.

Provisions, others, include guarantee obligations; expected repayments to electricity consumers, etc., relating to litigation; contractual disputes; and provisions for onerous contracts.

Provisions are determined as expected future payments with addition of a risk premium and discounted to present value. The discount rate applied reflects the general risk-free interest rate level in the given country. The range is 2.75%-5.75% (2009: 3.25%-4.25%).

Expected maturities

DKK million	2010	2009
0 - 1 year	444	212
1 - 5 years	3,445	2,095
5 - 10 years	2,202	2,147
10 - 20 years	2,220	1,743
20 - 30 years	621	608
30 - 40 years	608	667
More than 40 years	322	0
Provisions at 31 December	9,862	7,472

24 | Loans and borrowings

DKK million	2010			2009		
	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Non-derivative financial instruments:						
Bond loans	3,737	22,833	26,570	0	22,549	22,549
Bank overdrafts	19	0	19	1,487	0	1,487
Other bank loans	641	10,673	11,314	311	10,859	11,170
Trade payables	6,148	0	6,148	4,997	0	4,997
Payables to associates	43	0	43	58	5	63
Payables to jointly controlled entities	259	12	271	0	0	0
Other payables	7,157	42	7,199	6,201	437	6,638
Derivative financial instruments:						
Fair value of derivative financial instruments	13,350	0	13,350	12,380	0	12,380
Non-financial liabilities:						
Construction contracts	18	0	18	3	0	3
Deferred income	609	1,634	2,243	731	1,528	2,259
Loans and borrowings before obligations relating to assets classified as held for sale	31,981	35,194	67,175	26,168	35,378	61,546
Liabilities relating to assets classified as held for sale	163	0	163	0	0	0
Loans and borrowings at 31 December, incl. obligations relating to assets classified as held for sale	32,144	35,194	67,338	26,168	35,378	61,546

At 31 December 2010, DONG Energy had loans totalling DKK 9,097 million from the European Investment Bank and the Nordic Investment Bank to finance certain assets, including marine pipelines, Avedøre power station and a number of offshore wind farms in Denmark and the UK. The loans offered by these multilateral financial institutions include loans with co-financing of infrastructure and energy projects on favourable terms and with maturities that often exceed those normally available in the commercial banking market.

In connection with debt to the European Investment Bank and the Nordic Investment Bank, the Group may be met with demands concerning collateral in the event of a player other than the Danish State acquiring more than 50% of the share capital or voting rights of DONG Energy A/S (change of control), or in the event of Moody's or Standard & Poor's downgrading DONG Energy A/S's rating to less than Baa2 or BBB respectively.

In addition, at 31 December 2010, the Group has non-cancellable revolving credit facilities totalling EUR 1.0 billion that fall due for immediate payment and will be cancelled in the event of a change of control. These revolving credit facilities are only used as cash resources and had not been used at 31 December 2010.

The Group's financing agreements are not subject to any other unusual terms or conditions.

Payables to jointly controlled entities were offset by identical receivables from jointly controlled entities, see note 18. The amount comprised the part of the Group's receivables from jointly controlled entities that cannot be eliminated in accordance with the rules in IFRS.

Pledging of collateral in connection with loans appears from note 35.

25 | Income tax receivable and payable

DKK million	2010	2009
Income tax payable at 1 January, net	(383)	409
Foreign exchange adjustments	12	19
Addition on acquisition of enterprises	-	1
Disposal on disposal of enterprises	-	1
Adjustments to current tax in respect of prior years	65	(235)
Payments in respect of prior years	451	(131)
Current tax for the year	1,713	877
Current tax for the year from other comprehensive income	(590)	(566)
Current tax for the year relating to hybrid capital	(117)	(111)
Payments for the year	(557)	(647)
Income tax payable at 31 December, net	594	(383)
Income tax at 31 December is recognised as follows:		
Income tax receivable (assets)	27	422
Income tax payable (liabilities)	(621)	(39)
Income tax payable at 31 December, net	(594)	383

26 | Cash flows from operations (operating activities)

DKK million	2010	2009
Operating profit (EBIT)	8,074	3,757
Depreciation, amortisation and impairment losses	6,217	5,254
Amortisation of purchased CO ₂ emissions allowances	(202)	(171)
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	14,089	8,840
Other adjustments	(364)	305
Cash flows from operations (operating activities) before change in working capital	13,725	9,145
Change in inventories	535	1,054
Change in trade receivables	(1,731)	3,514
Change in other receivables	696	(528)
Change in trade payables	1,072	(3,602)
Change in other payables	1,144	1,501
Change in net working capital	1,716	1,939
Cash flows from operations (operating activities)	15,441	11,084

27 | Acquisition of enterprises

Acquisition of enterprises in 2010

No business combinations were effected in 2010. Reversal of provisions in respect of acquisitions in previous years amounted to DKK 33 million in 2010.

Acquisition of enterprises in 2009

DKK million	Interest acquired	Acquisition date	Core activity	Cost	Cash purchase price, net
Severn group ¹	100.00%	6 March 2009	Construction of power station	328	295
DONG Energy Karcino (formerly WKN Polska)	100.00%	28 May 2009	Construction of wind farm	48	168
A2SEA	100.00%	30 June 2009	Installation of offshore wind farms	728	713
DONG Energy Germany (formerly KOM-STROM)	83.57%	30 September 2009	Trading in energy-related products	211	92
				1,315	1,268
Payments relating to prior-year acquisitions					36
Cash flows for the year for acquisition of enterprises					1,304

¹ The acquisitions in the Severn group are shown pooled together as the contracts were closed via mutually dependent negotiations, etc.

Consolidated revenue and profit for the year for 2009 were determined on a pro forma basis as if the companies had been

acquired on 1 January 2009, and constituted DKK 49,538 million and DKK 1,146 million respectively.

27 | Acquisition of enterprises

	Severn group		DONG Energy Karcino		A2SEA		DONG Energy Germany		Total	
DKK million	Carrying amount prior to acquisition	Fair value at acqui- sition date	Carrying amount prior to acquisition	Fair value at acqui- sition date	Carrying amount prior to acquisition	Fair value at acqui- sition date	Carrying amount prior to acquisition	Fair value at acqui- sition date	Carrying amount prior to acquisition	Fair value at acqui- sition date
Intangible assets	1	314	0	0	0	157	0	60	1	531
Property, plant and equipment	1,749	1,633	199	167	789	1,160	4	4	2,741	2,964
Other non-current assets	10	114	0	6	13	13	57	57	80	190
Receivables	64	58	1	1	68	68	1,574	1,574	1,707	1,701
Cash	467	467	0	0	15	15	119	119	601	601
Non-current liabilities	(1,643)	(1,929)	0	0	0	(94)	(65)	(65)	(1,708)	(2,088)
Current liabilities	(52)	(329)	(126)	(126)	(593)	(591)	(1,509)	(1,509)	(2,280)	(2,555)
Net assets	596	328	74	48	292	728	180	240	1,142	1,344
Non-controlling interests								(29)		(29)
Attributable to DONG Energy	596	328	74	48	292	728	180	211	1,142	1,315
Intragroup debt acquired		434		120		0		0		554
Cash acquired		(467)		0		(15)		(119)		(601)
Cash consideration, net		295		168		713		92		1,268
Breakdown of cost:										
Cash consideration		271		37		713		203		1,224
Cost of purchase		57		11		15		8		91
Total cost		328		48		728		211		1,315

Severn group

The acquisition of the Severn group included a gas-fired power station project in Wales, which was brought on stream at the end of 2010, and the engineering company Carron Engineering & Construction, which provides consultancy services, particularly in construction, operation and maintenance of power stations.

The determination of the fair values of the acquired assets and liabilities was carried out in accordance with IFRS and was completed at 31 December 2009.

The acquisition of the Severn group is in keeping with the Group's strategy to develop the portfolio within electricity generation and complements the Group's existing UK wind power and gas activities.

The Severn group contributed a loss of DKK 5 million to consolidated profit after tax for 2009.

In continuation of the acquisition of the Severn group, DONG Energy acquired bonds to a value of DKK 1.2 billion. The bonds were sold in 2010.

DONG Energy Karcino

The acquisition of DONG Energy Karcino comprises a wind turbine project located in the northwestern part of Poland, where DONG Energy already operates two wind farms.

The determination of the fair values of the acquired assets and liabilities was carried out in accordance with IFRS and was completed at 31 December 2009.

The acquisition of DONG Energy Karcino helps to strengthen DONG Energy's position in the renewables market in Poland, which offers good opportunities for wind energy generation with attractive selling prices. At the same time, the acquisition is part of the achievement of the Group's strategy to expand electricity generation from renewable energy sources.

DONG Energy Karcino contributed a loss of DKK 4 million to consolidated profit after tax for 2009.

A2SEA A/S

The acquisition of A2SEA comprised the acquisition of installation vessels for the construction of offshore wind farms.

The acquisition of A2SEA provides DONG Energy with the opportunity to secure and improve the efficiency of the installation process for offshore wind turbines, which is intended to help to ensure the achievement of the Group's strategy to increase the proportion of generation from renewable energy sources in future.

The determination of the fair values of the acquired assets and liabilities was carried out in accordance with IFRS and was completed at 31 December 2009. In connection with the acquisition of A2SEA, the value of goodwill was determined at DKK 157 million. It was estimated that the determined goodwill still existed at the end of 2010.

A2SEA contributed DKK 7 million to consolidated profit after tax for 2009.

DONG Energy Germany AG (formerly KOM-STROM)

The acquisition of DONG Energy Germany comprised the acquisition of wholesale trading companies with expertise in sales of energy-related products.

The determination of the fair values of the acquired assets and liabilities was carried out in accordance with IFRS and was completed at 31 December 2009. In connection with the acquisition of DONG Energy Germany, the value of goodwill was determined at DKK 60 million. It was estimated that the determined goodwill still existed at the end of 2010.

DONG Energy Germany contributed DKK 2 million to consolidated profit after tax for 2009.

28 | Disposal of enterprises

DKK million	2010	2009
Intangible assets	0	20
Property, plant and equipment	0	528
Other non-current assets	1,373	36
Inventories	0	8
Other current assets	48	31
Non-current liabilities	0	(62)
Current liabilities	(28)	(23)
Gain (loss) on disposal of enterprises	905	(62)
Selling price	2,298	476
Selling price receivable	0	(100)
Cash transferred	(19)	0
Cash selling price	2,279	376

2010

DKK million	Gain/(loss)
Nordkraft AS and Salten Kraftsamband AS (Renewables)	696
Elsam France S.A.S. (Renewables)	25
Dansk Gasteknisk Center A/S (Sales & Distribution)	0
Swedegas AB (Energy Markets)	184
Gain (loss) on disposal of enterprises	905

2009

DKK million	Gain/(loss)
The Ayrshire companies (Generation)	0
The Frederiksberg companies (Sales & Distribution)	31
Fiber Newco A/S (Sales & Distribution)	(85)
EnergiGruppen Jylland Biogas A/S (consolidated companies)	(8)
Gain (loss) on disposal of enterprises	(62)

29 | Transactions with non-controlling interests

Acquisition of equity investments from non-controlling interests

DKK million	2010	2009
Purchase price	138	32
Purchase price payable	0	0
Cash purchase price	138	32

Acquisition of equity investments from non-controlling interests in 2010 comprises the acquisitions of 25.1% of DONG Energy Kraftwerke Greifswald GmbH & Co. KG and 25% of DONG Energy Sales GmbH.

Acquisition of equity investments from non-controlling interests in 2009 comprises the acquisition of 49% of Borkum Riffgrund I Holding A/S.

Disposal of equity investments to non-controlling interests

DKK million	2010	2009
Selling price	1,666	463
Transaction costs	(41)	(28)
Selling price receivable	(1,506)	(349)
Cash purchase price	119	86

Disposals of equity investments to non-controlling interests in 2010

Disposals of equity investments to non-controlling interests comprised the disposals of 24.8% of Walney (UK) Offshore Windfarms Ltd. and 14.5% of DONG Energy Nysted I A/S. The selling price of Walney (UK) Offshore Windfarms Ltd. was contingent on specific future conditions. The selling price was determined based on management's best estimate of the probability of these conditions being met.

Disposals of equity investments to non-controlling interests in 2009

Disposals of equity investments to non-controlling interests comprised the disposal of 25.1% of DONG Energy Kraftwerke Greifswald GmbH & Co. KG and 25.1% of Walney (UK) Offshore Windfarms Ltd. The selling price for Walney (UK) Offshore Windfarms Ltd. was contingent on certain future conditions. The selling price was determined based on management's best estimate of the probability of these conditions being met.

Other capital transactions with non-controlling interests

DKK million	2010	2009
Capital contributions from non-controlling interests	2,613	38
Of which receivables	(2,264)	0
Cash contribution	349	38

30 | Cash and cash equivalents

DKK million	2010	2009
Available cash	3,644	4,402
Bank overdrafts that are part of the ongoing cash management, see note 24	(19)	(1,487)
Cash and cash equivalents at 31 December, see statement of cash flows	3,625	2,915
Cash can be broken down into the following balance sheet items:		
Available cash	3,644	4,402
Cash not available for use	503	97
Cash at 31 December	4,147	4,499
Securities can be broken down into the following balance sheet items:		
Other securities that are not part of the ongoing cash management	7,620	2,570
Securities at 31 December	7,620	2,570

Cash not available for use primarily comprises cash and cash equivalents pledged as collateral for trading in financial instruments, cash and cash equivalents to cover insurance-related provisions, and cash received from users of the North Sea oil pipeline for use for pipeline maintenance.

The securities are highly liquid AAA-rated Danish mortgage bonds that qualify for repos in the Danish Central Bank and highly liquid AAA-rated OECD State/Central Bank bonds that qualify for repos in the European Central Bank. Securities that are not available for use comprise primarily securities to cover insurance-related provisions.

31 | Financial risks

DKK million	Clearing centres	AAA/Aaa	AA/Aa	A/A	BBB/Baa	Other	Total
2010	7,153	7,097	4,883	8,212	357	7,897	35,599
2009	5,205	3,195	4,691	10,178	767	8,515	32,551

Financial risks

Counterparty risks

The table above provides an overview of the credit quality of the market value of derivative financial instruments, cash and cash equivalents and trade receivables at 31 December 2010 in the DONG Energy Group based on the individual counterparty's rating with Standard & Poor's and Moody's. The amounts stated do not include any collateral, and the figures consequently do not reflect the actual credit risk.

Excluding the AAA/Aaa rating category, which covers investment in Danish mortgage bonds, 2010, like previous years, showed that DONG Energy's counterparty risks were concentrated in the AA/Aa and A/A-rated counterparties category, which covers trading with large international energy companies and banks. Such trading is generally regulated under standard agreements, such as EFET and ISDA agreements, which feature credit and netting provisions.

The most significant changes in relation to 2009 can be seen in the AAA/Aaa and A/A categories. The AAA/Aaa category increased in 2010 as a consequence of increased investment in Danish AAA-rated mortgage bonds, and the decrease in the A/A category predominantly reflected market value changes and a reduction in DONG Energy's cash as a result of the increased investment in Danish mortgage bonds.

The Other group predominantly consists of trade receivables from customers, such as end users and PSO customers.

Moreover, a substantial proportion of DONG Energy's trading is via exchanges and hubs, where participants regularly provide collateral in respect of their obligations, and where all settlement is via clearing centres without any credit risk or rating.

Further details of the Group's risk management are given in the sections on Risk management and Commercial risks in the chapter on Risk and risk management on pages 54-57 in management's review.

Sensitivity analysis concerning financial instruments

The table below illustrates the Group's sensitivity to fluctuations in energy prices, exchange rates and interest rates measured as effect on profit and equity respectively, in the event of a price increase or decrease on the Group's financial instruments at the balance sheet date. A pre-tax approach has been adopted.

The table includes the risks perceived by management to be the most significant for the Group. The Group also calculates and manages the currency risk vis-à-vis EUR; however, as price fluctuations between DKK and EUR are small, the risk is considered to be insignificant.

The analysis shows the sensitivity in the event of a relative price change of 10%, as this corresponds to the average annual volatility of the underlying risks. Some of the risks have fluctuated, historically, by slightly more than 10%, while others have fluctuated by slightly less, and a 10% fluctuation has consequently been deemed to be a good average for price changes.

Estimated effect on profit

The shown effect on profit is the effect from financial instruments that are open at the balance sheet date, and that have an effect on profit in the current financial year. Besides derivative financial instruments on commodities, currency and interest, financial instruments in this context also include receivables and debt in foreign currencies.

It should be noted that the shown sensitivities only comprise the Group's financial instruments and consequently are not representative of the Group's total risk profile in relation to energy prices and exchange rates. Furthermore, the sensitivities only reflect the effect of changes at the balance sheet date, and not through an entire accounting period.

31 | Financial risks

Estimated effect on equity

The shown effect on equity is the effect from financial instruments that are open at the balance sheet date and affect equity at the balance sheet date excluding instruments that affect profit for the year. Here, financial instruments include derivative financial instruments on commodities, currency and interest, which are accounted for as hedges of cash flows. However, net investments and associated hedging of net investments in foreign subsidiaries are not included, as the effect of the sum of the investment and the hedging is considered to be neutral to price changes.

For further details of the Group's net investments and hedging of same, reference is made to note 32.

The shown effect from an interest rate change of 100 basis points is the amount by which the Group's equity would be affected in the event of the entire interest rate curve increasing by 100 basis points.

Risk	Price change	Estimated effect on profit at 31 December		Estimated effect on equity at 31 December	
		2010	2009	2010	2009
Oil	+10%	867	(96)	(427)	(578)
	-10%	(923)	(4)	522	722
Gas	+10%	(17)	(34)	0	0
	-10%	17	34	0	0
Electricity	+10%	523	618	(308)	(249)
	-10%	(524)	(618)	308	249
Coal	+10%	(173)	(161)	176	101
	-10%	173	161	(176)	(101)
USD	+10%	(152)	44	1,531	(179)
	-10%	152	(44)	(1,531)	179
GBP	+10%	17	(39)	156	(33)
	-10%	(17)	39	(156)	33
NOK	+10%	(282)	(121)	21	23
	-10%	282	121	(21)	(23)
SEK	+10%	70	38	(43)	(112)
	-10%	(70)	(41)	43	123
Interest	100 basis points	(482)	4	279	306

32 | Financial instruments

Maturity analysis of financial liabilities, including interest payments

2010

DKK million	Carrying amount	Payment obligation	2011	2012	2013	2014	2015	After 2015
Bond loans	26,570	40,401	5,044	4,980	1,004	4,728	822	23,823
Bank overdrafts	19	19	19	0	0	0	0	0
Other bank loans	11,314	13,260	879	383	2,194	617	539	8,648
Trade payables	6,148	6,148	6,148	0	0	0	0	0
Payables to associates	43	43	43	0	0	0	0	0
Payables to jointly controlled entities	271	271	259	12	0	0	0	0
Fair value of derivative financial instruments	13,350	13,350	10,542	1,519	523	153	17	596
Other payables	7,199	7,199	7,199	0	0	0	0	0
31 December	64,914	80,691	30,133	6,894	3,721	5,498	1,378	33,067

In this connection DONG Energy had issued hybrid capital at 31 December 2010 with a loan principal of DKK 8,088 million maturing in 3005.

The maturity analysis is based on undiscounted cash flows relating to financial liabilities. Derivative financial instruments have been used to hedge interest rate and currency risks on the Group's loan portfolio.

Apart from the fair value of derivative financial instruments, current liabilities fall due for payment less than one year after the end of the financial year. Other payables predominantly comprise VAT and duties as well as deferred income.

2009

DKK million	Carrying amount	Payment obligation	2010	2011	2012	2013	2014	After 2014
Bond loans	22,549	29,596	1,062	5,059	4,598	753	4,471	13,653
Bank overdrafts	1,487	1,487	1,487	0	0	0	0	0
Other bank loans	11,170	11,291	545	768	860	2,074	560	6,484
Trade payables	4,997	4,997	4,997	0	0	0	0	0
Payables to associates	63	63	63	0	0	0	0	0
Fair value of derivative financial instruments	12,380	12,380	9,499	1,633	628	332	60	228
Other payables	6,638	6,638	6,638	0	0	0	0	0
31 December	59,284	66,452	24,291	7,460	6,086	3,159	5,091	20,365

32 | Financial instruments

Categories of financial instruments

DKK million	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Derivative financial instruments held for trading	10,359	10,359	10,727	10,727
Securities	7,620	7,620	3,743	3,743
Financial assets measured at fair value via profit for the year	17,979	17,979	14,470	14,470
Derivative financial instruments entered into to hedge future cash flows	4,174	4,174	4,296	4,296
Derivative financial instruments entered into to hedge net investments in foreign enterprises	203	203	90	90
Derivative financial instruments entered into to hedge fair values	170	170	169	169
Financial assets used as hedging instruments	4,547	4,547	4,555	4,555
Trade receivables	9,681	9,681	8,164	8,164
Receivables from sale of activities	1,974	1,974	560	560
Other receivables	7,525	7,525	3,294	3,294
Cash	4,147	4,147	4,499	4,499
Loans and receivables	23,327	23,327	16,517	16,517
Other equity investments	374	374	201	201
Financial assets available for sale	374	374	201	201
Derivative financial instruments held for trading	8,681	8,681	9,092	9,092
Financial liabilities measured at fair value via profit for the year	8,681	8,681	9,092	9,092
Derivative financial instruments entered into to hedge net investments	433	433	121	121
Derivative financial instruments entered into to hedge fair values	136	136	194	194
Derivative financial instruments entered into to hedge future cash flows	4,545	4,545	2,973	2,973
Financial liabilities used as hedging instruments	5,114	5,114	3,288	3,288
Bond loans	26,570	28,149	22,549	23,539
Bank loans	11,333	11,770	12,657	13,193
Other payables	12,205	12,205	9,392	9,392
Financial liabilities measured at amortised cost	50,108	52,124	44,598	46,124

The fair value 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. The

nominal value of bond loans, bank overdrafts and other bank loans was DKK 38,028 million (2009: DKK 35,092 million).

Fair value of derivative financial instruments

DKK million	2010			2009		
	Positive	Negative	Net	Positive	Negative	Net
Commodities:						
Oil swaps	1,346	(1,171)	175	540	(825)	(285)
Oil options	829	0	829	1,598	(21)	1,577
Gas swaps	1,258	(1,369)	(111)	3,137	(2,940)	197
Electricity swaps	8,850	(8,407)	443	8,664	(6,888)	1,776
Electricity options	6	(7)	(1)	0	(1)	(1)
Coal forwards	1,099	(855)	244	363	(649)	(286)
CO ₂ emissions allowances	131	(126)	5	87	(61)	26
Currency:						
Foreign exchange contracts	368	(607)	(239)	415	(297)	118
Currency swaps	340	(199)	141	162	(214)	(52)
Currency options	0	0	0	3	0	3
Interest:						
Interest rate swaps	234	(609)	(375)	313	(484)	(171)
31 December	14,461	(13,350)	1,111	15,282	(12,380)	2,902

DKK million	2010			2009		
	Positive	Negative	Net	Positive	Negative	Net
Less than 1 year	10,092	(10,542)	(450)	10,503	(9,499)	1,004
1-2 years	2,049	(1,519)	530	1,888	(1,633)	255
2-3 years	829	(523)	306	1,052	(628)	424
3-5 years	560	(170)	390	727	(392)	335
More than 5 years	931	(596)	335	1,112	(228)	884
31 December	14,461	(13,350)	1,111	15,282	(12,380)	2,902

The Group uses derivative financial instruments as part of its risk management, trading and when position taking. The maturity

analysis for interest rate swaps reflects the expected maturity for each contract.

32 | Financial instruments

Securities

2010				Maturity			
DKK million	Nominal value	Carrying amount	Average interest rate (%)	2011	2012	2013	After 2013
Fixed-interest	5,701	5,719	3.20	4,164	0	502	1,053
Floating-rate	1,896	1,901	1.43	398	1,503	0	0
31 December	7,597	7,620		4,562	1,503	502	1,053

2009				Maturity			
DKK million	Nominal value	Carrying amount	Average interest rate (%)	2010	2011	2012	After 2012
Fixed-interest	2,554	2,570	4.16	1,291	715	0	564
31 December	2,554	2,570		1,291	715	0	564

The carrying amount of securities not available for use was DKK 150 million (2009: DKK 46 million), and comprised primarily securities to cover insurance-related provisions.

Hedging of future cash flows

2010				Expected date of transfer to profit for the year			
DKK million	Notional amount, net	Fair value	Recognised in equity	2011	2012	2013	After 2013
Commodities:							
Oil swaps	1,809	(382)	(370)	(186)	(90)	(39)	(55)
Oil options	8,148	829	493	176	208	109	0
Electricity swaps	5,159	(815)	(552)	(482)	(65)	(4)	(1)
Coal forwards	1,888	230	144	70	63	11	0
Currency:							
Forward exchange contracts	7,563	(141)	(1,280)	(64)	(220)	(423)	(573)
Currency swaps	5,473	168	339	163	73	(3)	106
Interest:							
Interest rate swaps	4,844	(260)	(265)	0	0	(26)	(239)
Total derivative financial instruments	34,884	(371)	(1,491)	(323)	(31)	(375)	(762)

Ineffectiveness arising from commodity hedging was recognised under the item effect of economic hedging with a gain of DKK 390 million (2009: DKK 339 million), see note 4, and in production costs with a loss of DKK 9 million (2009: DKK 9 million).

Ineffectiveness of interest rate and currency hedging amounted to DKK 7 million in 2009 (2009: loss of DKK 26 million).

32 | Financial instruments

Hedging of future cash flows

2009	Expected date of transfer to profit for the year						
DKK million	Notional amount, net	Fair value	Recognised in equity	2010	2011	2012	After 2012
Commodities:							
Oil swaps	4,718	(280)	(152)	77	(32)	(94)	(103)
Oil options	10,292	1,577	1,123	472	255	261	135
Electricity swaps	4,051	269	(90)	(52)	(56)	12	6
Coal forwards	1,541	(271)	(196)	(108)	(97)	9	0
Currency:							
Forward exchange contracts	4,878	96	283	(43)	120	175	31
Currency swaps	765	52	57	57	0	0	0
Currency options	253	3	0	0	0	0	0
Interest:							
Interest rate swaps	5,094	(123)	(136)	(2)	1	1	(136)
Total derivative financial instruments	31,592	1,323	889	401	191	364	(67)

Hedging of fair values

DKK million	2010				2009			
	Monetary items		Hedged using hedging instruments	Net position	Monetary items		Hedged using hedging instruments	Net position
	Assets	Liabilities			Assets	Liabilities		
EUR	15,921	(43,262)	12,553	(14,788)	17,681	(40,314)	13,022	(9,611)
USD	2,020	(4,707)	1,437	(1,250)	2,545	(3,554)	1,443	434
GBP	7,333	(6,459)	0	874	3,569	(3,290)	0	279
SEK	725	(61)	0	664	632	(46)	0	586
NOK	478	(3,298)	0	(2,820)	929	(2,134)	0	(1,205)
Other	182	(68)	0	114	159	(39)	0	120
Total	26,659	(57,855)	13,990	(17,206)	25,515	(49,377)	14,465	(9,397)

In addition to the above, the Group has hedged its portfolio of CO₂ emissions allowances. Value adjustments of this hedging amounted to a loss of DKK 55 million in 2010 (2009: gain of DKK 26 million), which was offset by a fair value adjustment of the hedged CO₂ emissions allowances.

Value adjustments of interest rate swaps amounted to DKK 11 million in 2010 (2009: DKK 0 million), and were offset by fair value adjustment of a portion of the loan portfolio that matures in 2014-2016 and has a loan principal of DKK 4,398 million.

Hedging of investments in foreign subsidiaries

2010					2009			
DKK million	Investment including equity-like loans	Hedged amount in currency	Net position	Foreign exchange adjustments recognised in equity	Investment including equity-like loans	Hedged amount in currency	Net position	Foreign exchange adjustments recognised in equity
Currency:								
GBP	21,678	(15,886)	5,792	147	14,623	(8,739)	5,884	(170)
NOK	10,437	(3,962)	6,475	399	11,097	(3,036)	8,061	(54)
SEK	2,714	(1,782)	932	(261)	2,434	(1,594)	840	(366)
EUR	5,143	0	5,143	7	1,601	0	1,601	1
PLN	1,457	(1,265)	192	(17)	1,264	(1,034)	230	13
Total	41,429	(22,895)	18,534	275	31,019	(14,403)	16,616	(576)

Ineffectiveness of hedging of net investments in foreign subsidiaries was DKK 3 million (2009: DKK 0 million).

Trading portfolio and economic hedging

2010			2009	
DKK million	Notional amount, net	Fair value	Notional amount, net	Fair value
Commodities:				
Oil swaps	9,794	557	17	(5)
Gas swaps	1,272	(111)	1,422	197
Electricity swaps	8,689	1,257	9,002	1,507
Electricity options	0	0	23	(1)
CO ₂ emissions allowances	258	34	549	0
Coal forwards	71	14	44	(15)
Currency:				
Currency swaps	5,305	53	0	0
Interest:				
Interest rate swaps	13,650	(126)	9,114	(48)
Total derivative financial instruments	39,039	1,678	20,171	1,635

32 | Financial instruments

Fair value hierarchy of financial instruments

DKK million	2010				2009			
	Quoted prices (Level 1)	Observable inputs (Level 2)	Non-observable inputs (Level 3)	Total	Quoted prices (Level 1)	Observable inputs (Level 2)	Non-observable inputs (Level 3)	Total
Derivative financial instruments	0	12,819	1,642	14,461	0	13,682	1,600	15,282
Securities	7,620	0	0	7,620	2,566	1,177	0	3,743
Assets	7,620	12,819	1,642	22,081	2,566	14,859	1,600	19,025
Derivative financial instruments	0	(13,312)	(38)	(13,350)	0	(12,254)	(126)	(12,380)
Liabilities	0	(13,312)	(38)	(13,350)	0	(12,254)	(126)	(12,380)

Level 1 comprises quoted securities that are traded in active markets.

Level 2 comprises derivative financial instruments, where valuation models with observable inputs are used to measure the fair value, and with discounting to present value using a discount rate set by the Group. Level 2 also comprises quoted securities that have not been traded sufficiently in the market for a reliable fair value to be obtained.

Level 3 primarily comprises a special long-term financial electricity purchase contract expiring in 2020. The fair value is based on assumptions concerning long-term prices of, in particular, electricity, coal and USD and EUR as well as risk premiums in respect of liquidity and market risks and is determined by discounting expected future cash flows.

Level 3 also comprises other derivative financial instruments in which primarily electricity and coal prices have been estimated and where the sum of these estimated non-observable inputs may affect the fair value.

Reconciliation of financial instruments based on non-observable inputs

DKK million	2010		2009	
	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)
Opening at 1 January	1,600	(126)	2,020	(143)
Gains and losses recognised in profit for the year under revenue	(421)	103	(423)	143
Purchases	12	(15)	(15)	(126)
Other transfers to and from level 3	451	-	18	-
Closing at 31 December	1,642	(38)	1,600	(126)

A loss of DKK 323 million has been recognised in respect of assets and liabilities that are valued on the basis of non-observable inputs and are still recognised in the balance sheet at 31 December 2010 (2009: loss of DKK 371 million) in profit for the year under revenue.

The fair value of financial instruments based on non-observable inputs is significantly affected by the non-observable inputs used. As a result of the long-term and illiquid nature of the contracts, the fair value may change significantly in the event of a change in the Group's reasonable expectations relating to the non-observable inputs used.

33 | Jointly controlled entities

DONG Energy has ownership interests in jointly controlled entities that primarily comprise ownership and operation of wind farms and power stations. The Group's interests in jointly controlled entities are shown in note 41.

DONG Energy has assumed investment obligations through its participation in jointly controlled entities and has made capital commitments to jointly controlled entities as shown in note 35 on contractual obligations and security arrangements.

Contingent liabilities relating to jointly controlled entities are shown in note 36.

The Group's recognised share of the profits, costs, assets and liabilities of jointly controlled entities is as follows:

DKK million	2010	2009
Income	570	553
Expenses	(421)	(299)
Non-current assets	5,823	3,859
Current assets	1,481	2,595
Assets at 31 December	7,304	6,454
Non-current liabilities	378	478
Current liabilities	465	1,150
Liabilities at 31 December	843	1,628

34 | Lease commitments

DKK million	Operating leases			Finance leases		
	Minimum lease payments	Subleasing	Net	Minimum lease payments	Interest	Present value
0-1 year	415	(177)	238	40	(2)	38
1-5 years	692	0	692	156	(20)	136
More than 5 years	813	0	813	46	(33)	13
Minimum lease payments	1,920	(177)	1,743	242	(55)	187

DKK million	Operating leases			Finance leases		
	Minimum lease payments	Subleasing	Net	Minimum lease payments	Interest	Present value
0-1 year	159	(35)	124	54	(3)	51
1-5 years	554	(177)	377	189	(24)	165
More than 5 years	662	0	662	49	(35)	14
Minimum lease payments	1,375	(212)	1,163	292	(62)	230

Assets held under operating leases comprise a drilling rig in the period 2008-2011, natural gas storage facilities in Germany in the period 2008-2023, office premises in the period 2007-2014 and cars, etc.

Obligations relating to assets held under finance leases are recognised in bank loans. The present value of minimum lease payments has been calculated using the interest rate implicit in the respective leases.

There is no contingent rent under the leases.

In 2010, an amount of DKK 529 million was recognised in profit for the year in respect of operating lease payments (2009: DKK 850 million).

Assets held under finance leases have been recognised in the balance sheet at 31 December under property, plant and equipment with the following carrying amounts:

DKK million	2010	2009
Production assets	32	42
Property, plant and equipment under construction	91	82
Carrying amount at 31 December	123	124

35 | Contractual obligations and security arrangements

DKK million	2010	2009
Investment obligations relating to jointly controlled entities:		
Share of jointly controlled entities' investment obligations	2,518	2,109
Investment obligations in relation to participation in jointly controlled entities	1,413	2,100
Obligations relating to natural gas and oil exploration and production licences:		
Share of licences' investment obligations	6,211	3,587
Investment obligations in relation to participation in licences	0	72
Other investment obligations:		
Investment obligations relating to intangible assets	0	372
Investment obligations relating to property, plant and equipment	24,621	22,582

Contractual obligations

Other investment obligations and investment obligations in respect of jointly controlled entities relate primarily to wind farms and power stations.

The Group is also a party to a number of long-term purchase and sales contracts entered into in the course of the Group's ordinary operations. Apart from the liabilities already recognised, the Group does not expect to incur any financial losses as a result of the performance of these contracts.

In 2009, the Group entered into contracts on investment in activities with contingent purchase consideration, where payment

is partly depending on several uncertain events outside DONG Energy's control.

Security arrangements

In 2010, mortgage loans totalling DKK 1,502 million were secured on power stations with a carrying amount of DKK 3,238 million.

In addition, the Group provided cash collateral in respect of trading in financial instruments, see note 30.

36 | Contingent assets and liabilities

Contingent assets

Significant unrecognised contingent assets comprise deferred tax assets at DKK 10.8 billion (2009: DKK 10.8 billion). Reference is made to note 22.

DONG Energy has advanced claims against a few trading partners and insurance companies. Management is of the opinion that the claims are justified. The claims have not been recognised, as the existence of these assets is subject to several uncertain future events that are outside DONG Energy's control.

In previous financial years, the Group concluded agreements on the sale of companies that feature contingent consideration, the consideration depending in part on several uncertain future events that are outside DONG Energy's control.

Contingent liabilities

Liability to pay compensation

According to the legislation, DONG Energy's natural gas companies DONG Oil Pipe A/S, DONG E&P A/S and DONG E&P Grønland A/S are liable to pay compensation for damage caused by their gas and oil activities, even where there is no proof of

36 | Contingent assets and liabilities

negligence (strict liability). The usual insurance has been taken out to cover any such claim.

Guarantees

DONG Energy A/S has furnished the Danish Ministry of Economic and Business Affairs with a guarantee for fulfilment of all obligations and liability to the Danish State or third parties incurred by DONG E&P A/S as co-holder of the licences in which the company participates, irrespective of whether the obligations and liability rest on DONG E&P A/S alone or jointly and severally with others. However, the guarantee is limited to a sum corresponding to twice DONG E&P's share of each obligation or liability.

As a condition for approval of its participation in gas and oil exploration and production on the Norwegian, UK, Greenland and Faroese shelves, DONG Energy A/S has provided a guarantee under which it assumes primary liability as normally required by the local authorities. The guarantee covers obligations and liability incurred or assumed by the DONG E&P Group in connection with its exploration and production activities. The guarantee has no maximum limit and the DONG E&P Group is jointly and severally liable with the other partners for obligations and liability.

Through subsidiaries and jointly controlled assets and entities, DONG Energy participates in gas and oil exploration and production, construction and operation of wind farms, geothermal plants and natural gas installations. The Group has provided guarantees, and guarantees under which the Group assumes primary liability, in respect of the construction and operation of installations, and leases, decommissioning obligations, purchase and sales contracts, etc.

Joint and several liability

DONG Energy participates in a number of jointly controlled assets and entities, including renewable energy projects and gas and oil exploration and production licences. The Group's companies are jointly and severally liable with the other venturers for obligations and liability under agreements concluded.

DONG Energy Power A/S is liable as a partner for financial losses at certain CHP plants.

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 electricity market in some periods. Following a merger in 2008, Elsam Kraft A/S is part of DONG Energy Power A/S.

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

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

In connection with collaboration agreements entered into by the Group concerning jointly controlled assets and entities, etc., various minor litigation cases are pending that are not expected, individually or collectively, to have any material effect on the Group's financial position. The Group is also a party to a number of litigation proceedings and legal disputes that do not, individually or collectively, have any material effect on the Group's financial position.

37 | Related party transactions

Related parties that have control over the Group comprise the Danish State, represented by the Danish Ministry of Finance, which owns 76% of the parent company.

Related parties that exercise significant influence comprise the Group's Board of Directors, Executive Board, senior executives and close members of their families. Related parties also comprise companies in which the persons referred to above have significant influence. Remuneration to the Board of Directors, the Executive Board and other senior executives is disclosed in note 5.

Related parties also include the Group's associates, i.e. companies in which DONG Energy has significant influence, and jointly controlled entities, i.e. companies that are jointly controlled by DONG Energy and other venturers.

Reference is made to note 41 for an overview of the Group's associates and jointly controlled entities.

The Group was involved in the following transactions with related parties in the financial year under review. These transactions exclude income taxes, taxes deducted at source, etc., VAT and other normal transactions with the Danish State, including ministries, etc., and companies controlled by the Danish State.

Transactions with related parties are made on arm's length terms.

DKK million	Danish State		Associates		Jointly controlled entities	
	2010	2009	2010	2009	2010	2009
Dividends received	0	0	59	45	39	36
Capital transactions, net	0	0	0	(8)	643	394
Trade receivables	0	0	1	315	81	66
Trade payables	0	0	(126)	(188)	(40)	(66)
Government grants	573	604	0	0	0	0
Interest, net	0	0	32	32	0	2
Receivables	0	0	544	554	271	18
Payables	0	0	43	63	271	0

37 | Related party transactions

Licences from the Danish State

Exploration & Production

DONG E&P A/S has participated as a partner in all exploration licences granted in Denmark in the period 1984-2004. DONG E&P A/S has participated with a paying share of normally 20% at the date of award. From 2005, DONG E&P A/S has been awarded licences in the 6th licensing round and via the "Open Door" procedure. Hydrocarbon exploration and production licences normally run for six years during the exploration phase and then for 30 years during the production phase.

DONG E&P A/S has provided services to the licences in which it participates.

Renewables

DONG Energy has operating licences for wind farms. The durations of the licences vary.

DONG Energy, represented by DONG VE A/S and DONG Energy Power A/S, has an interest in two geothermal energy exploration and recovery licences. One of the licences, in which DONG VE A/S is the sole licensee, comprises one third of Denmark's territory with the exception of the Copenhagen area. Two thirds of the area was relinquished in 1998 and 2003 respectively and the remaining one third must be relinquished in 2013. The second licence, in which DONG VE A/S has a 28% interest and DONG Energy Power A/S an 18% interest, comprises the Copenhagen area. The licence was granted on 19 February 2001, initially for 15 years. In 2010, DONG Energy sold its interest in a third licence located in Sønderborg. In the 2010 financial year, DONG Energy supplied services in its capacity as operator of the Metropolitan Geothermal Alliance (HGS).

Generation

DONG Energy has an electricity generation licence (thermal).

Sales & Distribution

DONG Energy has been granted natural gas storage and distribution licences by the Danish State under sections 10 and 59 of the Danish Natural Gas Supply Act. The licences have been granted for the period up to 2023.

Under sections 24, 25 and 59 of the Natural Gas Supply Act, DONG Energy has also been granted a licence to engage in natural gas supply activities on the conditions laid down in the Natural Gas Supply Act. The licence expires in 2013.

DONG Energy has also been granted an electricity distribution licence that runs until 2023, a power transmission licence that expires in 2025 and electricity PSO licences that are renewed on an ongoing basis subject to application.

Reference is made to note 40 for an overview of licences and significant licences.

Other transactions

Subject to the constraints following from the capacity of the pipeline, DONG Oil Pipe A/S is under obligation to transport through its pipeline all crude oil and condensate recovered on the Danish continental shelf in the North Sea. The authorities may grant DONG Oil Pipe A/S exemption from this obligation if, in the Minister's opinion, transportation through the pipeline is uneconomical or inexpedient. Under the Danish Pipeline Act, DONG Oil Pipe A/S is under obligation to pay duty to the State amounting to 95% of the profit made. Duty paid to the Danish State in 2009 amounted to DKK 1,555 million in 2010 (2009: DKK 1,256 million). Several of DONG E&P A/S's Danish fields are not connected to DONG Oil Pipe's pipeline, and DONG E&P A/S consequently pays exemption duty to the Danish State. Exemption duty paid in 2010 amounted to DKK 104 million (2009: DKK 64 million).

DONG Energy engages in significant transactions with Energinet.dk on a daily basis in the latter's capacity of transmission system operator (TSO) in Denmark. As the Danish TSO, Energinet.dk operates the 400 kV electricity transmission grid in Denmark and the Danish natural gas transmission network, which the Group uses to transport electricity and natural gas. The Group also sells electricity system services and natural gas storage capacity to Energinet.dk to meet the need for system integrity and emergency supplies to the Danish electricity and natural gas supply system.

If the Danish State wishes to relinquish its majority shareholding in DONG Energy A/S, the Danish State is under obligation to buy back parts of DONG Energy's natural gas infrastructure prior to relinquishing its shareholding. DONG Energy's natural gas infrastructure consists of the natural gas distribution network in West and South Zealand and southern Jutland, the natural gas terminal in Nybro, the natural gas storage facility near Stenlille and some upstream gas pipelines in the North Sea.

Apart from normal management remuneration, there have been no transactions with the Board of Directors, the Executive Board, senior executives, the Danish State or any other related parties during the year under review.

38 | Events after the reporting period

Issue and repurchase of hybrid capital

In January, DONG Energy issued EUR 700 million in new hybrid capital bonds maturing in 3010 and repurchased EUR 500 million existing hybrid capital maturing in 3005. The issue and repurchase added DKK 1.5 billion net to equity. The coupon on the newly issued hybrid capital is 7.75%.

Construction of German offshore wind farm

DONG Energy has decided to build the Borkum Riffgrund 1 offshore wind farm in the German sector of the North Sea. The construction will represent a total investment of approximately EUR 1.25 billion. Borkum Riffgrund will consist of up to 89 3.6 MW turbines with a total capacity of 320 MW. It will be able to supply CO₂-free electricity corresponding to the annual electricity consumption of almost 330,000 German households. Construction is expected to start in 2013 with first electricity generation in 2014.

39 | Description of accounting policies

Basis of preparation

Consolidated financial statements

The consolidated financial statements include the financial statements of the parent company DONG Energy A/S and subsidiaries in which DONG Energy A/S has the power to govern the financial and operating policies. Control exists when DONG Energy A/S holds, directly or indirectly, more than 50% of the voting rights or otherwise has the power to control the subsidiary in question.

Regulated companies that operate according to a principle of self-financing and where DONG Energy does not have direct or indirect access to receive a return or other benefits are not included in the consolidation, but are instead measured at fair value as investments under other equity investments.

Enterprises over which the Group exercises significant influence, but not control, are accounted for as associates. Significant influence is typically achieved by holding or having the ability to exercise, directly or indirectly, more than 20% but less than 50% of the voting rights. However, this is based on a specific assessment of the possibility of exercising influence. Any such enterprises that satisfy the criteria for joint control are instead accounted for as investments in jointly controlled entities, see the description under Investments in jointly controlled assets and entities.

Potential voting rights exercisable at the balance sheet date are taken into account in assessing whether DONG Energy has control, joint control or significant influence.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, 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 entities under joint control are eliminated to the extent of the Group's investment in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The items in the subsidiaries' financial statements are recognised in full in the consolidated financial statements. For subsidiaries that are not wholly owned, the share of profit for the year and equity that is attributable to non-controlling interests is recognised as part of the Group's profit and equity respectively, but disclosed separately.

Significant accounting policies

Investments in jointly controlled assets and entities

Investments in jointly controlled assets and entities comprise natural gas and oil exploration and production licences, wind farms and a power station under construction, etc.

Recognition of an investment as a jointly controlled asset or entity is conditional upon the existence of a contractual arrangement between the parties stipulating joint control. The contractual arrangement must also stipulate whether the parties are jointly and severally liable or liable for their proportionate interests only.

39 | Description of accounting policies

Investments in jointly controlled assets and entities are recognised in the consolidated balance sheet using proportionate consolidation as a share of assets and liabilities in the jointly controlled assets and entities, classified by nature. Shares of income and expenses from jointly controlled assets and entities are recognised on a proportionate basis in profit for the year, classified by function. Own liabilities and expenses incurred in respect of jointly controlled assets and entities are also recognised.

In connection with proportionate consolidation, intragroup income and expenses, balances and realised and unrealised gains and losses arising from intragroup transactions between consolidated enterprises and proportionately consolidated assets and entities are eliminated to the extent of the Group's investment.

Deferred tax on temporary differences at the acquisition date between the carrying amount and the tax base of jointly controlled assets is not provided for, cf. the description under Income tax and deferred tax.

Derivative financial instruments

Derivative financial instruments and loans are used to hedge currency and interest rate risks and risks related to the price of natural gas, oil, electricity, coal and CO₂ emissions allowances.

Derivative financial instruments are recognised from the trade date under receivables (positive fair values) and other payables (negative fair values) respectively and are measured in the balance sheet at fair value. Transaction costs are added to the fair value on initial recognition, unless the financial asset or the financial liability is measured at fair value with recognition of fair value adjustments in profit for the year. Positive and negative fair values are only offset if the enterprise is entitled to and intends to settle several financial instruments net (in cash). The fair value of derivative financial instruments is determined on the basis of current market data and assumptions, and recognised valuation methods.

Fair value hedging

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as hedges of the fair value of a recognised asset or liability are recognised in profit for the year together with changes in the value of the hedged asset or liability to the extent of the hedged risk. Hedging of future cash flows in accordance with an agreement (firm commitment) is accounted for as fair value hedging, except in the case of foreign currency hedging.

Cash flow hedging

Changes in the portion of the fair value of derivative financial instruments and foreign exchange adjustments of loans that is designated as and qualifies for recognition as a hedge of future cash flows and that provides an effective hedge against changes in the value of the hedged item are recognised directly in equity under a separate hedging reserve until the hedged cash flow is realised. In the case of options used as hedges, only the intrinsic value of the option is accounted for as a hedge. The interest element is recognised over the life of the option. 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 the 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 adjustment is transferred immediately to profit for the year.

Hedging of net investments

Changes in the fair value of derivative financial instruments 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 under a separate translation reserve.

Other derivative financial instruments

Value adjustments of derivative financial instruments that have been entered into to hedge the Group's primary activities but do not satisfy the criteria for hedge accounting are recognised as revenue. Likewise, value adjustments of financial contracts offered to customers with a view to price hedging are recognised as revenue. This classification is judged to best reflect the results of the Group's operations.

For derivative financial instruments that have not been entered into to hedge revenue or production costs, changes in fair value are recognised in profit for the year as financial items when they occur.

Some contracts include terms that correspond to derivative financial instruments. Such embedded financial instruments are recognised separately and measured on a continuing basis at fair value if they differ significantly from the contract in question, unless the host contract is recognised and measured at fair value on a continuing basis.

Under IFRS, contracts that involve physical delivery of commodities are, in certain circumstances, accounted for as derivative financial instruments. Based on an evaluation of the purpose of the Group's commodity contracts and the connection between that purpose and the Group's other activities, the Group's contracts that involve physical delivery of commodities generally satisfy the criteria for exemption from classification as derivative financial instruments for normal sale and purchase contracts. Contracts that involve physical delivery of commodities and are classified and accounted for as derivative financial instruments primarily comprise contracts entered into in the course of the Group's trading activities or as part of certain hedging activities.

Revenue

Revenue comprises sales and transportation of natural gas and oil, distribution and storage of natural gas, sales and distribution of electricity and heat, and grants for the sale of eco-friendly electricity (price supplement), etc. Revenue is recognised in profit for the year when delivery and transfer of risk to 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 duties collected on behalf of third parties. All forms of discounts granted are recognised in revenue.

Construction contracts for the construction of assets involving a high degree of customisation, and the rendering of services (consultancy services, etc.), are recognised as revenue as the work to which they relate is performed or the service rendered to the effect that revenue corresponds to the selling price of the work performed during the year (percentage of completion method). When the outcome of a construction contract cannot be estimated reliably, revenue is only recognised to the extent of the costs incurred that it is probable will be recoverable.

Overlift/underlift of natural gas and oil is recognised in revenue at realisable value. Overlift/underlift relates to situations in which the Group participates in producing fields (licences) with several participants and where the Group has lifted and sold more or less natural gas and oil from the producing fields than its entitlement at the time of lifting.

Physical and financial contracts relating to trading in natural gas, oil, electricity, CO₂ emissions allowances, etc., that are

concluded in the course of the Group's trading activities with a view to generating gains from short-term price fluctuations are fair value adjusted under revenue.

Value adjustments of financial instruments that have been entered into to hedge the Group's primary operating activities but do not satisfy the criteria for hedge accounting are recognised as revenue. Likewise, value adjustments of financial contracts offered to customers with a view to price hedging are recognised as revenue.

Production costs

Production costs comprise costs incurred to achieve revenue for the year. Production costs include cost of sales, depreciation and amortisation, wages and salaries, relating to

- equity production of natural gas, oil, electricity and heat, etc., operation and maintenance of production assets, etc., during the year under review
- natural gas and oil exploration, including costs for exploration licences, own costs for geological data, seismic surveys, licence administration, expensing of exploration wells, etc.
- research and development, including costs for research into new and improved production methods and further development of existing technologies. Research and development also includes costs for project maturing of potential investments in production assets, such as wind farm.

Production costs are recognised in profit for the year as incurred. Research and development costs are recognised only if the criteria for capitalisation of development costs are not met. Development costs relating to project maturing of potential investments in production assets are recognised in profit for the year until the date of the investment decision. Costs incurred are accounted for as acquisitions of property, plant and equipment from the date on which an investment decision is made.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, production assets, exploration assets, other assets, tools and equipment, etc. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises purchase price and any costs directly attributable to the acquisition until the date the asset is available

39 | Description of accounting policies

for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers and labour. Specific and general borrowing costs attributable to a construction period are recognised in the cost of the asset constructed. Cost is increased by the present value of the estimated obligations for dismantling and removing the asset and restoring the site to the extent that they are recognised as a provision. Where individual components of an asset have different useful lives, they are accounted for as separate items, which are depreciated separately.

In the case of assets held under finance leases, cost is determined at inception of the lease as the lower of the fair value of the assets and the present value of future minimum lease payments. The present value is determined using the interest rate implicit in the lease as the discount rate or an approximated value.

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 taken to profit for the year. All other repair and maintenance expenses are recognised in profit for the year as incurred.

Exploration assets comprise exploration expenses that relate to successful wells on which production has not yet begun. Costs are recognised using the successful efforts method. Under the successful efforts method, exploration expenses for drilling specific exploration wells are recognised in the balance sheet. Acquired licences where finds have been made, including acquired reserves, are also recognised under exploration assets. Recognition in the balance sheet is maintained pending determination of commercial viability. Recognised exploration expenses relating to commercial finds are transferred to production assets when a field has been fully developed and production begins. The asset is tested for indications of impairment in connection with the transfer to production assets, see the description in the section on impairment of assets.

All exploration expenses determined as unsuccessful are recognised in profit for the year as production costs. General exploration expenses and expenses relating to unsuccessful exploration wells are also expensed under production costs

as incurred. Borrowing costs relating to exploration assets are recognised in profit for the year as incurred.

Site development and construction costs relating to property, plant and equipment that it has been decided to invest in are recognised in the balance sheet under property, plant and equipment under construction until the date of entry into service. Following entry into service, these assets are transferred to the relevant items under property, plant and equipment.

In the case of natural gas and oil production assets, cost is depreciated using the unit-of-production method based on the ratio of current production to estimated reserves by individual field.

In the case of natural gas activities and wind turbines, cost is depreciated using the unit-of-production method, taking into account the expected earnings profile, so that the depreciation pattern reflects the expected earnings patterns.

In the case of other property, plant and equipment, cost is basically depreciated on a straight-line basis over the estimated future useful lives.

Depreciation periods for property, plant and equipment

Buildings used for own purposes ¹	20 - 50 years
Natural gas and oil production assets ²	20 - 40 years
Production assets (thermal), electricity	20 - 35 years
Production assets, district heat	25 - 35 years
Wind turbines ³	20 - 24 years
Geothermal plants	20 years
Distribution networks, natural gas ³	20 - 40 years
Distribution networks, electricity	10 - 40 years
Distribution networks, heat	10 - 50 years
Natural gas storage facilities ³	20 - 40 years
Gas transportation system (marine pipelines) ³	20 - 40 years
Oil transportation system (marine pipeline)	15 years
Exploration assets ⁴	-
IT hardware	3 - 5 years
Fixtures and fittings, tools and equipment	3 - 10 years
Assets under construction ⁴	-

¹ Land is not depreciated.

² Depreciation is charged applying the unit-of-production method.

³ The depreciation profile takes account of the fact that the earnings profile changes substantially over the life of the asset as a result of the statutory revenue caps.

⁴ Depreciation does not commence until the date of entry into service, at which time the asset is transferred to the relevant item under property, plant and equipment.

The basis of depreciation is determined on the basis of the asset's residual value less any impairment losses. The residual value is determined at the acquisition date and reassessed annually. Depreciation ceases if the residual value exceeds the carrying amount of the individual components.

If the depreciation period or the residual value changes, the effect on depreciation is recognised prospectively as a change in accounting estimates.

Depreciation and impairment losses are recognised in profit for the year as production costs, sales and marketing, and management and administration respectively, to the extent that depreciation is not recognised in the cost of self-constructed assets.

Prepayments for property, plant and equipment are classified together with property, plant and equipment under construction.

Impairment of assets

Goodwill and intangible assets with an indefinite useful life are tested for impairment annually, initially before the end of the year of acquisition. In-process development projects are also tested annually for impairment.

The carrying amount of goodwill is tested for impairment, along with the carrying amounts of the other non-current assets of the cash-generating unit to which the goodwill has been allocated, and written down to the recoverable amount via profit for the year if the carrying amount exceeds the recoverable amount.

Exploration assets are reviewed for impairment annually and if there is any indication of impairment. Impairment testing is also carried out at the time commercial finds have been identified, and the exploration assets are reclassified to natural gas and oil production assets. In carrying out the test, emphasis is placed on the special indicators that are relevant to the exploration industry, including the duration of the period for which DONG Energy holds the rights for exploration wells, the timing and costs in connection with the exploration wells in the individual fields, the results of existing exploration wells and the expectations concerning future exploration wells, including the level of future exploration wells, and the probability that the exploration wells will result in commercial finds. The recoverable amount of exploration assets is reviewed if any indication of impairment exists. The recoverable amount is the higher of the assets' fair value less expected disposal costs and the present value of the expected future net cash flows (value in use). Value in use is determined as the present value of the expected future cash flows from the asset or cash-generating unit to which the asset belongs.

Deferred tax assets are reviewed annually and recognised to the extent that it is probable that they will be utilised.

The carrying amounts of other non-current assets are tested annually to determine if any indication of impairment exists. If any such indication exists, the asset's recoverable amount is determined. The recoverable amount is the higher of an asset's fair value less expected disposal costs and its value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit for the year as production costs, sales and marketing or management and administration; however, impairment

39 | Description of accounting policies

losses relating to goodwill are recognised as a separate line item in profit for the year.

Impairment losses relating to goodwill are not reversed. Impairment losses relating to other assets are reversed to the extent that the assumptions or estimates that led to the impairment have changed. Impairment losses are only reversed to the extent that the asset's new carrying amount does not exceed the value of the asset after depreciation had no impairment losses been charged.

Equity

Hedging reserve

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.

Translation reserve

The translation reserve comprises exchange differences arising on translation of the financial statements of foreign entities with a functional currency that is different from the Group's presentation currency, foreign exchange adjustments relating to assets and liabilities that form a part of the Group's net investment in such entities, and foreign exchange adjustments relating to hedging transactions that hedge the Group's net investment in such entities, less the related tax. The foreign exchange adjustments are recognised in profit for the year on realisation or partial realisation of the net investment.

Share premium

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares in connection with capital increases as well as gains on sale of treasury shares. The share premium is available for distribution.

Dividends

Proposed dividends are recognised as a liability at the date of their adoption at the Annual General Meeting (declaration date). Up to the declaration date, proposed dividends are disclosed as a separate item under equity. Extraordinary dividends are recognised as a liability at the declaration date.

Hybrid capital

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 (nil), and equity has been increased by the difference between the net proceeds received and the present value of the discounted liability. Accordingly, any coupon payments are accounted for as dividends, which are recognised directly in equity at the time the payment obligation arises. This is because the coupon payments are discretionary and relate to the part of the hybrid capital, the equity instrument, that is recognised in equity. Coupon payments consequently do not have any effect on profit 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, as a result of the 1,000-year term of the hybrid capital, amortisation charges will only impact on profit 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 under financing activities.

Provisions

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 company of resources embodying economic benefits.

In measuring provisions, the costs required to settle the liability are discounted to net present value, if this has a significant effect on the measurement of the liability. A pre-tax discount rate is used that reflects the general interest rate level in the market. The change in present values for the financial year is recognised under financial expenses.

Provisions for decommissioning of production facilities and restoration of drilling sites are measured at the present value of the future liability in respect of decommissioning and restoration as estimated at the balance sheet date. The amount provided is determined on the basis of existing requirements and estimated expenses, which are discounted to present value. If specific risks are deemed to attach to a provision, the estimated costs are recognised. A discount rate is used that reflects the general interest rate level in the market. These liabilities are recognised as they arise and are adjusted on a regular basis to reflect changes in requirements, price level, etc. The value of the provision is recognised under property, plant and equipment and depreciated together

with the relevant assets. The increase in time of the present value is recognised in profit for the year under financial expenses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

If it is considered unlikely that an outflow of resources embodying economic benefits will be required to settle an obligation, or if the obligation cannot be measured reliably, the obligation is accounted for as a contingent liability that is not recognised in the balance sheet. Information about material contingent liabilities is disclosed in the notes.

Financial liabilities

Financial liabilities comprise mortgage loans, bank loans, trade and other payables to public authorities, etc.

Bond loans, mortgage loans and bank loans are recognised at inception at the proceeds received net of transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost using the “effective interest rate method”. Accordingly, the difference between the proceeds received and the nominal amount is recognised in profit for the year under financial expenses over the term of the loan.

For hybrid capital, reference is made to the specific details given under equity.

Other bank loans include the capitalised residual lease commitment under finance leases, measured at amortised cost.

Trade payables, payable income tax and other payables are measured at net realisable value.

Other payables include negative fair values of derivative financial instruments and certain realised and unrealised gains and losses on loans in DONG Oil Pipe A/S, etc.

Financial liabilities the value of which has been effectively hedged are adjusted to fair value to the extent of the hedged risk. The value adjustment is recognised in profit for the year as financial income or expense.

Other accounting policies

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of during the year are recognised in profit for the year up to the date of disposal. Comparative figures are not restated to reflect acquisitions or disposals; however, discontinued operations are presented separately, see below.

The acquisition date is the date on which DONG Energy A/S obtains control of the acquiree.

On acquisition of enterprises whereby the parent company obtains control of the acquiree, the purchase method is applied. The acquiree’s identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right, and the fair value can be measured reliably. Deferred tax on revaluations is taken into account.

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. In the former case, goodwill relating to the non-controlling interests’ interest in the acquiree is recognised, while, in the latter case, no goodwill is recognised relating to non-controlling interests. The method of measuring non-controlling interests is determined on an acquisition-by-acquisition basis and disclosed in the notes in connection with the description of the acquiree.

The excess of the consideration transferred in exchange for the acquiree, the amount of any non-controlling interest in the acquiree and the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed (goodwill) is recognised as goodwill under intangible assets. Goodwill is not amortised, but is tested for impairment, at least annually. The first impairment test is carried out before the end of the year of acquisition. On acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency that is different from the Group’s presentation currency are accounted for as assets and liabilities belonging to the foreign entity and translated on initial recognition into the foreign entity’s functional currency at the exchange rate at the transaction date. Any

39 | Description of accounting policies

excess of the fair value over the cost of acquisition (negative goodwill) is recognised in profit for the year at the date of acquisition.

The consideration transferred in exchange for an acquiree consists of the fair value of the agreed consideration in the form of assets acquired, liabilities assumed and issued equity instruments. If parts of the consideration are contingent on future events, these parts of the consideration are recognised in cost at the acquisition-date fair value. Costs incurred in connection with a business combination are expensed as incurred.

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. If the fair value of identifiable assets, liabilities and contingent liabilities subsequently proves to differ from the fair value assumed at the acquisition date, those provisional values, including goodwill, are adjusted retrospectively within 12 months of the acquisition date and comparative figures are restated. Subsequently, goodwill is not adjusted. Changes in estimates of contingent consideration are generally recognised directly in profit for the year.

Gains or losses on disposal of enterprises and investments in associates are determined as the difference between the selling price and the carrying amount of net assets, including goodwill at the date of disposal and costs necessary to make the sale. Gains or losses are recognised in profit for the year under gain (loss) on disposal of enterprises.

The effect of acquisitions and disposals of non-controlling interests after control is obtained is recognised directly in equity. Net assets acquired are not revalued on acquisition.

Foreign currency translation

For each of the reporting enterprises in the Group, a functional currency is determined. The functional currency is the currency of the primary economic environment in which the individual reporting enterprise operates. Transactions in other currencies than the functional currency are accounted for as transactions in foreign currencies.

On initial recognition, transactions in foreign currencies are translated into the functional currency at the exchange rates at the transaction date. Exchange differences arising between the exchange rates at the transaction date and at

the date of payment are recognised in profit for the year as financial income or expenses.

Receivables, payables and other monetary items in foreign currencies are translated into the functional currency at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in profit for the year as financial income or expenses.

Gains and losses on hedging transactions relating to purchases and sales of goods are recognised at the same time as and in the same item as the hedged item.

On recognition in the consolidated financial statements of subsidiaries and proportionately consolidated enterprises with a different functional currency than DKK, the items in the statement of comprehensive income are translated at the exchange rates at the transaction date, and the balance sheet items are translated at the exchange rates at the balance sheet date. An average exchange rate for each month is used as the exchange rate at the transaction date to the extent that this does not significantly distort the presentation of the underlying transactions. Exchange differences arising on translation of the opening equity of these enterprises at the exchange rates at the balance sheet date and on translation of the statements of comprehensive income from the rates at the transaction date to the exchange rates at the balance sheet date are recognised directly in equity under a separate translation reserve. Such foreign exchange adjustments are allocated between the parent company's and the non-controlling interests' equity.

Foreign exchange adjustments of balances that are accounted for as part of the total net investment in enterprises with a different functional currency than DKK are recognised in the consolidated financial statements directly in equity under a separate translation reserve. Likewise, foreign exchange gains and losses on the portion of loans and derivative financial instruments that has been entered into to hedge the net investment in these enterprises and that provides an effective hedge against corresponding foreign exchange gains/losses on the net investment in the enterprise are taken directly to a separate translation reserve under equity.

On recognition in the consolidated financial statements of associates with a different functional currency than DKK,

the share of profit for the year is translated using an average exchange rate, and the share of equity including goodwill is translated at the exchange rates at the balance sheet date. Exchange differences arising on translation of the share of foreign associates' opening equity at the exchange rates at the balance sheet date and on translation of the share of profit for the year from average rates to the exchange rates at the balance sheet date are recognised directly in equity under a separate translation reserve.

When a foreign entity is disposed of, in full or in part, and control is lost, or when balances that are considered part of the net investment are repaid, the share of the cumulative foreign exchange adjustments that is recognised directly in equity relating to that foreign entity is reclassified to profit for the year together with any gain or loss on disposal.

On disposal of partly-owned foreign subsidiaries, the part of the translation reserve that relates to non-controlling interests is not transferred to profit for the year.

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

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

Sales and marketing

Sales and marketing, comprising general marketing of DONG Energy and DONG Energy's products, are recognised in profit for the year as incurred. This item includes direct expenses as well as allocated indirect expenses for sales and marketing.

Management and administration

Management and administration, comprising primarily staff costs for management and administrative staff, are recognised in profit for the year as incurred. This item includes direct expenses as well as allocated indirect expenses for management and administration. It also includes write-downs of trade receivables.

Other operating income and expenses

Other operating income and expenses comprise items secondary in nature to the Group's activities, including gains

and losses on ongoing disposal and replacement of intangible assets and property, plant and equipment, and government grants received for research and development projects and other investments, etc.

Grants for development projects and other investments are recognised as the assets to which they relate are depreciated. Other income and expenses are recognised as earned/incurred. Gains and losses on disposal of intangible assets and property, plant and equipment are determined as the selling price less costs to sell and the carrying amount at the date of disposal.

Government grants

Government grants comprise grants for eco-friendly electricity generation, grants for and funding of research and development projects and grants for other investments, etc. Government grants are recognised when there is reasonable assurance that they will be received.

Grants for electricity generation are recognised under revenue as the related electricity revenue is recognised.

Grants for research and development costs, which are recognised directly in profit for the year, are recognised under other operating income as the costs to which the grants relate are incurred.

Grants for development projects and other investments are recognised in the balance sheet under liabilities and transferred to other operating income profit for the year as the assets to which the grants relate are depreciated.

Allocated CO₂ emissions allowances are recognised under rights as intangible assets. Reference is made to the description of the accounting policies under the relevant sections.

Share of profit (loss) of associates

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

Financial income and expenses

Financial income and expenses comprise interest income and expense, capital gains and losses and impairment losses relating to securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, including lease commitments under finance

39 | Description of accounting policies

leases, as well as surcharges and refunds under the on-account tax scheme, etc. Financial income and expenses also include realised and unrealised gains and losses relating to derivative financial instruments that have not been entered into to hedge revenue or production costs. Interest is recognised under the accrual basis of accounting. Dividends from other equity investments are recognised as they are received.

Borrowing costs relating to general borrowing or loans directly attributable to the acquisition, construction or development of qualifying assets form part of the cost of such assets.

Income tax expense

The Group is subject to the Danish rules on compulsory joint taxation and has also elected international joint taxation with the Group's foreign subsidiaries. The Group's subsidiaries are included in the joint taxation from the date they are included in the consolidation in the consolidated financial statements and up to the date on which they are no longer included in the consolidation.

The current Danish income tax is allocated among the jointly taxed Danish subsidiaries in proportion to their taxable income. In this connection Danish subsidiaries with tax losses receive joint taxation contributions from the parent company equivalent to the tax base of the tax losses utilised (full absorption), while subsidiaries that utilise tax losses in other Danish subsidiaries pay joint taxation contributions to the parent company equivalent to the tax base of the utilised losses.

Income tax expense, which consists of current tax, joint taxation contribution for the year and changes in deferred tax, is recognised in profit for the year to the extent that it relates to profit for the year, and directly in other comprehensive income to the extent that it relates to entries directly to other comprehensive income.

The Group is registered for the Danish on-account tax scheme. Tax refunds/tax surcharges are allocated between the jointly taxed Danish subsidiaries in accordance with the allocation of the Danish income tax and recognised as financial income and expenses respectively.

Subsidiaries that are engaged in natural gas and oil recovery (hydrocarbons) are subject to the hydrocarbon tax legislation in the countries in which they operate. Hydrocarbon taxes are calculated on the basis of taxable hydrocarbon income and

comprise taxes calculated applying the respective country's ordinary income tax rate as well as taxes calculated applying increased tax rates. Hydrocarbon taxes are recognised under income tax expense.

Intangible assets

Goodwill.

Goodwill is recognised initially in the balance sheet at cost as described under business combinations. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised. The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. The determination of cash-generating units follows the Group's organisational and internal reporting structure.

Rights

Allocated and purchased CO₂ emissions allowances, including CO₂ credits, that are accounted for as rights are measured initially at cost. If a grant is received in connection with an allocation, the cost constitutes the actual consideration paid for the allowances, i.e. nil if the allowances are allocated free of charge. CO₂ emissions allowances are amortised in step with actual CO₂ emissions. To the extent that actual emissions exceed allocated and purchased CO₂ emissions allowances, the fair value of the additional CO₂ emissions allowances that DONG Energy is under obligation to settle is recognised as a liability. The amortisation basis for CO₂ emissions allowances is determined taking into account their residual value, which depends on whether they are held for use or for sale. The residual value of CO₂ emissions allowances held for use is nil.

Other rights comprise gas purchase rights, acquired customer rights and IT software licences, etc., and are measured at cost less accumulated amortisation and impairment losses.

Gas purchase rights are amortised using the unit-of-production method, taking into account the expected earnings profile, so that the amortisation pattern reflects the expected earnings patterns. Other rights are amortised on a straight-line basis over their expected economic lives, which are determined on the basis of management's experience of the specific business areas, and the assets to which the rights relate. Capitalised rights are estimated to have a life of 5 - 20 years.

Development projects

Development projects comprise development of IT systems, etc. Development projects that are clearly defined and identifiable, and for which technical feasibility, adequate resources and a potential future market or an application in the enterprise can be demonstrated, and which the enterprise intends to manufacture, market or use, are recognised as intangible assets if the cost can be determined reliably and if there is reasonable certainty that the future earnings or the net selling price will cover production costs, selling costs, administrative expenses and development costs. Other development costs are recognised in profit for the year when incurred.

Recognised development costs are measured at cost less accumulated amortisation and impairment losses. Cost comprises salaries, amortisation and other costs attributable to the Group's development activities as well as borrowing costs relating to specific and general borrowing directly attributable to the development of development projects.

On completion of the development work, development projects are amortised on a straight-line basis over the estimated economic life from the date the asset is available for use. The amortisation period is usually five years. The basis of amortisation is reduced by any impairment losses.

Prepayments for intangible assets are classified together with in-process development projects.

Investments in associates

Investments in associates are measured in the consolidated financial statements using the equity method whereby the investments are measured in the balance sheet at the proportionate share of the associates' net assets determined in accordance with the Group's accounting policies, increased by or net of the proportionate share of unrealised intragroup gains and losses and increased by any excess of cost on acquisition, including goodwill.

Associates with a negative net assets are measured at nil. If the Group has a legal or constructive obligation to cover the associate's deficit, the obligation is recognised as a liability.

Receivables from associates are measured at amortised cost. Write-downs are made for bad debts.

On acquisition of investments in associates, the purchase method is applied, cf. the description under business combinations.

Other equity investments

Other equity investments are recognised as financial assets available for sale. Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, financial assets at fair value through profit for the year or held-to-maturity financial assets.

Other equity investments are recognised initially in the balance sheet at cost, equivalent to fair value plus transaction costs. Subsequent to initial recognition, equity investments are measured at cost less any impairment losses, as DONG Energy's other equity investments consist of unlisted securities and it is deemed impracticable to reliably determine their fair value.

Other non-current financial assets

Other non-current financial assets comprise receivables that are recognised initially in the balance sheet at cost, equivalent to fair value, and are subsequently measured at amortised cost.

Inventories

Inventories consist of natural gas and oil in storage facilities, raw materials, consumables and fuel inventories.

In the case of natural gas, cost is determined as a weighted average of the previous month's buying prices, including transportation costs. In the case of oil, cost is determined as the average production cost.

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 fluctuations are measured at fair value with value adjustments recognised in profit for the year.

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.

The net realisable value of inventories is determined as the expected selling price less any costs of completion and costs incurred to execute the sale, and is determined taking into account marketability, obsolescence and development of expected selling price.

39 | Description of accounting policies

Receivables

Receivables are measured at amortised cost. A write-down for bad and doubtful debts is made if there is any objective evidence of impairment of a receivable or a portfolio of receivables. If there is any objective evidence of impairment of an individual receivable, the receivable is written down individually.

Receivables for which objective evidence of impairment is not available on an individual basis are assessed for impairment on a portfolio basis. Portfolios are primarily based on the debtor's registered office and credit rating in conformity with the Group's credit risk management policy. The objective evidence applied to portfolios is determined on the basis of historical loss experience.

If there is any objective evidence of impairment of a portfolio, an impairment test is carried out where expected future cash flows are estimated on the basis of historical loss experience adjusted for current market conditions and individual factors related to the individual portfolio.

The impairment loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows, including the realisable value of any collateral received. The discount rate used is the effective interest rate for the individual receivable or portfolio.

Recognition of interest income on impaired receivables is calculated on the written-down value at the effective interest rate for the individual receivable or portfolio.

Construction contracts

Construction contracts comprise the construction of assets involving a high degree of customisation in terms of design, and where a binding contract has been entered into prior to start-up of the work that will trigger a penalty or compensation in the event of subsequent cancellation. Construction contracts also include services such as establishment of grids and networks, etc. Construction contracts are measured at the selling price of the work performed less progress billings. The selling price of construction contracts is measured on the basis of the stage of completion at the balance sheet date and total expected income on each contract. The stage of completion is determined on the basis of an assessment of the work performed, normally determined as the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When it is probable that total contract costs on a construction contract will exceed total contract revenue, the expected loss on the construction contract is recognised as an expense and a provision immediately.

When the outcome of a construction contract cannot be estimated reliably, the selling price is only recognised to the extent of the costs incurred that it is probable will be recoverable.

Where the selling price of work performed on construction contracts exceeds progress billings and expected losses, the contracts are recognised under receivables. Where progress billings and expected losses exceed the selling price of construction contracts, the contracts are recognised under liabilities.

Prepayments from customers are recognised under liabilities.

Costs related to sales work and the winning of contracts are recognised in profit for the year as incurred.

Short-term and long-term securities

Securities, comprising bonds that are monitored, measured and reported at fair value on a continuing basis in conformity with the Group's investment policy, are recognised at the trade date under current assets and measured at fair value, equivalent to market price for listed securities and estimated fair value determined on the basis of current market data and recognised valuation methods for unlisted securities.

Changes in the fair value of securities are recognised in profit for the year as financial income and expenses.

Income tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for taxes paid on account.

Deferred tax is measured using the balance sheet liability method, providing for all temporary differences between the carrying amounts and the tax base of assets and liabilities. However, temporary differences are not provided for 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 either profit/loss or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured on the basis of management's planned use of the asset or settlement of the liability respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised as other non-current assets at the value at which they are expected to be utilised either by elimination against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax assets and deferred tax liabilities are offset if the enterprise has a legally enforceable right to set off current tax assets and current tax liabilities or intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Adjustment of deferred tax is made relating to eliminations of unrealised intragroup profits and losses.

Deferred tax is measured in accordance with the tax rules and tax rates in the respective countries that will apply under the legislation enacted at the balance sheet date when the deferred tax is expected to crystallise in the form of current tax. Changes in deferred tax as a result of changes in tax rates are recognised in profit for the year.

Deferred tax on temporary differences between the carrying amounts and the tax base of acquisitions of jointly controlled assets, including licence interests, is not provided for.

Pensions

The Group has entered into pension agreements and similar agreements with most of the Group's employees.

Contributions to insured (defined contribution) pension plans are recognised in profit for the year in the period to which they relate, and any contributions payable are recognised in the balance sheet as other payables.

Non-insured pensions (defined benefit plans) relate to pensions to a few power station employees that are no longer with the company and public servants taken over from municipally owned regional gas companies. The obligation has been determined using an actuarial calculation. In the case of defined benefit plans, the present value of future benefits to be paid under the plan is determined actuarially on an annual basis. The present value is determined on the basis of assumptions about future trends in salary levels, interest rates, inflation, mortality, etc. The present value is determined only for the benefits to which the employees have earned the right through service already rendered to the Group. The actuarially determined present value is recognised in the balance sheet under pension obligations. The year's pension costs, including actuarial gains and losses, are recognised in profit for the year.

The financial consequences of the defined benefit pension plans entered into by the Group are insignificant.

Leasing

The Group applies the criteria in IFRIC 4 to determine whether a contract constitutes a lease.

Lease commitments are accounted for as commitments under finance leases and commitments under operating leases respectively.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and the associated liability is described in the sections on property, plant and equipment and financial liabilities.

Lease payments under operating leases are recognised in profit for the year over the term of the lease on a straight-line basis.

Assets classified as held for sale

Assets classified as held for sale and the associated liabilities are presented as separate line items in the balance sheet, and the principal items are specified in the notes. Comparative figures in the balance sheet are not restated.

Assets classified as held for sale comprise non-current assets and disposal groups classified as held for sale. Disposal groups are groups of assets to be disposed of, by sale or otherwise, together as a group in a single transaction. Liabilities relating to assets held for sale are liabilities directly associated with those assets that will be transferred in the transaction. Assets are classified as held for sale when their carrying amount will be recovered principally through a sale transaction within twelve months under a formal plan rather than through continuing use.

Assets or disposal groups classified as held for sale are measured at the lower of carrying amount at the date of classification as held for sale and fair value less costs to sell. No depreciation or amortisation is charged on assets from the date they are classified as held for sale.

Impairment losses arising on initial classification as held for sale and gains and losses on subsequent measurement at the lower of carrying amount and fair value less costs to sell

39 | Description of accounting policies

are recognised in profit for the year under the items to which they relate. Gains and losses are disclosed in the notes.

Statement of cash flows

The statement of cash flows shows cash flows for the year from operating, investing and financing activities, the year's changes in cash and cash equivalents, and cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is disclosed separately under cash flows from investing activities. Cash flows relating to acquired enterprises are recognised in the statement of cash flows from the date of acquisition, and cash flows relating to enterprises disposed of are recognised up to the date of disposal.

Cash flows from operating activities are determined using the indirect method as operating profit adjusted for non-cash operating items, changes in working capital, interest received and interest paid, and income tax paid.

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

Finance leases are accounted for as non-cash transactions.

Cash flows from financing activities comprise changes in the size or composition of share capital and costs associated with such changes as well as the raising of loans, repayment of interest-bearing debt, purchases and sales of treasury shares, payment of dividends to owners and coupon to hybrid capital holders.

Cash flows relating to assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash and cash equivalents comprise cash as well as securities that form part of the ongoing cash management, are readily convertible to cash and are subject to an insignificant risk of changes in value.

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

Segment information

Operating segments are reported in accordance with the Group's internal management reporting, which is presented to the Group's chief operating decision maker. The operating decision maker is the Group Executive Management.

Segment information has been prepared in accordance with the Group's accounting policies and is reported in accordance with the internal management reporting.

Segment income, segment expense, segment assets and segment liabilities are those items that are directly attributable to the individual segment and those items that are indirectly allocated to the individual segment on a reliable basis. Unallocated items are included in other activities and comprise primarily assets, liabilities, revenue and expense relating to the Group's administrative functions, investing activities, income taxes, etc.

The Group's primary measure of performance is EBITDA. EBITDA is defined as earnings before interest, tax, depreciation and amortisation, but inclusive of amortisation of purchased CO₂ certificates, as purchased CO₂ certificates are accounted for as a cost of sales item.

The Group's secondary measure of performance is EBIT. EBIT is defined as earnings before interest and tax.

Segment assets comprise those assets that are directly employed by a segment in its operating activities. Current tax and deferred tax are not allocated to individual segments, as they are not directly employed by the individual segment in its operating activities.

Segment information in respect of geographical markets is determined by breaking revenue down, as far as possible, by customer location based on supply point. 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, customer location is defined on the basis of invoicing address. Non-current assets are broken down geographically based on the physical location of the assets and comprise intangible assets and property, plant and equipment.

Intersegment transactions are priced on arm's length terms.

Definitions of financial key performance indicators

Unless otherwise stated, performance indicators have been calculated in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2010".

EBITDA margin ¹	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Revenue}}$
EBIT margin	$\frac{\text{Earnings before interest and tax}}{\text{Revenue}}$
Earnings per share (EPS) of DKK 10 ¹	$\frac{\text{Profit}^2}{\text{Average number of shares}}$
Proposed dividend per share (DPS) of DKK 10	$\frac{\text{Total proposed dividend}}{\text{Number of shares}_{\text{year end}}}$
Payout ratio ¹	$\frac{\text{Total proposed dividend}}{\text{Profit for the year}}$
Dividend paid per share of DKK 10	$\frac{\text{Total dividend paid}}{\text{Number of shares}^3}$
Average number of shares	$\frac{(\text{Shares}_{\text{beg of yr}} \times D^4) + (\text{Shares}_{\text{year end}} \times (365 - D^4))}{365}$
Adjusted net debt to cash flows from operating activities ¹	$\frac{\text{Net interest-bearing debt} + 50\% \text{ hybrid capital}}{\text{Cash flows from operating activities}}$
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Total equity}}$
EBITDA ¹	Earnings before interest, tax, depreciation, amortisation. From 2007 onwards, EBITDA has been determined inclusive of amortisation of purchased CO ₂ emissions allowances, as such allowances are accounted for as cost of sales items.
EBITDA adjusted for special hydrocarbon tax ¹	EBITDA adjusted for special hydrocarbon tax that is a result of the Group's natural gas and oil exploration and production activities.
Interest-bearing assets	Interest-bearing assets less utilised bank overdrafts.
Interest-bearing debt	Interest-bearing debt excluding utilised bank overdrafts and hybrid capital.
Funds From Operation (FFO) ¹	Cash flows from operating activities before change in working capital plus dividends received from associates and equity investments less 50% of coupon payments on hybrid capital.
Gross investments ¹	Cash flows from investing activities, excluding dividends received from associates and equity investments, disposals of assets and enterprises and short-term investments that are not part of cash.
Net investments ¹	Gross investments less disposals of assets and enterprises. To/from this is added/deducted acquired/transferred debt in connection with acquisitions and disposals of enterprises, and deducted non-controlling interests' share of investments in 100%-consolidated investment projects and the selling price of non-controlling interests.
Net working capital, external transactions ¹	Inventories, trade receivables, associates and jointly controlled entities and other operating current assets less trade payables and payables to associates and jointly controlled entities and other operating current liabilities. Prepayments and deferred income are not recognised in the determination of net working capital.
Net working capital, intragroup transactions ¹	Intragroup trade receivables less intragroup trade payables.

¹ The definition differs from the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2010".

² Earnings per share (EPS) is determined in accordance with IAS 33.

³ Number of shares outstanding at declaration date.

⁴ D = number of days prior to a capital increase, including the day on which the proceeds are received.

40 | Licence overview

Significant licences and hydrocarbon exploration and extraction licences in Denmark and abroad

Segment/Location	Activity	Licence	Ownership interest (%)	Expiry
Exploration & Production				
Denmark	Production	Licence 7/86 Lulita part	44	2026
Denmark	Production	Licence 7/89 Syd Arne	34	2027
Denmark	Production	Licence 1/90 Lulita	22	2026
Denmark	Production	Licence 4/95 Nini	40	2032
Denmark	Production	Licence 6/95 Siri	50	2027
Denmark	Production	Licence 16/98 Cecilie	22	2032
Norway	Production	Licence PL250 Ormen Lange	9	2041
Norway	Production	Licence PL019A Ula	20	2029
Norway	Production	Licence PL019B Gyda	34	2018
Norway	Production	Licence PL065 Tambar	45	2022
Norway	Production	Licence PL300 Tambar East	45	2023
Norway	Production	Licence P159B Alve	15	2029
Norway	Production	Licence PL208 Ormen Lange	45	2040
Denmark	Development	Licence 5/98 Hejre	60	2040
Norway	Development	Licence PL274 Oselvar	55	2039
Norway	Development	Licence PL147 Trym	50	2027
Norway	Development	Licence PL113 Mjølner	20	2021
Norway	Development	Licence PL122 Marulk	30	2025
Norway	Development	Licence PL122B Marulk	30	2025
Norway	Development	Licence PL122C Marulk	30	2025
Norway	Development	Licence PL122D Marulk	30	2025
Norway	Development	Licence PL274CS	55	2039
UK	Development	Licence P911 Laggan	20	2031
UK	Development	Licence P1159 Tormore	20	2031
Denmark	Exploration	Licence 7/86 Amalie	30	2026
Denmark	Exploration	Licence 9/95 Maja	20	2011
Denmark	Exploration	Licence 4/98 Svane	35	2013
Denmark	Exploration	Licence 1/06 Hejre Extension	48	2011
Denmark	Exploration	Licence 2/06 Syd Tor Pod	27	2012
Denmark	Exploration	Licence 03/07 Visby	80	2011
Denmark	Exploration	Licence 03/09 Solsort	50	2015
Norway	Exploration	Licence PL019C Kark Lead	35	2018
Norway	Exploration	Licence PL019D	34	2011
Norway	Exploration	Licence PL289 Mustling	40	2039
Norway	Exploration	Licence PL299 Frode	40	2012
Norway	Exploration	Licence PL301B Nemo SE	40	2011

Segment/Location	Activity	Licence	Ownership interest (%)	Expiry
Norway	Exploration	Licence PL301CS Peking Duck	28	2013
Norway	Exploration	Licence PL360 Lupin	20	2014
Norway	Exploration	Licence PL429 Spinell	30	2013
Norway	Exploration	Licence PL514	30	2015
Norway	Exploration	Licence PL518 Zapffe	40	2016
Norway	Exploration	Licence PL518B	40	2016
Norway	Exploration	Licence PL529 Himmelbjerget	20	2016
Norway	Exploration	Licence PL540 Silke	50	2015
UK	Exploration	Licence P912 Torridon	100	2031
UK	Exploration	Licence P967 Tobermory	33	2045
UK	Exploration	Licence P1026 Rosebank N	10	2018
UK	Exploration	Licence P1028 Cambo	20	2019
UK	Exploration	Licence P1189 Cambo	20	2019
UK	Exploration	Licence P1190 Tornado	20	2012
UK	Exploration	Licence P1191 Rosebank S	10	2031
UK	Exploration	Licence P1194 Aberlour	10	2012
UK	Exploration	Licence P1195 Glenlivet	80	2012
UK	Exploration	Licence P1262 Tornado	20	2012
UK	Exploration	Licence P1272 Rosebank N	10	2018
UK	Exploration	Licence P1373 Cretaceous A Lead	40	2011
UK	Exploration	Licence P1374 Cretaceous F	40	2011
UK	Exploration	Licence P1407 Glenshee	10	2011
UK	Exploration	Licence P1453 Edradour (Black Sail)	25	2011
UK	Exploration	Licence P1454 Glenesk	40	2011
UK	Exploration	Licence P1572 Highland Park	22	2013
UK	Exploration	Licence P1598 Tamdhu	40	2013
UK	Exploration	Licence P1599 Cretaceous A Lead	40	2013
UK	Exploration	Licence P1636 Longmorn	30	2015
UK	Exploration	Licence P1678 Dalmore	20	2031
UK	Exploration	Licence P1830 Black Rock	25	2014
UK	Exploration	Licence P1838 Tomintoul	20	2014
UK	Exploration	Licence P1846 Sula South	30	2014
UK	Exploration	Licence P1847 Milburn	30	2014
Faroe Islands	Exploration	Licence F008 Stelkur	20	2014
Faroe Islands	Exploration	Licence F016 Kúlubøkan	30	2011
Greenland	Exploration	Licence G2007/26 Puilasog	33	2012
Greenland	Exploration	Licence G2011/11 Qamut	26	2014

40 | Licence overview

Segment/Location	Activity	Licence	Ownership interest (%)	Expiry
Renewables				
Denmark	Production	Electricity generation licence (Nysted)	-	2027
Denmark	Production	Electricity generation licence (Middelgrunden)	-	2025
Denmark	Production	Electricity generation licence (Horns Rev 2)	-	2034
Denmark	Production	Electricity generation licence (general)	-	2022
Poland	Production	Electricity generation licence (Karnice)	-	2030
Poland	Production	Electricity generation licence (Karcino)	-	2030
Poland	Production	Electricity generation licence (Lake Ostrowo)	-	2025
Generation				
Denmark	Exploration/ Production	Geothermal energy exploration and production licence	-	2013
Denmark	Production	Electricity generation licence (general)	-	2022
UK	Production	Electricity generation licence (Severn)	-	2032
Sales & Distribution				
Denmark	Sales	Natural gas supply licence	-	2013 ¹
Denmark	Sales	Underground natural gas storage licence	-	2023
Denmark	Sales	Underground natural gas storage licence	-	2012
Denmark	Sales	Natural gas distribution licence	-	2023
Denmark	Sales	Electricity distribution licence	-	2023
Denmark	Sales	Electricity transmission licence	-	2025
Denmark	Sales	PSO licence, electricity	-	2012

¹ The licence is renewed on an ongoing basis for five-year terms.

For a number of the Group's licences, the licence expiry dates shown opposite each licence indicate the entire term of the exploration and evaluation licence that can be retained if DONG Energy and the Group's partners in each licence meet certain licence criteria. These criteria may include an obligation to drill a specific number of wells or to assume other obligations relating to planning or development of the area to which the licence

relates. If DONG Energy and the Group's licence partners opt not to meet such criteria, the licence term may expire earlier than the date shown in the table above.

For wind farms with a capacity of less than 25 MW in Denmark and less than 100 MW in the UK, a production licence is not required.

41 | Company overview

Segment/company	Type ¹	Registered office	Ownership interest
Parent company			
DONG Energy A/S		Fredericia, Denmark	-
Exploration & Production			
DONG E&P nr. 1 2008 A/S ²	S	Fredericia, Denmark	100%
DONG CentralGraben E&P Ltd.	S	Fredericia, Denmark	100%
DONG E&P (UK) Ltd.	S	London, England	100%
DONG E&P A/S	S	Fredericia, Denmark	100%
DONG E&P Føroyar P/F	S	Torshavn, Faroe Islands	100%
DONG E&P Grønland A/S	S	Sermersooq, Greenland	100%
DONG E&P Norge AS	S	Stavanger, Norway	100%
DONG E&P Shetland Islands (UK) Ltd.	S	London, England	100%
Shetland Land lease Ltd.	A	London, England	20%
Renewables			
A2SEA A/S	S	Fredericia, Denmark	67%
A2SEA Deutschland GmbH	S	Hamburg, Germany	67%
A2SEA Ltd.	S	London, England	67%
Barrow Offshore Wind Ltd.	J	Berkshire, England	50%
Borkum Riffgrund I Holding A/S	S	Copenhagen, Denmark	100%
Breeveertin II Wind Farm BV	J	Rotterdam, the Netherlands	50%
CT Offshore A/S	A	Odense, Denmark	29%
Den Helder Wind Farm BV	J	Rotterdam, the Netherlands	50%
DONG Energy - Anholt Offshore A/S	S	Fredericia, Denmark	100%
DONG Energy Bukowiec Sp. z o.o.	S	Warsaw, Poland	100%
DONG Energy Burbo (UK) Limited	S	London, England	100%
DONG Energy Burbo Extension (UK) Ltd.	S	London, England	100%
DONG Energy Dłot Sp. z o.o.	S	Warsaw, Poland	100%
DONG Energy Gunfleet Sands Demo (UK) Ltd.	S	London, England	100%
DONG Energy Horns Rev I A/S	S	Fredericia, Denmark	100%
DONG Energy Horns Rev 2 A/S	S	Fredericia, Denmark	100%
DONG Energy Karcino Sp. z o.o.	S	Koszalin, Poland	100%
DONG Energy Karnice III Sp. z o.o.	S	Warsaw, Poland	100%
DONG Energy Koronowo Sp. z o.o.	S	Warsaw, Poland	100%
DONG Energy London Array Ltd.	S	London, England	100%
DONG Energy London Array II Ltd.	S	London England	100%
DONG Energy NearshoreLAB, Frederikshavn A/S	S	Frederikshavn, Denmark	100%
DONG Energy Nysted I A/S	S	Fredericia, Denmark	86%
DONG Energy Olecko Sp. z o.o.	S	Warsaw, Poland	100%

41 | Company overview

Segment/company	Type ¹	Registered office	Ownership interest
DONG Energy Pancerzyn Sp. z o.o.	S	Warsaw, Poland	100%
DONG Energy Polska S.A.	S	Warsaw, Poland	100%
DONG Energy Power (UK) Ltd.	S	London, England	100%
DONG Energy Power Vind Norge AS	S	Stavanger, Norway	100%
DONG Energy Revewables Germany GmbH	S	Hamburg, Germany	100%
DONG Energy Shell Flats (UK) Limited	S	London, England	100%
DONG Energy Tuszyn Sp. z o.o.	S	Warsaw, Poland	100%
DONG Energy Walney Extension (UK) Ltd.	S	London, England	100%
DONG Energy West of Dudden Sands (UK) Limited	S	London, England	100%
DONG VE A/S	S	Fredericia, Denmark	100%
DONG Vind A/S	S	Fredericia, Denmark	100%
DONG Wind I (UK) Ltd.	S	London, England	100%
DONG Wind (UK) II Ltd.	S	London, England	100%
E2 Landvind A/S	S	Fredericia, Denmark	100%
E2 Landvind A/S af 15. september 2003	S	Fredericia, Denmark	100%
E2 Landvind A/S af 20. oktober 2003	S	Fredericia, Denmark	100%
Energi E2 Renewables A/S	S	Fredericia, Denmark	100%
Greenpower (Broadmeadows) Limited	J	Aberdeen, Scotland	50%
Gunfleet Grid Company Limited	S	London, England	100%
Gunfleet Sands Ltd.	S	London, England	100%
Gunfleet Sands II Ltd.	S	London, England	100%
Heysham Offshore Wind Ltd.	S	London, England	100%
Horns Rev I Offshore Wind Farm I/S	J	Fredericia, Denmark	40%
Kappa Sp. z o.o.	S	Szczecin, Poland	100%
Kraftgården AB	A	Ragunda, Sweden	26%
Kvalheim Kraft DA	A	Drammen, Norway	33%
Lincs Renewable Energy Holdings Limited	J	London, England	50%
Lincs Wind Farm Ltd.	J	Edinburgh, Scotland	25%
London Array Ltd.	J	Coventry, England	50%
Midtjället Vindkraft AS	J	Fitjar, Norway	50%
Morecambe Wind Ltd.	J	London, England	33%
Nesa Vind A/S	S	Gentofte, Denmark	100%
Nordkraft Vind AS	J	Narvik, Norway	50%
Nysted Havmølle Park I/S	J	Fredericia, Denmark	43%
Omikron Sp. z o.o.	S	Szczecin, Poland	100%
Ploudalmezeau - Breiz Avel 01 S.A.S.	S	Paris, France	100%
PNE2 RIFF I GmbH	S	Cuxhaven, Germany	100%
PNE2 RIFF II GmbH	S	Cuxhaven, Germany	100%
Polska Energia Wiatrowa Sp. z o.o.	S	Szczecin, Poland	100%

Segment/company	Type ¹	Registered office	Ownership interest
P/S BI New Energy Solutions	A	Copenhagen, Denmark	22%
Scarweather Sands Ltd.	J	Coventry, England	50%
Storrund Vindkraft AB	S	Uddevalla, Sweden	80%
Storrund Vindkraft Elnät AB	S	Stockholm, Sweden	80%
Vattenfall Indalsälven AB	A	Ragunda, Sweden	26%
Walney (UK) Offshore Windfarms Ltd.	S	London, England	50%
West of Dudden Sands	J	London, England	33%
West Rijn Wind Farm BV	J	Rotterdam, the Netherlands	50%
Westermose Rough Ltd.	S	London, England	100%
Zephyr AS	A	Sarpsborg, Norway	33%

Generation

Carron Engineering & Construction Limited	S	Stokesley, England	100%
DONG Energy UK I Ltd.	S	London, England	100%
DONG Energy Kraftwerke Emden GmbH	S	Hamburg, Germany	100%
DONG Energy Kraftwerke Greifswald Beteiligungs-GmbH	S	Rubenow, Germany	100%
DONG Energy Kraftwerke Greifswald Verwaltungs GmbH	S	Rubenow, Germany	100%
DONG Energy Kraftwerke Holding GmbH	S	Hamburg, Germany	100%
DONG Energy Power A/S	S	Fredericia, Denmark	100%
DONG Energy Power Holding A/S	S	Fredericia, Denmark	100%
DONG Energy Power UK I Ltd.	S	London, England	100%
DONG Energy Humber Renewables Ltd.	S	London, England	100%
DONG Energy Power Rotterdam B.V.	S	Rotterdam, the Netherlands	100%
DONG Generation Norge AS	S	Lindås, Norway	100%
Dublin Waste to Energy (Holdings) Limited	A	Dublin, Ireland	49%
Dublin Waste to Energy Ltd.	A	Dublin, Ireland	49%
Elsamprojekt Polska Sp. z o.o.	S	Warsaw, Poland	100%
Emineral A/S	J	Aalborg, Denmark	50%
Enecogen V.O.F	J	Rotterdam, the Netherlands	50%
Frederikshavn Affaldskraftvarmeværk A/S	S	Fredericia, Denmark	100%
Haderslev Kraftvarmeværk A/S	S	Fredericia, Denmark	100%
Horsens Kraftvarmeværk A/S	S	Fredericia, Denmark	100%
I/S Ensted Transithavn	J	Aabenraa, Denmark	50%
Inbicon A/S	S	Fredericia, Denmark	100%
Kraftwerke Greifswald GmbH & Co. KG	S	Rubenow, Germany	100%
MIG Business Development A/S	S	Frederikshavn, Denmark	50%
Måbjergværket A/S	S	Fredericia, Denmark	100%
Odense Kraftvarmeværk A/S	S	Fredericia, Denmark	100%
REnescience A/S	S	Fredericia, Denmark	100%

41 | Company overview

Segment/company	Type ¹	Registered office	Ownership interest
Severn Gas Transportation Limited	S	Newport, Wales	100%
Severn Power Funding Limited	S	Newport, Wales	100%
Severn Power Holdings Limited	S	Newport, Wales	100%
Severn Power Limited	S	Newport, Wales	100%
Vejen Kraftvarmeværk A/S	S	Fredericia, Denmark	100%
Energy Markets			
DE EM nr. 1 2008 A/S ²	S	Fredericia, Denmark	100%
DONG Energy Financial Solutions GmbH	S	Leipzig, Germany	84%
DONG Energy Germany AG	S	Leipzig, Germany	84%
DONG Energy Infrastruktur Holding GmbH	S	Hamburg, Germany	100%
DONG Energy Leitung E GmbH	S	Hamburg, Germany	100%
DONG Energy Markets B.V.	S	Amsterdam, the Netherlands	100%
DONG Energy Markets GmbH	S	Dorsten, Germany	100%
DONG Energy Pipelines A/S	S	Fredericia, Denmark	100%
DONG Energy Pipelines GmbH	S	Kiel, Germany	100%
DONG Energy Sales GmbH	S	Lübeck, Germany	100%
DONG Energy Speicher E GmbH	S	Hamburg, Germany	100%
DONG Energy Speicher R GmbH	S	Kiel, Germany	100%
DONG Naturgas A/S	S	Fredericia, Denmark	100%
Etzel Kavernenbetriebsverwaltungsgesellschaft mbH	A	Hamburg, Germany	33%
Etzel Kavernenbetriebsgesellschaft mbH & Co. KG	A	Hamburg, Germany	33%
Gaspool Balancing Service GmbH	A	Berlin, Germany	25%
Kielspeicher 103 GmbH & Co. KG	J	Kiel, Germany	49%
Kielspeicher 103 Verwaltungs-GmbH	J	Kiel, Germany	49%
Sales & Distribution			
Dansk Gasteknisk Center A/S	A	Rudersdal, Denmark	36%
DE 2008 A/S ²	S	Fredericia, Denmark	100%
DE S&D nr. 2 2008 A/S ²	S	Fredericia, Denmark	100%
DELPRO A/S	A	Kolding, Denmark	33%
DONG Energy Aktiebolag	S	Gothenburg, Sweden	100%
DONG Energy City Drift ApS ²	S	Fredericia, Denmark	100%
DONG Energy El & Gas A/S	S	Fredericia, Denmark	100%
DONG Energy Eldistribution A/S	S	Fredericia, Denmark	100%
DONG Energy Gasforsyning A/S	S	Fredericia, Denmark	100%
DONG Energy Kabler A/S	S	Fredericia, Denmark	100%
DONG Energy Sales B.V.	S	Oosterhout, the Netherlands	100%
DONG Energy Sales & Distribution A/S	S	Fredericia, Denmark	100%

Segment/company	Type ¹	Registered office	Ownership interest
DONG Energy Service 1 A/S	S	Fredericia, Denmark	100%
DONG Energy Service 2 A/S	S	Fredericia, Denmark	100%
DONG Gas Distribution A/S	S	Fredericia, Denmark	100%
DONG Oil Pipe A/S	S	Fredericia, Denmark	100%
DONG Storage A/S	S	Fredericia, Denmark	100%
DONG Sverige Distribution AB	S	Gothenburg, Sweden	100%
FordonsGas Sverige AB	A	Gothenburg, Sweden	50%
Frederiksberg Energiservice A/S	S	Fredericia, Denmark	100%
PowerSense A/S	A	Lyngby-Taarbæk, Denmark	44%
Stadtwerke Lübeck GmbH	A	Lübeck, Germany	25%
Stadtwerke Lübeck Netz GmbH	A	Lübeck, Germany	25%
Other			
DE nr.1 2003 A/S ²	S	Fredericia, Denmark	100%
DONG EGJ A/S	S	Fredericia, Denmark	100%
DONG EL A/S	S	Fredericia, Denmark	100%
DONG Energy Oil & Gas A/S	S	Fredericia, Denmark	100%
DONG Energy Vangede A/S	S	Fredericia, Denmark	100%
DONG Insurance A/S	S	Fredericia, Denmark	100%
EM EL Holding A/S	S	Fredericia, Denmark	100%
EnergiGruppen Jylland EL A/S	S	Fredericia, Denmark	100%
EnergiGruppen Jylland EL Holding A/S	S	Fredericia, Denmark	100%
EnergiGruppen Jylland F&B A/S	S	Herning, Denmark	66%
EnergiGruppen Jylland Forbrænding A/S	NC	Herning, Denmark	66%
Hovedstadsområdets Geotermiske Samarbejde	NC	Copenhagen, Denmark	100%
Stigsnæs Vandindvinding I/S	NC	Slagelse, Denmark	59%

¹ S = subsidiary, A = associate, J = jointly controlled entity, NC = non-consolidated enterprise.

² The company applies the provision in section 6 of the Danish Financial Statements Act to omit presenting a separate annual report.

The company overview above shows the DONG Energy Group's ultimate ownership interest in each enterprise, regardless of whether it is held directly or indirectly.

ACCOUNTING POLICIES FOR NON-FINANCIAL DATA

Overview

The overview of non-financial key performance indicators on page 3 and the review of financial performance in 2010 on pages 4-12 comprise data from the five business areas in DONG Energy.

The non-financial data comprising production, environmental, health and safety and employee data for DONG Energy and its activities have been collected with the delimitations appearing from this description of accounting policies for 2010.

Reporting and materiality criteria

Management's reasons for choosing the environmental data that are included in the overview of non-financial key performance indicators in the financial annual report for 2010 are based on the business areas' evaluations in 2007 of their environmental impacts, the subsequently set corporate targets and underlying key performance indicators (KPIs) identified for one or more of the business areas. The choice of occupational injuries and injury frequency as the key occupational health and safety parameter is based on a management decision. The same applies to the employee data that have been chosen for inclusion in the overview.

Standards and GRI reporting

DONG Energy is a signatory to the UN Global Compact and prepares an annual "Communication on Progress" report to the UN. DONG Energy's "Communication on Progress 2010" report can be found on dongenergy.com and on Global Compact's website at unglobalcompact.org/COP.

DONG Energy has been reporting in accordance with the Global Reporting Initiative's (GRI's) Reporting Guidelines G3 annually since 2006. Since 2008, DONG Energy has also been reporting in accordance with the GRI's Electric Utility Sector Supplement (EUSS).

An overview of the GRI indicators that DONG Energy has chosen to report on for the 2010 financial year is set out on pages 164-166 of this annual report. The reporting is in accordance with application level B+.

DONG Energy has carried out an assessment of materiality of the GRI indicators based on the methodology proposed by the GRI. The methodology remains unchanged from 2008 and can be found in the GRI reporting on dongenergy.com (indicator 3.5).

Organisation and data quality

The business areas' reporting has been organised and streamlined via a common reporting system that forms the basis for the consolidated reporting. At DONG Energy, the business areas are responsible for the quality of non-financial data, although based on corporate reporting procedures designed to support a Group-wide approach to data quality and ensure that data in the consolidated reporting can be reproduced in accordance with the stated methods for recognition and measurement and for determination of data. The consolidated reporting procedure is generally followed by the individual business areas, with associated procedures and systems. Data are recognised in the consolidated reporting based on the data reported by the business areas and accounting technical Group analyses.

External assurance

DONG Energy has had its non-financial reporting audited externally since 2007. Reference is made to the assurance statement on page 199.

The compilation of non-financial data is based on the same delimitations and basis as the financial data, with the differences described in the following sections.

In practice, this means that the reporting comprises all operative operating activities in DONG Energy and the Group's subsidiaries and jointly controlled entities. The latter are compiled based on ownership interest. The reporting does not include associates.

The reporting covers the period 01.01.2010 to 31.12.2010.

About environmental data

Environmental data comprise data concerning consumption, emissions, waste and other environmental data. The reporting of environmental data does not include construction projects or development projects and similar activities that are not part of the ordinary operations.

About the Exploration & Production and Energy Markets business areas

In the case of activities where DONG Energy is not the operator, only environmental impacts from the production activities are included, and not any impact from administrative support functions. The reporting does not include construction projects, exploration and drilling projects, development projects, JI/CDM projects and non-operated gas storage facilities, including LNG terminals and similar activities that are not part of the Group's ordinary operating activities. Waste data are not received from fields not operated by DONG Energy.

The reporting from these areas previously also included discharges of chemicals from drilling activities. DONG Energy has chosen not to report on this in 2009 and 2010 as the original corporate target no longer applies.

About occupational health and safety

Occupational injuries and injury frequency both for own employees and for suppliers working on locations at which DONG Energy is responsible for safety are included from companies that are owned or co-owned by DONG Energy and where DONG Energy is directly responsible for safety, with the exception of the Energy Markets business area, which only reported data for own employees in 2010.

About employees and managers

The reporting comprises paid employees in Danish and foreign consolidated companies, but not from associates.

About production

The reporting on production and generation comprises all operational activities in DONG Energy and the Group's subsidiaries as well as jointly controlled entities. The latter are determined on the basis of ownership interest. Associates are not included in the reporting.

About the 85/15 plan

For the purposes of calculating emissions in relation to the 85/15 plan, electricity, heat and steam supplied and CO₂ emissions from all generating installations are recognised, based on DONG Energy's ownership interest. This means that associates are also recognised based on DONG Energy's proportionate overall ownership interest. However, a triviality rule has been introduced for associates, which means that facilities with a capacity of less than 10 MW are omitted. The Mongstad power station is also included as it is owned and operated by DONG Energy (however the plant is not consolidated financially).

Additions and disposals during the year

If an activity has not been owned for the entire reporting period, it is, in principle, recognised from the date on which operation began, the acquisition date or up to the date of transfer.

In 2010, DONG Energy sold its stake in Swedegas AB, Nordkraft A/S with associated companies and Salten Kraftsamband A/S with associated companies.

In 2010, DONG Energy bought stakes in one company with production, Kvalheim Kraft DA.

Changes to performance summary compared with 2009

Compared with 2009, SO₂ and NO_x emissions are reported as grammes per kWh generated, and not as emitted volumes in tonnes.

Compared with 2009, there are five indicators that are no longer reported in the annual report, but only in the GRI reporting on the web. The five indicators are not deemed to be material and/or comprised by corporate targets. They are: "Other direct greenhouse gas emissions", "Excavation damage to gas pipes", "Methane leaks due to excavation damage", "Occupational injuries and lost time injury frequency" and "Executives".

Production

Electricity and heat generation

Electricity generation has largely been determined as net generation sold based on settlements from the official Danish production database Panda. Data on production from foreign and non-operated renewable energy facilities are provided by the operators.

Heat generation has been determined as net production sold. Heat generation from renewable sources is determined on the basis of monthly heat withdrawals from geothermal water. Geothermal energy from Margretheholmen is not recognised, as DONG Energy does not have a share in the production, but instead owns the substrata in which the facility lies.

For the hydroelectric station Indalselven, the ownership interest has been converted to an annual withdrawal right from the plant, and the reporting is consequently based on annual withdrawals and not on total production based on ownership interest.

Natural gas and oil production

Natural gas and oil production is reported on the basis of meter readings on delivery to shore.

Sales and distribution

Gas and electricity sales

Electricity sales, determined as physical electricity sales to identifiable counterparties, are reported on a gross basis in the financial statements. All electricity volumes and revenue come from the trading systems.

Gas sales have been reported as physical sales from the gas portfolio, as calculated in the trading systems. All wholesale sales – including sales to intragroup counterparties – are reported as total volume sold less any possibilities for selling the gas back to Energy Markets under the supply contract in question. Gas sold on hubs in the course of our physical sales and purchase activities – and gas sold as part of physical swap contracts – is reported on a net basis.

Gas and electricity distribution

Data relating to gas and electricity distribution are only reported for Denmark.

Electricity distribution has been reported on the basis of data from El-Panda, where total area consumption is measured and calculated.

Gas distribution has been reported on the basis of data acquired from Gas-Panda that have been transferred to and calculated in SAP based on total volumes and calorific values received from Energinet.dk.

Oil transport

Oil transportation has been determined on the basis of flow meter readings on delivery to shore.

Emissions

Carbon dioxide, CO₂: EU ETS CO₂ emissions

CO₂ emissions are calculated for facilities that are subject to emissions trading schemes and for which DONG Energy is responsible in its capacity as operator or its capacity as accountable for operations, and in accordance with the methods laid down in the Danish Act on CO₂ allowances.

Environmental strategy 2012 – 1 tonne less

It is DONG Energy's CO₂ target to reduce its overall CO₂ emissions as an energy consumer by the equivalent of one tonne of CO₂ per employee by 2012. The reduction is reported on the basis of the reduction potential (usually in terms of electricity consumption) of specific projects, converted to CO₂ based on fixed constants.

Nitrogen oxides, NO_x and sulphur dioxides, SO₂

Power station emissions are mainly determined based on continuous measurement. A few power stations use plant-specific emission factors to determine emissions. Specific emissions are determined as physical NO_x/SO₂ emissions from power stations relative to their total physical production of electricity, heat and steam supplied to the grid.

Specific emissions (g NO_x/SO₂ per kWh) are calculated by converting heat and steam to electricity equivalents. The

equivalent electricity supplies represent the volume of additional electricity that could have been supplied if the power stations had not been producing heat and/or steam.

Natural gas flaring (offshore and at gas storage facility)

Data for offshore installations are based on ultrasonic measurements. Volumes for the gas storage facility are calculated based on pressure and the dimension of the emptied process plant.

Oil discharged to sea from production platforms

Reported on the basis of extracted and reinjected volume including measurements of content (oil and water). Oil discharged with produced water is calculated on the basis of three daily random samples that are analysed for oil content, one sample every 24 hours based on ballast water.

Reinjection of produced water at production platforms

Reported based on pump capacity, pressure and time.

Percentage of CO₂-neutral fuels at power stations

Consumption at power stations is measured on input into production or determined on the basis of fired volume. The percentage of CO₂-neutral fuels is calculated at corporate level as biomass and waste used for electricity and heat generation.

85/15, specific emissions, g CO₂/kWh

The purpose of the calculation method is to determine physical CO₂ emissions relative to total physical generation of electricity, heat and steam supplied to the grid. Generation comprises the whole of DONG Energy, with the exception of the business area Exploration & Production.

Specific CO₂ emissions (g CO₂ per kWh) are calculated by converting heat and steam to electricity equivalents. The equivalent electricity supplies represent the volume of additional electricity that could have been supplied if the power stations had not been producing heat and/or steam.

Waste is not recognised as being 100% CO₂-neutral: A conversion factor of 35 kg CO₂/GJ from incinerated waste to CO₂ emissions is applied. Biomass, biogas, landfill gas and livestock manure are recognised as CO₂-neutral.

Emission and generation data are collected applying the normal quality criteria, with the exception of data from associates, where a lower quality level is accepted. Data from the associate Stadtwerke Lübeck GbmH have not been recognised, as no data were available. Furthermore, a triviality rule is applied for companies with plants with a total installed electricity, heat or steam capacity of less than 10 MW are omitted.

Waste

Recycling of waste in administration (including project-related waste)

Waste is reported on the basis of invoices received from waste recipients. Waste from buildings that accommodate one per cent or less of the total number of employees is not reported. Waste from the construction at Nesa Allé in Gentofte is not recognised, as the contractor disposes of waste as part of the design-build contract.

Recycling of waste at production facilities (including project-related waste)

Waste is reported on the basis of invoices received from waste recipients or using plant-specific measuring methods. For offshore installations and power stations, the reporting includes drilling projects and projects at existing installations, as waste data from projects form part of the plants' overall waste data.

Other

Significant environmental incidents

The effect and materiality of environmental incidents are evaluated on the basis of a corporate procedure for impact analysis in connection with environmental incidents. An environmental incident is an adverse event that has a negative environmental impact. Only incidents with an actual environmental impact are reported. Incidents are only determined for DONG Energy-operated facilities and operating activities. Incidents have not been determined for facilities not operated by DONG Energy or for projects.

Employees

Employee data are included in the reporting based on records from the Group's registration systems.

Number of employees

The number of employees is reported as the number of employees at the end of the financial year converted to full-time equivalents (FTE).

The number of employees by gender and country is based on FTE at the end of the financial year.

Employees are defined as paid employees hired on a contract basis in Danish and foreign consolidated companies, but not from associates.

Employee turnover

Employee turnover is measured as the number of employees that leave the Group during the financial year compared with the average number of employees during the financial year. The average number of employees is determined as a weighted average of recorded employees during the year.

Average age

Average age has been reported as the average age of employees at the end of the financial year.

Occupational health and safety

Occupational health and safety

Data are recognised for own employees and for suppliers working in or providing services in areas in which DONG Energy is directly responsible for safety in its capacity of operator or because of the operating assignment. Data from Danish and some foreign sites are recognised. The criteria for recognition of suppliers vary for the individual business areas and over time, as it is DONG Energy's policy to recognise all suppliers. However, this was not possible in 2010.

Occupational injuries

An occupational injury is defined as an injury that results in incapacity for work of one or more calendar days in addition to the day of the incident.

Injury frequency

The injury frequency is calculated as the injury frequency per one million hours worked. Working hours are determined on the basis of an indicator of 1,667 working hours annually per FTE and annual employee records converted to FTE. For DONG Energy's suppliers the actual number of hours worked is recognised on the basis of data provided by the supplier, access control systems at locations or estimates. The injury frequency is subject to some uncertainty: as upward or downward trends as a result of the data basis for hours worked and varying criteria for recognition of suppliers. The injury frequency rate is determined on a monthly basis. The determination of annual data is based on the monthly statements.

GRI INDICATOR

PUBLISHED IN 2010

PROFILE

Strategy and Analysis

1.1	Preface from the CEO	●
1.2	Description of key impacts, risks, and opportunities	●

Organisational Profile

2.1	Name of the organisation	●
2.2	Primary brands, products, and/or services	●
2.3	Operational structure of the organisation	●
2.4	Location of organisation's headquarters	●
2.5	Countries where the organisation operates	●
2.6	Nature of ownership and legal form.	●
2.7	Markets served	●
2.8	Scale of the reporting organisation	●
2.9	Changes during the reporting period regarding size, structure or ownership	●
2.10	Awards received in the reporting period	●
EU1	Capacity	●
EU2	Net energy output	●
EU3	Number of residential, industrial/commercial customer accounts	●
EU4	Length of transmission and distribution lines by voltage	●
EU5	Allocation of CO ₂ emissions allowances	●

Report Parameters

3.1	Reporting period	●
3.2	Date of the most recent report	●
3.3	Reporting cycle	●
3.4	Contact point for questions regarding the report and its content	●
3.5	Process for defining report content	●
3.6	Boundary of the report	●
3.7	Specific limitations on the scope or boundary of the report	●
3.8	Basis for reporting on joint ventures, subsidiaries etc.	●
3.9	Data measurement techniques and the bases of calculations	●
3.10	Explanation of any re-statements of information in earlier reports	●
3.11	Significant changes from previous reporting periods	●
3.12	GRI content index	●
3.13	Assurance	●

Governance, Commitment and Engagement

4.1	Governance structure of the organisation	●
4.2	Indicate whether the chair of the highest governance body is also an executive officer	●
4.3	Members of the highest governance body that are independent and nonexecutive members	●
4.4	Mechanisms to provide recommendations or direction to the highest governance body	●
4.5	Linkage between compensation and performance	●
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	●
4.7	Process for determining the qualifications of the members of the highest governance body	●
4.8	Internally developed statements of mission or values, principles etc.	●
4.9	The supervision by the highest governance body with the management of results, for example within finance/economy	●
4.10	Processes for evaluating the highest governance body's own performance	●
4.11	Use of the precautionary principle in the organization	●
4.12	Externally developed initiatives to which the organisation endorses	●
4.13	Memberships in associations and advocacy organisations	●
4.14	List of stakeholder groups engaged by the organisation	●
4.15	Basis for identification and selection of stakeholders with whom to engage	●
4.16	Approaches to stakeholder engagement	●
4.17	Key topics and concerns that have been raised through stakeholder engagement	●

Disclosure on Management Approach

DMA	Management approach, economy	●
DMA	Management approach, environment	●
DMA	Management approach, labour practices	●
DMA	Management approach, human rights	●
DMA	Management approach, society	●
DMA	Management approach, products	●

PERFORMANCE INDICATORS

Economic

EC1	Direct economic value generated and distributed.	●
EC2	Risks and opportunities for the organisation's activities due to climate change	●
EC4	Significant financial assistance received from government	●
EU6	Planning to ensure short and long-term electricity availability and reliability	●
EU7	Demand-side management programs for electricity	●
EU8	Development activities aimed on providing electricity and promoting sustainability	●
EU10	Planned capacity (MW) against projected demand.	●
EU11	Average generation efficiency.	●
EU12	Transmission and distribution efficiency	●

Environment

EN1	Materials used by weight or volume	●
EN2	Percentage of materials used that are recycled	●
EN3	Direct energy consumption by primary energy source	●
EN4	Indirect energy consumption by primary source	●
EN5	Energy saved due to conservation and efficiency improvements	●
EN6	Energy-efficient or renewable energy-based products and services	●
EN8	Total water withdrawal by source	●
EN11	Locations managed in, or adjacent to, protected areas	●
EN12	Significant impacts on biodiversity in protected areas	■
EN16	Total direct and indirect greenhouse gas emissions	●
EN18	Reduction of greenhouse gas emissions	●
EN20	NO _x , SO _x , and other significant air emissions	●
EN21	Total water discharge by quality and destination	●
EN22	Total weight of waste by type and disposal method	●
EN23	Total number and volume of significant spills	●
EN24	Weight of waste deemed hazardous and percentage of waste shipped internationally	●
EN28	Fines and sanctions for noncompliance with environmental laws and regulations	●
EN29	Significant environmental impacts of transporting	■

Labour

EU14	Programs to ensure the availability of a skilled workforce	■
EU15	Employees eligible to retire in the next 5 and 10 years	●
EU16	Policies regarding health and safety	●
EU17	Total subcontracted workforce	●
EU18	Contractors that have undergone health and safety training	●
LA1	Workforce by employment type, employment contract, and region	●
LA2	Employee turnover by age group, gender, and region	●
LA4	Employees covered by collective agreements	●
LA5	Minimum notice period(s) regarding significant operational changes	●
LA7	Rates of occupational disease, absenteeism and fatalities	●
LA8	Programmes in place to assist regarding serious diseases	●
LA10	Average hours of training per year per employee	■
LA12	Employees receiving performance and career development reviews	■
LA13	Composition of governance bodies and employees	●
LA14	Ratio of basic salary of men to women	○

Human Rights

HR1	Investment agreements that include human rights clauses	●
HR2	Contractors that have undergone screening on human rights	■
HR3	Training on policies and procedures concerning aspects of human rights	■
HR4	Total number of incidents of discrimination and actions taken	●
HR6	Risk for incidents of child labour, and initiatives to the eliminate these	●

Society

EU21	Disaster/emergency management plan and training programs, and recovery/restoration plans	●
S01	Impacts of operations on communities	○
S02	Business units analysed for risks related to corruption	■
S03	Training in anti-corruption policies and procedures	■
S04	Actions taken in response to incidents of corruption	●

S05	Public policy positions and participation in public policy development	●
S06	Value of financial and in-kind contributions to political parties or the like	●
S07	Legal actions for anti-competitive behaviour or the like	●
S08	Fines and sanctions for noncompliance with laws and regulations	●

Products

EU25	Number of injuries and fatalities involving company assets	●
EU27	Residential disconnections for non-payment	●
EU28	Power outage frequency	●
EU29	Average power outage duration	●
EU30	Average plant availability factor	●
PR1	Life cycle assessment of health and safety impacts of products and services	◐
PR2	Non-compliance with regulations concerning health and safety impacts from products and services	●
PR3	Information about products and services required by procedures	●
PR4	Non-compliance with regulations concerning product and service information and labelling	●
PR5	Practices related to customer satisfaction	◐
PR6	Compliance with laws etc. related to marketing communications	●
PR7	Non-compliance with regulations concerning marketing communications	●
PR8	Protection of customers privacy and losses of customer data	●
PR9	Fines concerning the provision and use of products and services	●

Fully reported	●
Partially reported	◐
Not reported	○

The specific links to and reporting on the individual GRI indicators can be found in DONG Energy's online reporting on www.dongenergy.com

PARENT COMPANY

FINANCIAL STATEMENTS 2010

CVR No. 36213728

The financial statements of the parent company, DONG Energy A/S, form an integral part of the overall annual report.

Parts of the parent company financial statements appear from the preceding part of the annual report only.

These parts are: management's review and the parts of the accounting policies and notes that are identical to the corresponding parts of the consolidated financial statements.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

DKK million	Note	2010	2009
Revenue	3	99	98
Production costs	4, 9	(96)	(98)
Gross profit		3	0
Management and administration	4, 5	(66)	(132)
Operating profit (loss) (EBIT)		(63)	(132)
Gain on disposal of enterprises	18	73	32
Financial income	6	13,764	14,882
Financial expenses	7	(11,980)	(9,619)
Profit before tax		1,794	5,163
Income tax expense	8	10	(82)
Profit for the year		1,804	5,081
Other comprehensive income			
Value adjustments of hedging instruments:			
Value adjustments for the year		(132)	(88)
Value adjustments transferred to financial items		(1)	(7)
Tax on value adjustments of hedging instruments		33	23
Other comprehensive income		(100)	(72)
Total comprehensive income		1,704	5,009

DKK million	Note	2010	2009
Profit for the year is attributable to:			
Equity holders of DONG Energy A/S		1,470	4,741
Hybrid capital holders of DONG Energy A/S (adjusted for tax effect)		334	340
Profit for the year		1,804	5,081
Comprehensive income for the year is attributable to:			
Equity holders of DONG Energy A/S		1,370	4,669
Hybrid capital holders in DONG Energy A/S		334	340
Total comprehensive income		1,704	5,009
Proposed dividend per share of DKK 10, in DKK		7.5	1.64

Assets

DKK million	Note	2010	2009
Investment property		42	46
Fixtures and fittings, tools and equipment		9	9
Property, plant and equipment under construction		0	1
Property, plant and equipment	9	51	56
Investments in subsidiaries	10	25,683	25,976
Other securities	10	0	1,173
Receivables	11	34,143	27,266
Other non-current assets		59,826	54,415
Non-current assets		59,877	54,471
Receivables	11	27,601	27,910
Income tax	16	211	256
Securities	19	7,470	2,524
Cash	19	1,506	3,877
Current assets		36,788	34,567
Assets classified as held for sale	12	0	106
Assets		96,665	89,144

Equity and liabilities

DKK million	Note	2010	2009
Share capital		2,937	2,937
Reserves		9,049	9,149
Retained earnings		20,756	21,489
Proposed dividends		2,203	481
Equity attributable to equity holders of DONG Energy A/S		34,945	34,056
Hybrid capital		8,088	8,088
Equity	13	43,033	42,144
Deferred tax	14	1,170	1,058
Bond loans	15	22,833	22,549
Bank loans	15	8,784	9,170
Non-current liabilities		32,787	32,777
Bond loans	15	3,737	0
Bank loans	15	449	1,582
Other payables	15	16,659	12,641
Current liabilities		20,845	14,223
Liabilities		53,632	47,000
Equity and liabilities		96,665	89,144

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER

DKK million	Share capital	Hedging reserve	Share premium	Retained earnings	Proposed dividends	Equity attributable to equity holders of DONG Energy A/S	Hybrid capital	Total
Equity at 1 January 2010	2,937	(99)	9,248	21,489	481	34,056	8,088	42,144
Comprehensive income for the year								
Profit for the year	-	-	-	1,470	-	1,470	334	1,804
Other comprehensive income								
Value adjustments for the year	-	(132)	-	-	-	(132)	-	(132)
Value adjustments transferred to financial items	-	(1)	-	-	-	(1)	-	(1)
Tax on value adjustments of hedging instruments	-	33	-	-	-	33	-	33
Total comprehensive income	0	(100)	0	1,470	0	1,370	334	1,704
Transactions with owners								
Coupon payments, hybrid capital	-	-	-	-	-	0	(451)	(451)
Tax, hybrid capital	-	-	-	-	-	0	117	117
Proposed dividends	-	-	-	(2,203)	2,203	0	-	0
Dividends paid	-	-	-	-	(481)	(481)	-	(481)
Total changes in equity in 2010	0	(100)	0	(733)	1,722	889	0	889
Equity at 31 December 2010	2,937	(199)	9,248	20,756	2,203	34,945	8,088	43,033

DKK million	Share capital	Hedging reserve	Share premium	Retained earnings	Proposed dividends	Equity attributable to equity holders of DONG Energy A/S	Hybrid capital	Total
Equity at 1 January 2009	2,937	(27)	9,248	17,229	1,926	31,313	8,088	39,401
Comprehensive income for the year								
Profit for the year	-	-	-	4,741	-	4,741	340	5,081
Other comprehensive income								
Value adjustments for the year	-	(88)	-	-	-	(88)	-	(88)
Value adjustments transferred to financial items	-	(7)	-	-	-	(7)	-	(7)
Tax on value adjustments of hedging instruments	-	23	-	-	-	23	-	23
Total comprehensive income	0	(72)	0	4,741	0	4,669	340	5,009
Transactions with owners								
Coupon payments, hybrid capital	-	-	-	-	-	0	(451)	(451)
Tax, hybrid capital	-	-	-	-	-	0	111	111
Proposed dividends	-	-	-	(481)	481	0	-	0
Dividends paid	-	-	-	-	(1,926)	(1,926)	-	(1,926)
Total changes in equity in 2009	0	(72)	0	4,260	(1,445)	2,743	0	2,743
Equity at 31 December 2009	2,937	(99)	9,248	21,489	481	34,056	8,088	42,144

PARENT COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

DKK million		2010	2009
Cash flows from operations (operating activities)	17	(204)	447
Interest income and similar items		11,980	7,252
Interest expense and similar items		(11,756)	(5,603)
Income tax paid	16	317	59
Cash flows from operating activities		337	2,155
Purchase of property, plant and equipment		0	(5)
Disposal of subsidiaries	18	471	67
Financial transactions with subsidiaries		(5,360)	(18,405)
Purchase of securities		(6,199)	(3,697)
Sale of securities		2,426	0
Dividends received and capital distributions		1,703	4,788
Other investments		(5)	(4)
Cash flows from investing activities		(6,964)	(17,256)
Proceeds from raising of loans		10,522	16,676
Instalments on loans		(3,856)	(1,023)
Dividends paid		(481)	(1,926)
Coupon payments on hybrid capital		(451)	(451)
Cash flows from financing activities		5,734	13,276
Net increase (decrease) in cash and cash equivalents		(893)	(1,825)
Cash and cash equivalents at 1 January		2,399	4,224
Net increase (decrease) in cash and cash equivalents		(893)	(1,825)
Cash and cash equivalents at 31 December	19	1,506	2,399

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Note

1	Basis of reporting	176
2	Critical account estimates and judgements	177

Notes to the statement of comprehensive income

3	Revenue	177
4	Staff costs	178
5	Fee to auditor appointed at the Annual General Meeting	179
6	Financial income	180
7	Financial expenses	180
8	Income tax expense	181

Notes to the balance sheet

9	Property, plant and equipment	182
10	Subsidiaries, associates and other securities	183
11	Receivables	184
12	Assets classified as held for sale	184

13	Equity	185
14	Deferred tax	185
15	Loans and borrowings	187
16	Income tax receivable and payable	187

Notes to the statement of cash flows

17	Cash flows from operations (operating activities)	188
18	Disposal of enterprises	188
19	Cash and cash equivalents	189

Notes without reference

20	Financial risks	189
21	Financial instruments	191
22	Leasing	194
23	Contingent assets and liabilities	194
24	Related party transactions	195
25	Company overview	196

01 | Basis of reporting

The parent company financial statements are prepared pursuant to the requirements in the Danish Financial Statements Act concerning preparation of separate parent company financial statements for companies applying IFRS.

The parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and also comply with International Financial Reporting Standards issued by the IASB.

The annual report has been prepared in accordance with Danish disclosure requirements for annual reports of listed and State-owned public limited companies, see the statutory order on adoption of IFRS issued pursuant to the Danish Financial Statements Act.

Implementation of new standards and interpretations

Reference is made to the description in note 1 to the consolidated financial statements.

Description of accounting policies

The parent company accounting policies differ from the description of accounting policies in the consolidated financial statements (see note 39 to the consolidated financial statements) in the following areas:

Foreign currency translation

Foreign exchange adjustments of balances that are accounted for as part of the total net investment in enterprises with a different functional currency than DKK are recognised in the parent company financial statements in profit for the year under financial income and expenses. Likewise, foreign exchange gains and losses on the portion of loans and derivative financial instruments that has been entered into to hedge the net investment in these enterprises are taken directly to profit for the year under financial income and expenses.

Revenue

Rental income comprises income from commercial leases and is recognised over the term of the lease. Income from services is recognised when delivery has taken place.

Dividends from investments in subsidiaries and associates

Dividends from investments in subsidiaries and associates are recognised in profit for the year in the financial year in which they are declared.

Property, plant and equipment

Investment property comprises properties held to earn rentals and that are used for own purposes to an insignificant extent only.

Investment property is measured at cost less accumulated depreciation and impairment losses. Investment property is depreciated over 20 years.

Fixtures and fittings, tools and equipment are depreciated over 3-5 years.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost in the parent company financial statements. Impairment testing is carried out as described in the accounting policies in the consolidated financial statements if there is any indication of impairment. Cost is written down to recoverable amount whenever the cost exceeds the recoverable amount.

02 | Critical accounting estimated and judgements

Determining the carrying amount of some assets and liabilities requires estimation of the effects of future events on those assets and liabilities at the balance sheet date. Estimates that are material to the parent company's financial reporting are made in connection with, among other things, impairment testing of investments in subsidiaries and associates.

The estimates applied are based on assumptions that are believed by management to be reasonable, but that, by their nature, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur. Moreover, the company is subject to risks and uncertainties that may cause actual results to differ from these estimates. Financial risks for the DONG Energy Group are disclosed in note 31 to the consolidated financial statements.

Assumptions for forward-looking statements and other estimation uncertainties at the balance sheet date that involve a considerable risk of changes that may lead to a material adjustment in the carrying amount of assets or liabilities within the coming financial year are disclosed in the notes.

Management is of the view that no judgements are made in connection with the application of the parent company's accounting policies, other than accounting estimates, that may have a material effect on the amounts recognised in the financial statements.

03 | Revenue

DKK million	2010	2009
Rental income and sales of services	99	98
Revenue	99	98

04 | Staff costs

DKK million	2010	2009
Wages, salaries and remuneration	(16)	(16)
Staff costs	(16)	(16)
Staff costs are recognised as follows:		
Production costs	(13)	(13)
Management and administration	(3)	(3)
Staff costs	(16)	(16)

The average number of employees in DONG Energy A/S in 2010 was 7 (2009: 4 employees).

Remuneration of Board of Directors and Executive Board

2010

DKK '000	Salaries	Bonus	Pension	Total
Parent company Board of Directors:				
Chairman	(500)	0	0	(500)
Deputy Chairman	(300)	0	0	(300)
Other members ¹	(1,706)	0	0	(1,706)
Audit and Risk Committee:				
Chairman	(100)	0	0	(100)
Other members ²	(100)	0	0	(100)
Remuneration Committee:				
Chairman	(50)	0	0	(50)
Other member	(25)	0	0	(25)
Parent company Executive Board:				
CEO	(4,822)	(827)	(2)	(5,651)
CFO	(4,399)	(1,198)	(2)	(5,599)
Remuneration	(12,002)	(2,025)	(4)	(14,031)

¹ Annual remuneration amounted to DKK 175 thousand per member in 2010.

² Annual remuneration amounted to DKK 50 thousand per member in 2010.

A bonus plan has been established for the Executive Board. The service contract of the CEO includes a termination package under which he will be entitled to salary, including pension, equivalent to 33½ months' salary if his service contract is terminated by the company (2009: 33½ months) consisting of salary during the

notice period (12 months) and termination benefit (21½ months). The CFO will be entitled to 24 months' salary if his service contract is terminated by the company (2009: 24 months) consisting of salary during the notice period (12 months) and termination benefit (12 months).

2009

DKK '000	Salaries	Bonus	Pension	Total
Parent company Board of Directors:				
Chairman	(500)	0	0	(500)
Deputy Chairman	(300)	0	0	(300)
Other members ¹	(1,575)	0	0	(1,575)
Audit and Risk Committee:				
Chairman	(100)	0	0	(100)
Other members ²	(100)	0	0	(100)
Remuneration Committee:				
Chairman	(50)	0	0	(50)
Other member	(25)	0	0	(25)
Parent company Executive Board:				
CEO	(4,817)	(1,363)	(2)	(6,182)
CFO	(4,384)	(1,000)	(2)	(5,386)
Remuneration	(11,851)	(2,363)	(4)	(14,218)

¹ Annual remuneration was DKK 175 thousand per member in 2009.

² Annual remuneration was DKK 50 thousand per member in 2009.

05 | Fees to auditor appointed at the Annual General Meeting

DKK million	2010	2009
Audit fees	(1)	0
Total fees to PricewaterhouseCoopers	(1)	0
Audit fees	0	(2)
Tax and VAT advice	0	(1)
Non-audit fees	0	(1)
Total fees to KPMG	0	(4)
Audit fees	0	(1)
Total fees to Deloitte	0	(1)

06 | Financial income

DKK million	2010	2009
Interest income from cash, etc.	159	60
Interest income from subsidiaries	1,499	1,743
Interest income from securities at fair value	315	173
Gains on securities at fair value	50	30
Foreign exchange gains	3,071	2,172
Value adjustments of derivative financial instruments	6,946	5,888
Dividends received	1,703	4,788
Other financial income	21	28
Financial income	13,764	14,882

07 | Financial expenses

DKK million	2010	2009
Interest expense relating to payables	(1,753)	(1,094)
Interest expense to subsidiaries	(76)	(143)
Impairment of investments in subsidiaries	0	(19)
Losses on securities at fair value	(69)	(31)
Foreign exchange losses	(2,199)	(1,185)
Value adjustments of derivative financial instruments	(7,883)	(7,147)
Financial expenses	(11,980)	(9,619)

Foreign exchange adjustments are recognised in profit for the year with DKK 872 million (2009: DKK 987 million).

08 | Income tax expense

DKK million	2010	2009
Tax on profit for the year	10	(82)
Tax on other comprehensive income	150	134
Tax for the year	160	52
Income tax expense can be broken down as follows:		
Current tax	7	140
Deferred tax	(1)	(238)
Adjustments to current tax in respect of prior years	115	(10)
Adjustments to deferred tax in respect of prior years	(111)	26
Income tax expense	10	(82)

2010	DKK million	%
Income tax expense can be explained as follows:		
Calculated 25% tax on profit before tax	(449)	(25)
Tax effect of:		
Non-taxable income	457	25
Non-deductible expenses	(2)	(0)
Adjustments to tax in respect of prior years	4	(0)
Effective tax for the year	10	0

2009	DKK million	%
Income tax expense can be explained as follows:		
Calculated 25% tax on profit before tax	(1,291)	(25)
Tax effect of:		
Non-taxable income	1,207	23
Non-taxable expenses	(14)	0
Adjustments to tax in respect of prior years	16	0
Effective tax for the year	(82)	(2)

09 | Property, plant and equipment

DKK million	Investment property	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2010	88	10	1	99
Transfers	-	1	(1)	0
Cost at 31 December 2010	88	11	0	99
Depreciation at 1 January 2010	(42)	(1)	-	(43)
Depreciation charge	(4)	(1)	-	(5)
Depreciation at 31 December 2010	(46)	(2)	0	(48)
Carrying amount at 31 December 2010	42	9	0	51

Depreciation is recognised under production costs in profit for the year.

DKK million	Investment property	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2009	88	-	5	93
Additions	-	-	6	6
Transfers	-	10	(10)	0
Cost at 31 December 2009	88	10	1	99
Depreciation at 1 January 2009	(38)	-	-	(38)
Depreciation charge	(4)	(1)	-	(5)
Depreciation at 31 December 2009	(42)	(1)	0	(43)
Carrying amount at 31 December 2009	46	9	1	56

The fair value of investment property was DKK 91 million (2009: DKK 100 million). The determination of fair value is based on a calculation of the value in use. The value in use has been determined as the present value of the expected future net cash flows from the properties. Net cash flows have been determined on the basis of budgets for the period 2011-2048. A pre-tax discount rate of 6.2% has been used. A growth rate of 2% has been assumed for the terminal period. External valuers have not been used in connection with the determination of fair value.

Total rental income for the year from investment property, DKK 4 million (2009: DKK 5 million) is recognised in profit for the year under revenue. Total costs for operation and maintenance of investment property, DKK 0 (2009: DKK 0) have been recognised in profit for the year under production costs. The investment properties were let to subsidiaries throughout the year.

No mortgages or other restrictions on the use of investment property were registered at 31 December 2010.

10 | Subsidiaries, associates and other securities

DKK million	Investments in subsidiaries		Investments in associates		Other securities	
	2010	2009	2010	2009	2010	2009
Cost at 1 January	25,995	25,995	-	175	1,173	-
Additions	-	-	-	-	130	1,173
Disposals	(293)	-	-	-	(1,303)	-
Transfer to assets classified as held for sale	-	-	-	(175)	-	-
Cost at 31 December	25,702	25,995	0	0	0	1,173
Value adjustments at 1 January	(19)	-	-	(69)	-	-
Impairment charge	-	(19)	-	-	-	-
Transfer to assets classified as held for sale	-	-	-	69	-	-
Value adjustments at 31 December	25,683	(19)	0	0	0	0
Carrying amount at 31 December	25,683	25,976	0	0	0	1,173

Investments in subsidiaries and associates were not tested for impairment in 2010 as there were no indications of impairment in the financial year.

The investment in DONG Energy Ayrshire Holdco Ltd. was written down to the recoverable amount in 2009. The impairment loss amounted to DKK 19 million. The recoverable amount was determined as the value in use based on expected cash flows. The company is not engaged in any activities.

DONG Energy Frederiksberg Elnet A/S was disposed of in 2010 to DONG Energy Sales & Distribution A/S.

DONG Energy A/S did not acquire any shares in companies in 2010 and 2009.

Reference is made to the company overview in note 25.

Associates

2009

DKK million	Registered office	Ownership interest	Revenue	Profit for the year	Assets	Liabilities
Swedegas AB	Stockholm, Sweden	20%	167	32	652	281

Swedegas AB was disposed of in the 2010 financial year, see note 12.

11 | Receivables

DKK million	2010	2009
Receivables from subsidiaries	34,143	27,266
Non-current receivables at 31 December	34,143	27,266
Receivables from subsidiaries	21,518	22,906
Fair value of derivative financial instruments, see note 21	5,877	4,873
Deposits	13	13
Other receivables	193	118
Current receivables at 31 December	27,601	27,910
Current and non-current receivables at 31 December	61,744	55,176

Except for the fair value of derivative financial instruments and deposits, receivables fall due for payment less than one year after the end of the financial year. The carrying amount of receivables

is estimated to correspond to the fair value. Receivables from subsidiaries relate to current credit facilities that are made available to the subsidiaries.

12 | Assets classified as held for sale

There were no assets classified as held for sale at 31 December 2010.

Assets classified as held for sale at 31 December 2009 relate to the investment in Swedegas AB. The sale was closed in the first quarter of 2010. The accounting gain after tax was approx. DKK 155 million.

DKK million	2010	2009
Non-current assets	0	106
Assets classified as held for sale at 31 December	0	106

13 | Equity

Share capital

DKK million	2010	2009
Share capital at 1 January	2,937	2,937
Share capital at 31 December	2,937	2,937

The company's share capital is DKK 2,937,099,000, divided into shares with a nominal value of DKK 10.

All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up. The shares may only be assigned or otherwise transferred with the written consent of the Danish Finance Minister.

Resolutions concerning amendments to the Articles of Association or DONG Energy A/S's dissolution require at least two thirds of the votes cast and of the voting share capital to be represented at the general meeting in order to be carried.

Dividends

The Board of Directors recommends that a dividend of DKK 2,203 million be paid for the 2010 financial year.

Dividend paid to shareholders for the 2009 financial year amounted to DKK 481 million. Dividend per share (DPS) of DKK 10 was DKK 1.64 (2009: DKK 6.56).

Dividend distributions to shareholders have no tax implications for DONG Energy A/S.

Hybrid capital

Hybrid capital of DKK 8,088 million comprises the EUR bonds (hybrid capital) issued in the European capital market in June 2005. The loan principal is EUR 1.1 billion, and the loan is subject to a number of special terms. The purpose of the issue was to strengthen DONG Energy A/S's capital base and to fund DONG Energy's CAPEX and acquisitions.

The bonds rank as subordinated debt and have a maturity of 1,000 years. The coupon for the first ten years is fixed at 5.5% p.a., following which it becomes floating with Eurocibor +3.2%. The tax effect of coupon payments is recognised directly in equity. Coupon is settled annually in the middle of the year. DONG Energy A/S can omit or defer coupon payments to the bond holders. However, deferred coupon payments will fall due for payment in the event of DONG Energy A/S subsequently making any distributions to its shareholders. The proceeds from the issuing of hybrid capital were DKK 8,111 million (EUR 1.1 billion). So far, DONG Energy A/S has not used the option to defer coupon payments.

14 | Deferred tax

DKK million	2010	2009
Deferred tax at 1 January	1,058	846
Deferred tax for the year recognised in profit for the year	1	238
Adjustments in respect of prior years	111	(26)
Deferred tax at 31 December	1,170	1,058
Deferred tax is recognised in the balance sheet at follows:		
Deferred tax (liabilities)	1,170	1,058
Deferred tax at 31 December, net	1,170	1,058

14 | Deferred tax

DKK million	2010	2009
Deferred tax relates to:		
Property, plant and equipment	18	16
Current assets	(10)	(6)
Non-current liabilities	17	14
Retaxation	1,152	1,053
Tax loss carryforwards	(7)	(19)
Deferred tax at 31 December	1,170	1,058

Changes in temporary differences during the year

2010

DKK million	Balance sheet at 1 January	Recognised in profit for the year	Balance sheet at 31 December
Property, plant and equipment	16	2	18
Current assets	(6)	(4)	(10)
Non-current liabilities	14	3	17
Retaxation	1,053	99	1,152
Tax loss carryforwards	(19)	12	(7)
Deferred tax	1,058	112	1,170

2009

DKK million	Balance sheet at 1 January	Recognised in profit for the year	Balance sheet at 31 December
Property, plant and equipment	15	1	16
Current assets	(3)	(3)	(6)
Non-current liabilities	12	2	14
Current liabilities	(12)	12	0
Retaxation	834	219	1,053
Tax loss carryforwards	-	(19)	(19)
Deferred tax	846	212	1,058

15 | Loans and borrowings

DKK million	2010			2009		
	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Non-derivative financial instruments:						
Bond loans	3,737	22,833	26,570	0	22,549	22,549
Bank overdrafts	0	0	0	1,478	0	1,478
Other bank loans	449	8,784	9,233	104	9,170	9,274
Trade payables	12	0	12	9	0	9
Payables to subsidiaries	10,206	0	10,206	7,745	0	7,745
Other payables	811	0	811	621	0	621
Derivative financial instruments:						
Fair value of derivative financial instruments	5,630	0	5,630	4,266	0	4,266
Loans and borrowings at 31 December	20,845	31,617	52,462	14,223	31,719	45,942

The company's financing agreements are not subject to any unusual terms or conditions, apart from those disclosed in note 24 to the consolidated financial statements.

16 | Income tax receivable and payable

DKK million	2010	2009
Income tax receivable at 1 January, net	256	51
Adjustments to current tax in respect of prior years	115	(10)
Payments in respect of prior years	(317)	(77)
Current tax for the year	7	140
Current tax for the year from other comprehensive income	150	134
Payments for the year	-	18
Income tax receivable at 31 December, net	211	256

17 | Cash flows from operations (operating activities)

DKK million	2010	2009
Operating profit (loss) (EBIT)	(63)	(132)
Depreciation and amortisation	5	5
Operating profit (loss) before depreciation and amortisation (EBITDA)	(58)	(127)
Other restatements	205	65
Cash flows from operations (operating activities) before changes in net working capital	147	(62)
Change in trade receivables	(69)	132
Change in other receivables	(76)	(79)
Change in trade payables	(397)	257
Change in other payables	191	199
Change in net working capital	(351)	509
Cash flows from operations (operating activities)	(204)	447

18 | Disposal of enterprises

DKK million	2010	2009
Other non-current assets	398	35
Gain on disposal of enterprises	73	32
Cash selling price	471	67

Disposal of enterprises in 2010

Disposal of enterprises in 2010 comprises the companies Swedegas AB and Frederiksberg Elnet A/S. The accounting gain on the disposal of Swedegas AB was calculated at DKK 155 million, while the disposal of Frederiksberg Elnet A/S yielded an accounting loss of DKK 82 million.

Disposal of enterprises in 2009

Disposal of enterprises in 2009 comprised Frederiksberg Forsyning A/S and Frederiksberg Forsynings Ejendomsselskab A/S and yielded accounting gains of DKK 1 million and DKK 31 million respectively.

19 | Cash and cash equivalents

DKK million	2010	2009
Available cash	1,506	3,877
Bank overdrafts that are part of the ongoing cash management, see note 15	0	(1,478)
Cash and cash equivalents at 31 December, see statement of cash flows	1,506	2,399
Cash can be broken down into the following balance sheet items:		
Available cash	1,506	3,877
Cash at 31 December	1,506	3,877
Securities can be broken down into the following balance sheet items:		
Other securities that are not part of the ongoing cash management	7,470	2,524
Securities at 31 December	7,470	2,524

20 | Financial risks

The parent company acts as the Group's internal banker in relation to financing, currency, interest rate and cash management as well as the conclusion of some commodity-related contracts, see the sections on Risk management and Commercial risks in the chapter on Risk and risk management on pages 54-57 in management's review.

As part of its financial management, DONG Energy A/S hedges currency risks and interest rate risks. Full or partial hedging

of recognised assets and liabilities (hedging of fair value) and of future transactions (hedging of cash flows) is carried out in accordance with the framework laid down in the financial risk policy implemented by DONG Energy. Derivative financial instruments such as forwards, swaps and options are used as hedges. In some cases, the company has also entered into contracts to hedge risks in subsidiaries.

Currency risks

	2010				2009			
DKK million	Cash and cash equivalents and receivables	Payables	Hedged using hedging instruments	Net position	Cash and cash equivalents and receivables	Payables	Hedged using hedging instruments	Net position
EUR	4,373	(28,496)	9,765	(14,358)	3,462	(29,075)	13,774	(11,839)
USD	3,301	(4,185)	3,240	2,356	4,189	(3,172)	1,547	2,564
GBP	12,187	(6,932)	(8,946)	(3,691)	10,094	(346)	371	10,119
SEK	6	(34)	(1,517)	(1,545)	0	(250)	(1,595)	(1,845)
NOK	7,922	0	(3,995)	3,927	7,602	34	(3,037)	4,599
Other	1,127	0	(1,265)	(138)	1,136	4	(1,034)	106
Total	28,916	(39,647)	(2,718)	(13,449)	26,483	(32,805)	10,026	3,704

20 | Financial risks

At 31 December 2010, unrealised value adjustments of derivative financial instruments for currency hedging of recognised assets and liabilities totalled a loss of DKK 100 million (31 December 2009: loss of DKK 294 million), which has been recognised in the parent company statement of comprehensive income.

Sensitivity analysis

DONG Energy A/S' principal currency risks relate to USD, GBP, SEK and NOK. The company also calculates and manages the currency risk vis-à-vis EUR; however, as price fluctuations between DKK and EUR are small, the risk is considered to be insignificant.

All other conditions being equal, a 10% increase in the USD exchange rate in relation to the exchange rate at the balance sheet date would have had a positive effect of DKK 236 million on profit and equity (2009: DKK 256 million). All other conditions being equal, a decrease in the exchange rate would have had a corresponding opposite effect. All other conditions being equal, a 10% increase in the GBP exchange rate in relation to the exchange rate at the balance sheet date would have had a negative effect of DKK 369 million on profit and equity (2009: positive effect of DKK 1,012 million). All other conditions being equal, a decrease in the exchange rate would have had a corresponding opposite effect.

All other conditions being equal, a 10% increase in the SEK exchange rate in relation to the exchange rate at the balance sheet date would have had a negative effect of DKK 155 million on profit and equity (2009: negative effect of DKK 185 million). All other conditions being equal, a decrease in the exchange rate would have had a corresponding opposite effect.

All other conditions being equal, a 10% increase in the NOK exchange rate in relation to the exchange rate at the balance sheet date would have had a positive effect of DKK 393 million on profit and equity (2009: DKK 460 million). All other conditions being equal, a decrease in the exchange rate would have had a corresponding opposite effect.

Interest rate risks

Interest rate risks are the risk that externally introduced changes in agreed interest rates lead to increased interest expense or reduced interest income for DONG Energy A/S. For an analysis of the company's interest rate sensitivity, reference is made to note 31 to the consolidated financial statements.

Ineffectiveness

Ineffectiveness of interest rate hedging was DKK 0 million in 2010 (2009: DKK 7 million).

Interest rate hedges

As part of its financial management, DONG Energy A/S swaps the interest basis on loans from a floating rate to a fixed rate or vice versa using interest rate swaps. For interest rate swaps converting floating-rate loans to fixed-rate loans (hedging of cash flows), value adjustments recognised directly in equity at 31 December 2010 amounted to a net loss of DKK 265 million (31 December 2009: loss of DKK 133 million). Reference is made to note 32 to the consolidated financial statements.

Counterparty risks

Counterparty risks are the risk that a financial loss will be realised in the event of a counterparty to an agreement being unable to fulfil its obligations under the agreement.

DONG Energy A/S' counterparty risks comprise primarily receivables from financial counterparties. Credit rating of business partners is carried out on a regular basis to generally minimise this risk.

The amounts with which the items in question are recognised in the balance sheet correspond to the company's maximum counterparty risk. Losses on receivables from individual business partners have historically been low. In the company's opinion, there are no special concentrations of counterparty risks. The company's counterparty risk in connection with derivative financial instruments is limited as they have primarily been entered into with major international banks or other counterparties with a high credit rating. Reference is made to note 31 to the consolidated financial statements.

21 | Financial instruments

Maturity analysis for financial liabilities including interest payments

2010

DKK million	Carrying amount	Payment obligation	2011	2012	2013	2014	2015	After 2015
Non-derivative financial instruments:								
Bond loans	26,570	40,401	5,044	4,980	1,004	4,728	822	23,823
Bank overdrafts	0	0	0	0	0	0	0	0
Other bank loans	9,233	10,288	623	208	2,045	489	443	6,480
Trade payables	12	12	12	0	0	0	0	0
Payables to subsidiaries	10,206	10,206	10,206	0	0	0	0	0
Other payables	811	811	811	0	0	0	0	0
Derivative financial instruments								
Fair value of derivative financial instruments	5,630	5,630	2,139	1,232	932	606	143	578
Payables	52,462	67,348	18,835	6,420	3,981	5,823	1,408	30,881

2009

DKK million	Carrying amount	Payment obligation	2010	2011	2012	2013	2014	After 2014
Non-derivative financial instruments:								
Bond loans	22,549	29,596	1,062	5,059	4,598	753	4,471	13,653
Bank overdrafts	1,478	1,478	1,478	0	0	0	0	0
Other bank loans	9,274	10,421	282	611	720	1,964	475	6,369
Trade payables	9	9	9	0	0	0	0	0
Payables to subsidiaries	7,745	7,745	7,745	0	0	0	0	0
Other payables	621	621	621	0	0	0	0	0
Derivative financial instruments								
Fair value of derivative financial instruments	4,266	4,266	2,252	605	644	386	163	216
Payables	45,942	54,136	13,449	6,275	5,962	3,103	5,109	20,238

In this connection, at 31 December 2010, DONG Energy A/S had issued hybrid capital with a principal of DKK 8,088 million maturing in 3005.

The maturity analysis is based on undiscounted cash flows relating to financial liabilities.

21 | Financial instruments

Categories of financial instruments

DKK million	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Derivative financial instruments held for trading	5,721	5,721	4,724	4,724
Securities	7,470	7,470	3,697	3,697
Financial assets measured at fair value via profit for the year	13,191	13,191	8,421	8,421
Derivative financial instruments entered into to hedge future cash flows	0	0	39	39
Derivative financial instruments entered into to hedge fair values	156	156	110	110
Financial assets used as hedging instruments	156	156	149	149
Other receivables	55,867	55,867	50,303	50,303
Cash	1,506	1,506	3,877	3,877
Loans and receivables	57,373	57,373	54,180	54,180
Derivative financial instruments held for trading	5,267	5,267	3,921	3,921
Financial liabilities measured at fair value via profit for the year	5,267	5,267	3,921	3,921
Derivative financial instruments entered into to hedge future cash flows	260	260	162	162
Derivative financial instruments entered into to hedge fair values	103	103	183	183
Financial liabilities used as hedging instruments	363	363	345	345
Bond loans	26,570	28,149	22,549	23,539
Bank loans	9,233	9,596	10,752	11,088
Other payables	11,017	11,017	8,366	8,366
Financial liabilities measured at amortised cost	46,820	48,762	41,667	42,993

Fair value hierarchy of financial instruments

DKK million	2010				2009			
	Quoted prices (Level 1)	Observable inputs (Level 2)	Non-observable inputs (Level 3)	Total	Quoted prices (Level 1)	Observable inputs (Level 2)	Non-observable inputs (Level 3)	Total
Derivative financial instruments	0	5,496	381	5,877	0	4,873	0	4,873
Securities	7,470	0	0	7,470	2,520	1,177	0	3,697
Assets	7,470	5,496	381	13,347	2,520	6,050	0	8,570
Derivative financial instruments	0	(5,630)	0	(5,630)	0	(4,170)	(96)	(4,266)
Liabilities	0	(5,630)	0	(5,630)	0	(4,170)	(96)	(4,266)

Level 1 comprises quoted securities that are traded in active markets.

Level 2 comprises derivative financial instruments, where valuation methods with observable inputs are used to measure the fair value, and with discounting to present value using a discount rate set by DONG Energy A/S. Level 2 also comprises quoted

securities that have not been traded sufficiently in the market for a reliable fair value to be obtained.

Level 3 comprises other derivative financial instruments in which the value of one or more key non-observable inputs has been estimated and where the sum of these estimated non-observable inputs may affect the fair value.

Reconciliation of financial instruments based on non-observable inputs

DKK million	2010		2009	
	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)
Opening at 1 January	-	(96)	33	-
Gains and losses recognised in profit for the year under revenue	(64)	96	(33)	(26)
Purchases	(6)	-	-	(88)
Other transfers to and from Level 3	451	-	-	18
Closing at 31 December	381	0	0	(96)

A loss of DKK 19 million has been recognised in profit for the year under revenue in respect of assets and liabilities that are valued on the basis of non-observable inputs and are still

recognised in the balance sheet at 31 December 2010 (2009: loss of DKK 98 million).

22 | Leasing

Operating leases

DKK million	2010			2009		
	Minimum lease payments	Rental income	Net	Minimum lease payments	Rental income	Net
0-1 year	106	(95)	11	85	(73)	12
1-5 years	34	(31)	3	42	(47)	(5)
Minimum lease payments	140	(126)	14	127	(120)	7

DONG Energy A/S has entered into operating leases for leasing of office premises in the period 2007-2012 and vehicle leasing on behalf of the Group's companies.

The latter lease runs for a period of up to five years. There are no significant restrictions in the leases. In 2010, an amount of DKK 62 million (2009: DKK 66 million) was recognised in profit for the year in respect of operating lease payments.

DONG Energy A/S has entered into operating leases that comprise subleasing of office premises and leasing of investment property. There are no significant restrictions in the leases. None of the leases has a term exceeding five years. In 2010, an amount of DKK 89 million (2009: DKK 92 million) was recognised in profit for the year relating to rental income.

23 | Contingent assets and liabilities

Contingent assets

As a shareholder in the mutual insurance company Oil Insurance Limited (OIL), DONG Energy is under obligation to pay a theoretical withdrawal premium (TWP) in the event of the company deciding to withdraw from the mutual insurance cover.

DONG Energy A/S is also under obligation to pay an avoided premium surcharge (APS) in the event of the company deciding to alter or reduce its existing insurance arrangements. Provision is made in the financial statements for the retrospective adjustment (TWP). The prospective premium (APS) is not expected to exceed USD 1 million (2009: USD 1.5 million).

Contingent liabilities

Guarantees

DONG Energy A/S has provided guarantees in connection with participation by subsidiaries and participation by joint ventures in which subsidiaries are partners in natural gas and oil exploration and production, construction and operation of wind farms, and geothermal plants and natural gas installations. DONG Energy A/S has also provided guarantees in respect of leases, decommissioning obligations, purchase and sales contracts, etc.

DONG Energy A/S acts as guarantor with primary liability for bank balances in subsidiaries for DKK 3,236 million (2009: DKK 3,976 million).

Litigation

DONG Energy A/S is a party to a number of litigation proceedings and legal disputes that do not have any effect on the company's financial position, individually or collectively.

24 | Related party transactions

Trading with subsidiaries and associates

DKK million	2010	2009
Rental income and services to subsidiaries	99	98
Purchases of goods and services from subsidiaries	(101)	(148)
Interest, subsidiaries (net income)	1,448	1,600

Capital transactions and balances with subsidiaries and associates at 31 December

DKK million	2010	2009
Receivables from subsidiaries	55,661	50,172
Payables to subsidiaries	(10,206)	(7,745)
Dividends received from subsidiaries	1,703	4,782
Dividends received from associates	0	6

Reference is made to note 37 of the consolidated financial statements.

25 | Company overview

Name	Registered office	Ownership interest
Subsidiaries		
DE nr. 1 2003 A/S	Fredericia, Denmark	100%
DONG E&P A/S	Fredericia, Denmark	100%
DONG EI A/S	Fredericia, Denmark	100%
DONG Energy Ayrshire Holdco Ltd.	London, England	100%
DONG Energy Infrastruktur Holding GmbH	Hamburg, Germany	100%
DONG Energy Oil & Gas A/S	Fredericia, Denmark	100%
DONG Energy Pipelines GmbH	Kiel, Germany	100%
DONG Energy Power Holding A/S ¹	Fredericia, Denmark	57%
DONG Energy Sales & Distribution A/S	Fredericia, Denmark	100%
DONG Gas Distribution A/S	Fredericia, Denmark	100%
DONG Insurance A/S	Fredericia, Denmark	100%
DONG Naturgas A/S	Fredericia, Denmark	100%
DONG Oil Pipe A/S	Fredericia, Denmark	100%
DONG Storage A/S	Fredericia, Denmark	100%
DONG Sverige Distribution AB	Gothenburg, Sweden	100%
DONG VE A/S	Fredericia, Denmark	100%

¹ The remaining part of the company is owned by EnergiGruppen Jylland EI A/S, which is wholly-owned by the DONG Energy Group.

STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

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 2010.

The annual report is presented 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 Group's and the parent company's financial position at 31 December 2010 and of the results of the Group's and the parent company's operations and cash flows for 2010.

In our opinion, Management's review includes a true and fair account of the development in the Group's and the parent com-

pany's operations and financial matters, the results for the year and the Group's and the parent company's financial position as a whole and a description of the most significant risks and elements of uncertainty facing the Group and the parent company.

DONG Energy's non-financial reporting has been prepared in accordance with the international guidelines for sustainability reporting from Global Reporting Initiative with level B+ selected (GRI-G3 2006 Guidelines and the Electric Utility Sector Supplement). 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, 11 March 2011

Executive Board:

Anders Eldrup
CEO

Carsten Krogsgaard Thomsen
CFO

Board of Directors:

Fritz H. Schur
Chairman

Lars Nørby Johansen
Deputy Chairman

Hanne Steen Andersen* Jakob Brogaard

Poul Dreyer*

Jørgen Peter Jensen*

Jørn P. Jensen

Jens Kampmann

Poul Arne Nielsen

Jens Nybo Stilling Sørensen*

Lars Rebien Sørensen

Mogens Vinther

* Employee representative

INDEPENDENT AUDITOR'S REPORT

To the shareholders of DONG Energy A/S

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 2010. The consolidated financial statements and the parent company financial statements comprise statement of comprehensive income, assets, equity and liabilities, statement of changes in equity, statement of cash flows and notes 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 additional Danish disclosure requirements for listed companies and State-owned public limited companies. Management's review, which is not comprised by the audit, is also prepared in accordance with Danish disclosure requirements for listed companies and State-owned public limited companies.

Management's responsibility

Management is responsible for the preparation and fair presentation of consolidated financial statements and parent company financial statements in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies and State-owned public limited companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error. The responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. Furthermore, Management is responsible for preparing a Management's review that includes a true and fair account in accordance with Danish disclosure requirements for listed companies.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on the consolidated financial statements and parent company financial statements based on our audit. We conducted our audit in accordance with Danish Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and parent company financial statements are free from material misstatement.

Copenhagen, 11 March 2011

PricewaterhouseCoopers

Statsautoriseret Revisionsaktieselskab

Mogens Nørgaard Mogensen

State Authorised Public Accountant

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 risk of material misstatement of 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 and fair presentation of consolidated financial statements and parent company financial statements 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 the 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.

Our audit did not result in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2010 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 2010 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies and State-owned public limited companies.

Statement on Management's review

We have read Management's review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit performed of the consolidated financial statements and the parent company financial statements. On this basis, in our opinion, the information provided in Management's review is in accordance with the consolidated financial statements and the parent company financial statements.

Fin T. Nielsen

State Authorised Public Accountant

ASSURANCE STATEMENT

Assurance Statement for DONG Energy's stakeholders from independent auditor

We have reviewed DONG Energy's non-financial statements for 2010 for the purpose of expressing a conclusion on CSR data.

Criteria used to prepare the non-financial statements

The criteria used to prepare the non-financial statements are set out in the description of accounting policies on pages 160-163. These contain information on which of the Group's business areas and activities are included in the reported types of data and Management's reasons for choosing the data included. Data are recognised in accordance with the description of accounting policies for non-financial data.

Responsibilities

Company Management is responsible for preparing the non-financial statements, including establishing registration and internal control systems with a view to ensuring a reliable reporting basis, specifying acceptable reporting criteria and choosing data to be collected. Based on our review, it is our responsibility to express a conclusion on the CSR data in the non-financial statements.

Scope

We have planned and performed our work in accordance with the international standard on assurance engagements ISAE 3000 (assurance engagements other than audits or reviews of historical financial information) for the purpose of obtaining limited assurance that the CSR data presented on page 3 have been recognised in accordance with the criteria used to prepare the non-financial statements. The obtained assurance is limited as our engagement was limited compared with an audit engagement. Based on an assessment of materiality and risk, our work first and foremost included inquiries regarding applied instructions, registration and reporting systems, procedures with the focus on internal controls, auditing analyses of the data basis used to prepare the non-financial statements, sample testing of data and underlying documentation, including visits to selected local units, and control of compliance with the description of accounting policies for the non-financial statements.

Conclusion

Based on our work, nothing has come to our attention causing us to believe that the CSR data presented on page 3 of the annual report for 2010 have not been recognised in accordance with the criteria used to prepare the non-financial statements.

Special statements on GRI reporting and the UN Global Compact principles

We have assessed the extent to which DONG Energy has applied the Global Reporting Initiative Sustainability Guidelines (GRI-G3), application level B+, including GRI's "Electric Utility Sector Supplement" for the financial year 1 January - 31 December 2010. Our work has primarily comprised a review of the documentation presented, including chosen inquiries and sample testing of information and data to determine whether the documentation meets the requirements of the GRI-G3 Guidelines. Based on our work, nothing has come to our attention contradicting DONG Energy's self assessment of the extent to which its reporting complies with the GRI-G3 Guidelines, including the "Electric Utility Sector Supplement". We are thus able to state that nothing has come to our attention causing us to believe that DONG Energy has not reported in a reasonable and balanced manner in accordance with GRI-G3 application level B+, including the "Electric Utility Sector Supplement".

Furthermore, we have been presented with DONG Energy's self assessment of whether reporting information and underlying policies, codes of conduct, activities, targets and results for corporate responsibility are in keeping with and support the UN Global Compact principles. We can confirm that DONG Energy's management supports the UN Global Compact principles, and, based on our work, nothing has come to our attention contradicting DONG Energy's self assessment or that the reporting information for 2010 reflects how DONG Energy is working, in practice, in keeping with the sustainability principles.

Copenhagen, 11 March 2011

PricewaterhouseCoopers

Statsautoriseret Revisionsaktieselskab

Mogens Nørgaard Mogensen
State Authorised Public Accountant

Fin T. Nielsen
State Authorised Public Accountant

COMPANY ANNOUNCEMENTS

IN 2010

22.12.2010	DONG Energy and Siemens Wind Power enter into agreement on testing of the wind turbines of the future	10.08.2010	Development of Marulk approved by authorities
21.12.2010	DONG Energy upgrades Kyndby Power Station and Masnedø CHP Plant	14.07.2010	DONG Energy to develop Norwegian gas field
21.12.2010	Sale of share in Danish offshore wind farm and acquisition of shares in German sales company approved	12.07.2010	A2SEA invests in a new purpose-built installation vessel
20.12.2010	PGGM and Ampère Equity Fund buy minority stake from DONG Energy in Walney Offshore Wind Farm	01.07.2010	DONG Energy A/S signs GBP 250m loan facility for London Array
06.12.2010	DONG Energy temporarily brings two power station units back into service	29.06.2010	Siemens to become equity partner in offshore wind park installation specialist A2SEA
01.12.2010	DONG Energy terminates repurchase of hybrid capital bonds and postpones the intended issue of new hybrid capital bonds	24.06.2010	DONG Energy to sell its stakes in Nordkraft and Salten Kraftsamband
29.11.2010	Announcement of indicative results and amendment of timetable re pricing for debt tender offer	22.06.2010	DONG Energy to build Anholt offshore wind farm
26.11.2010	DONG Energy invests in further development of South Arne field	08.06.2010	DONG Energy A/S signs a GBP 250m loan facility for London Array
24.11.2010	Additional information regarding prospectus supplement and re-opening of invitation to tender existing hybrid capital bonds for repurchase	26.05.2010	DONG Energy A/S signs a EUR 750m loan facility
23.11.2010	Conditions fulfilled in relation to PensionDanmark becoming equity partner in Nysted offshore wind farm	20.05.2010	Interim Financial Report - Q1 2010
11.11.2010	DONG Energy announces invitation to tender hybrid capital bonds for repurchase and intention to issue new hybrid capital bonds	18.05.2010	DONG Energy presents first quarter 2010 results
11.11.2010	Strong results combined with continued transition to green energy	07.04.2010	DONG Energy submits tender for concession to build Anholt offshore wind farm
04.11.2010	DONG Energy to present first nine month results	26.03.2010	DONG Energy A/S successfully issued Sterling bond
29.10.2010	DONG Energy has decided to phase out two power station units	26.03.2010	DONG Energy A/S to issue Sterling bond
14.10.2010	DONG Energy strengthens its position in the Netherlands	25.03.2010	Mandating banks for Sterling bond issuance
13.10.2010	Antitrust authority approves Siemens as equity partner in A2SEA	24.03.2010	Updating and increase of Debt Programme
12.10.2010	Divestment of stakes in Nordkraft and Salten Kraftsamband has been approved	17.03.2010	DONG Energy to develop the Laggan-Tormore fields West of Shetland
30.09.2010	Stadtwerke Lübeck and DONG Energy to swap wind asset for ownership in German sales company	17.03.2010	Iberdrola to deliver LNG to DONG Energy from 2011
09.09.2010	PensionDanmark becoming partner in Nysted offshore wind farm	11.03.2010	DONG Energy A/S' survey of information published pursuant to Section 27b of the Danish Securities Trading Act
24.08.2010	DONG Energy selling interests in North Sea licences	11.03.2010	CORRECTION: Announcement of financial results for 2009
19.08.2010	Strengthened earnings	11.03.2010	Announcement of financial results for 2009
13.08.2010	DONG Energy presents first half 2010 results	10.03.2010	DONG Energy press conference 11 March 2010
12.08.2010	DONG Energy and Iberdrola close LNG agreement	04.03.2010	DONG Energy will release its annual results for 2009 on March 11, 2010
		25.02.2010	New North Sea field - Nini East – is now producing
		04.02.2010	DONG Energy closes sale of shares in Swedegas AB
		27.01.2010	DONG Energy to carry out appraisal drilling in the Svane field
		24.01.2010	North Sea field Siri back in production
		08.01.2010	Financial calendar
		04.01.2010	The Siri field expected back in production in January

GLOSSARY

2P reserves: Sum of Proved reserves plus Probable reserves (Society of Petroleum Engineers and World Petroleum Congress (SPE/WPC) reserve classification standards).

Biomass: Also known as biomass fuel. A term for all combustible organic materials, including straw, wood chips and wood pellets. CO₂ emissions produced by the combustion of biomass are not covered by the ETS. Biomass can be used in both central power stations and local CHP plants.

Central power station: A larger power station, typically with a net installed power capacity of over 100 MW.

CHP plant: A CHP (Combined Heat and Power) plant generates both heat and power in the same process. The heat generated may be used for industrial purposes and/or district heating.

CHP plant, local: A CHP (Combined Heat and Power) plant, typically with a net installed power capacity of less than 100 MW.

Climate partnerships: The possibility of providing customers with energy-saving solutions. Including the possibility of offering residential customers energy-saving Clean-tech solutions and advice, typically in the form of geothermal heating, window insulation, etc. The possibility of offering business customers actual partnerships by providing energy-saving advice, with the energy savings achieved typically being used to buy green electricity (from wind turbines) from DONG Energy. Partnerships with business customers open up other opportunities for collaboration between energy company and customer in the longer term.

CO₂: Carbon dioxide.

CO₂ allowances: Carbon dioxide emissions allowances subject to the European Union Emissions Trading Scheme (EU ETS).

DK1 and DK2: Area prices for electricity in West Denmark (DK1) and East Denmark (DK2).

DUC: Dansk Undergrunds Consortium.

EEX: European Energy Exchange.

EFET: European Federation of Energy Traders. Develops European standard contract documentation that can be used for mutual trading in energy.

ETS: Emissions Trading Scheme. The EU Emissions Trading Scheme, which aims to reduce emissions of carbon dioxide and combat climate change by means of a system that grants CO₂ emissions allowances and enables power generators and other emitters to trade these CO₂ emissions allowances.

EUAs: European Union Allowance. The allowances available within the EU borders.

Exploration and appraisal wells: Wells drilled to discover and evaluate natural gas or oil in an unproved area to find new reserves in an area in which hydrocarbon discoveries have previously been made or to delineate a known accumulation.

FIFO principle - coal inventories: First in, first out. DONG Energy buys physical coal up to one year ahead of delivery. To ensure security of supply, the inventory of coal typically corresponds to 4 to 6 months' consumption. As the value of coal inventories is recognised in the balance sheet using the FIFO principle, coal purchased in a period with high market prices, followed by a period with declining coal prices, will be recognised as a cost of sales item at prices exceeding the current market price level.

Fossil fuels: Fuel resources such as coal, coal products, natural gas, crude oil and other hydrocarbon products.

Geothermal generation: Heat generation using naturally occurring geological heat sources.

Green dark spread and contribution margin from power generation: Green dark spread represents the contribution margin per MWh of electricity generated at a coal-fired power station of a given efficiency. It is calculated as the difference between the market price of electricity and the cost of the coal (including associated freight costs) and CO₂ allowances used to generate the electricity. Electricity generated is affected by the green dark spread.

The contribution margin from electricity generation is affected, among other things, by whether electricity is generated at times during the 24-hour cycle when prices are relatively high (peak) or at times when prices are relatively low (off-peak). The contribution margin is also affected by the fact that the cost of coal for accounting purposes differs from the market price resulting from application of the FIFO (first in, first out) principle to inventories. In addition, DONG Energy is allocated a specific volume of CO₂ emissions allowances.

Hydrological balance: Most of the electricity generated in the Nordic countries comes from hydro electric stations, and their output depends on their water reservoir levels. The hydrological balance reflects whether the level is above or below normal.

ISDA: The International Swaps and Derivatives Association. Develops standard contract documentation that can be used for mutual trading in derivative financial instruments.

LNG: Liquefied Natural Gas. Gas that has been liquefied by cooling to minus 161 degrees Celsius. LNG takes up 600 less space than conventional gas. LNG can be transported in customised tankers, enabling it to be transported from remote destinations. In the receiving terminal, the LNG is vaporised and pressurised before being routed into the transmission system for onwards distribution and sale.

LTIF: Lost Time Injury Frequency. DONG Energy defines lost time injuries as occupational injuries resulting in at least one day's absence from work in addition to the day of the injury.

Million boe: Million barrels of oil equivalent.

NBP: National Balancing Points, natural gas hub in the UK.

Nord Pool: The Norwegian-based Nordic power exchange, which facilitates trading of electricity in Norway, Sweden, Finland and Denmark.

NO_x: Nitrogen oxides.

Operator: The company appointed to conduct operations under an exploration, production and/or development licence or concession governing a natural gas or oil licence or concession area.

Peak and off-peak: Reflects prices for electricity generated at times during the 24-hour cycle with high demand and low demand respectively.

PJ: Petajoule, a unit of energy. 1 PJ is equivalent to 1,000 TJ or 1,000,000 GJ or 1,000,000,000 MJ.

Second-generation bioethanol: Ethanol produced from agricultural residues such as straw.

SO₂: Sulphur dioxide.

SPE-PRMS Guidelines: Internationally accepted guidelines for the evaluation of gas and oil reserves prepared by Society of Petroleum Engineers (SPE).

Supply obligation: A company with a supply obligation is bound by law to deliver power or natural gas in a certain geographic area at prices approved by the Danish Energy Regulatory Authority.

Thermal generation: Electricity and heat generated through the combustion of fossil fuels, biomass or waste.



































Time lag: Oil price changes and changes in the USD exchange rate impact on gas sales prices relatively quickly, whereas purchase prices are adjusted with a time lag effect of up to a year and a half. For example, a change in the price of oil and/or the USD exchange rate in January may affect DONG Energy's sales prices already in February, but may not be felt on purchase prices before the summer of the following year. The impact on the individual periods consequently varies, and this may lead to considerable fluctuations in operating profit from one period to the next in the case of oil price changes. However, the fluctuations will balance each other out over a number of years.

TTF: The Title Transfer Facility, natural gas hub in the Netherlands.

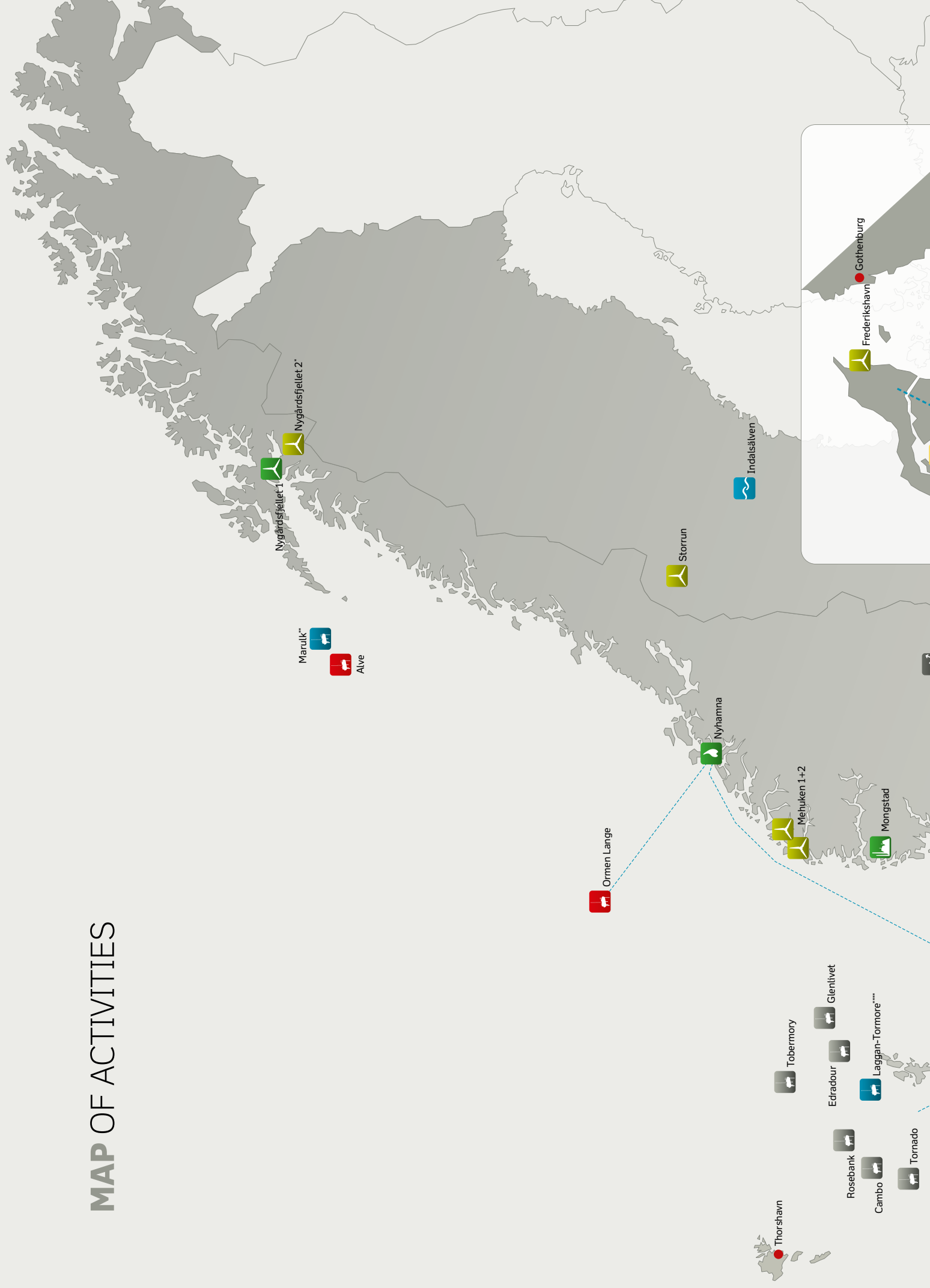
TWh: Terawatt hour. The amount of energy generated in one hour with the effect of 1 TW. 1 TWh is equivalent to 1,000 GWh or 1,000,000 MWh.

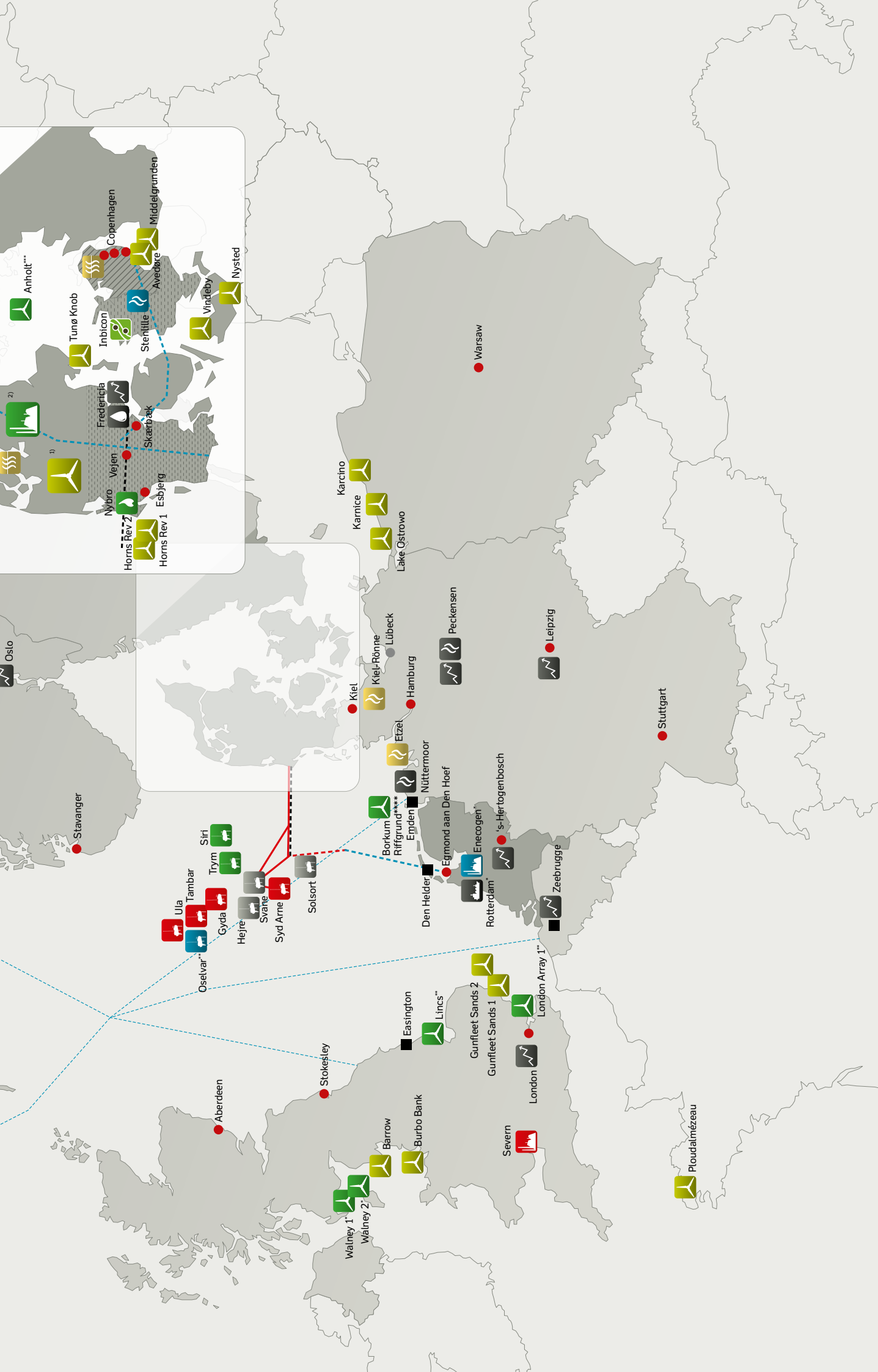
Value at Risk (VaR): A financial indicator used for measuring the loss that may occur from a risk position, assuming a certain volatility and that the position is held for a certain period of time.

Wood pellets: Wood that has been pulverised and pelletised under heat and high pressure.

	Natural gas pipeline owned by DONG Energy		Generation of geothermal heat
	Natural gas pipeline owned by third parties		Energy hub or exchange
	Natural gas pipeline partly owned by third parties		DONG Energy office
	Gassled, natural gas transmission system partly owned by DONG Energy		Stadtwerke Lübeck partly owned by DONG Energy
	Oil pipeline owned by DONG Energy		GATE terminal. Liquefied natural gas (LNG) terminal, partly owned by DONG Energy Project under construction
	Oil processing plant		Producing oil/gas field, partly owned by DONG Energy DONG Energy is a licence partner
	Gas and electricity sales		Producing oil/gas field, partly owned by DONG Energy DONG Energy is the licence operator
	Electricity distribution		Oil/natural gas field, partly under evaluation and/or development Partly owned by DONG Energy
	Natural gas distribution		Oil/natural gas field under evaluation, partly owned by DONG Energy
	Natural gas storage facility		Inbicon bioethanol plant
	Natural gas storage facility under construction		* Expected on stream in 2011
	Leased natural gas storage facility		** Expected on stream in 2012
	Natural gas treatment plant		*** Expected on stream in 2013
	Gas receiving facility		**** Expected on stream in 2014
	Heat and electricity generation	¹⁾	315 onshore wind turbines in Denmark
	Electricity generation, gas-fired power station	²⁾	22 central power stations and small-scale CHP plants
	Electricity generation, project under construction		
	Wind		
	Wind project under development and/or construction		
	Hydro electric station, partly owned by DONG Energy		

MAP OF ACTIVITIES







Design: Bysted/DONG Energy
Print: Scanprint

This report was printed by an ISO 14001
eco-certified and EMAS-registered printing firm





www.dongenergy.com

DONG Energy A/S
Kraftværksvej 53
7000 Fredericia
Denmark

Tel. +45 9955 1111

DONG
energy