

Company announcement

New and more transparent presentation of income statement

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From and including the first quarter of 2011, DONG Energy will present its financial results in a new and more transparent manner to better illustrate the underlying financial performance. The new presentation of the income statement reflects a wish to better represent the Group's active risk management in the financial statements.

16 May 2011

DONG Energy has expanded its business activities in several energy markets in recent years. As a result, the scope of the Group's risk management has been increased in some areas to enhance value creation and to create a greater degree of certainty with respect to the Group's financial position. This is achieved by hedging all or part of the value of the Group's production and by purchasing and selling energy to avoid performance being affected by unfavourable movements in market prices.

It is DONG Energy's ambition to fully reflect its risk management in its financial statements. To that end, the Group has applied the rules on cash flow hedge accounting (IAS 39). The purpose of the rules is to match the accounting recognition of the hedging transactions with the accounting recognition of the hedged revenue and costs to obtain timeliness in the financial results. This way, the financially counterbalancing effect of hedging transactions feeds through to the accounts.

However, the active risk management approach has had the effect of making it increasingly difficult to satisfy the criteria for cash flow hedge accounting. In some instances, it has thus been difficult to achieve concurrency between the hedged exposure (revenue and costs) and the hedging transactions under IAS 39.

If the criteria are not satisfied, the hedging transactions must be market value adjusted on a continuous basis, which may give rise to large fluctuations in the income statement, regardless of the fact that the hedging transactions have reduced the financial risk. With effect from 1 January 2011, the Group has therefore deselected the option of applying the hedging rules in IAS 39 for most of the derivative financial instruments hedging future cash flows. Accordingly, these are no longer classified as hedge accounting.

Instead, an income statement divided into columns is introduced for enhanced transparency in DONG Energy's financial reporting. The new income statement

DONG Energy is one of the leading energy groups in Northern Europe. We are headquartered in Denmark. Our business is based on procuring, producing, distributing and trading in energy and related products in Northern Europe. We have approximately 6,000 employees and generated DKK 55 billion (EUR 7.3 billion) in revenue in 2010. For further information, see www.dongenergy.com

divided into columns follows the presentation rules in IFRS and will be audited by the Group's external auditors in line with the rest of the financial report.

The income statement divided into columns consists of the following three columns:

- Business performance
- Adjustments
- IFRS

The sum of the business performance results and the adjustments column will equate to the IFRS results.

The *Business performance* results reflect the internal management of the Group. The results have been adjusted for temporary fluctuations in the market value of contracts, including hedging transactions relating to other periods. The financial effect of hedging is therefore recognised in the income statement in the same period as the hedged commercial exposure. This way, the business performance income statement better represents the underlying financial performance of the Group.

The *Adjustments column* consists of timing differences relating to movements in the market value of contracts, including hedging transactions that are deferred to the period in which they are to be recognised. The adjustments column will accumulate to nil over time.

In the *IFRS* results, hedging transactions relating to the commercial exposures referred to above are recognised at fair value with value adjustment through the income statement in the IFRS financial statements, regardless of the period to which they relate. As DONG Energy enters into hedging transactions with terms of up to five years, this may have a major impact on the results for individual reporting periods.

The new column structure of the income statement has no effect on the cash flow statement or the Group's capital structure ratios. It simply gives a more transparent and fairer presentation of the Group's results for each reporting period.

From and including the first quarter of 2011, DONG Energy will report in accordance with the new income statement divided into columns.

Conference call today at 1.00pm CET

DONG Energy will be holding a conference call today at 1.00pm CET for investors and analysts in order to provide further details of the new presentation of the income statement. Historical comparative Business performance figures will also be presented during the conference call.

Dial-in telephone numbers for the conference call are:

Denmark: +45 3271 4767

International: +44 207 509 5139

The telephone conference can be followed live at the following address:

<http://www.dongenergy.com/en/investor/presentations/pages/webcasts.aspx>

Presentation slides will be available prior to the conference call at the following address:

http://www.dongenergy.com/en/investor/presentations/pages/financial_presentations.aspx

The information provided in this announcement does not change DONG Energy's previous financial guidance for the 2011 financial year or the announced expected investment level.

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