Company announcement

DONG Energy to build further offshore wind farms in the UK

DONG Energy has decided to build the offshore wind farm Walney II in the Irish Sea. The move is a result of the British government’s increase in funding towards sustainable energy, which the British Chancellor of the Exchequer Alistair Darling announced in his budget presentation today (WED).

Walney II is to be affiliated with DONG Energy’s Walney I offshore wind farm, for which planning has been completed. The British government’s announcement, to increase offshore support to 2 ROCs, has provided the foundation on which to commence construction. The expected investment in Walney I and II is to total 9.7 billion DKK.

Combined, the wind farms will have a total capacity of 367 MW, and consist of 102 turbines. The planned completion date for Walney I is at the beginning of 2011. Walney II is expected to be completed in 2012. The total volume of power produced will be the equivalent of the annual consumption of about 250,000 households.

“It’s encouraging that the investment regime has now been created to allow us to implement our strategy of considerably expanding DONG Energy’s position within sustainable energy. With the 2 ROCs, we can now begin the construction of Walney I and II.” says Anders Eldrup, CEO of DONG Energy.

As for the London Array project, the partners will now conclude their review processes before making an announcement on the final investment decision.

"With 2 ROCs, DONG Energy finds that a good foundation has been created to go along with the London Array project as well. We will now discuss this with our partners", says Anders Eldrup.

The turbines that are to be used in the Walney projects are part of a supply contract concluded between DONG Energy and Siemens Wind Power in March 2009. The agreement is the world’s largest offshore wind turbine contract and concerns the supply of up to 500 turbines for DONG Energy’s planned offshore wind farm projects; Walney will use up the first 102 of the turbines detailed in the contract.
DONG Energy is already a market leader within offshore wind power, having built around half of all offshore wind farms globally.

Walney I and II are to be placed in the Irish Sea, 15 km off the north-west coast of England, and are the first stages in a joint project in which DONG Energy has acquired the right to develop, construct and operate a wind farm of up to 600 MW on the site.

The content of this announcement does not alter the previously announced expectations for the financial result for 2009 or the announced expected level of investments.

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The Renewable Obligation is the main support scheme for renewable electricity projects in the UK. It places an obligation on UK suppliers of electricity to source an increasing proportion of their electricity from renewable sources. A Renewables Obligation Certificate (ROC) is a green certificate issued to an accredited generator for eligible renewable electricity generated within the United Kingdom and supplied to customers within the United Kingdom by a licensed electricity supplier. After today’s announcement, two ROCs will be issued for each megawatt hour (MWh) of offshore wind power generated.

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 5,500 employees and generated more than DKK 60 billion (approx. EUR 8.2 billion) in revenue in 2008.
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The UK is one of DONG Energy’s primary markets concerning offshore wind. DONG Energy is the sole owner of the 90MW Burbo Bank and owns 50% of the 90MW Barrow project, both of which are in commercial operation in the East Irish Sea. The construction of Gunfleet Sands I+II (total 172MW) was commenced in early 2008 in the Thames Estuary and are scheduled for commercial operation by the end of 2009. Furthermore, DONG Energy has a substantial pipeline of offshore wind projects in the UK which are currently under planning and development. For more information, please visit www.dongenergy.com