

Company announcement

DONG Energy A/S

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DONG Energy sells minority stake in Walney Offshore Wind Farm

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DONG Energy and SSE (Scottish and Southern Energy plc) have entered into an agreement whereby SSE acquires a 25.1% stake in the 367MW (megawatt) Walney offshore wind farm which is being built 14km west of the Isle of Walney in the Irish Sea. DONG Energy will retain a 74.9% stake.

To acquire the stake in Walney, SSE will pay to DONG Energy a total consideration of up to approx. GBP 39 million (DKK 327 million) of which approx. GBP 17 million (DKK 143 million) is subject to the operational performance of the wind farm. As a shareholder in the project, SSE will pay its pro rata share of the construction costs.

DONG Energy will be the leading partner in the construction and operational phases of the development, and has provided SSE with financial guarantees relating to the final construction cost of the project and its timely completion.

Excluding the connection to the Great Britain electricity network (offshore transmission assets which are to be owned by a specialised transmission operator to be decided by the UK regulator), the cost of constructing Walney is expected to total just under GBP 1 billion (DKK 8.4 billion). The project will initially be funded by DONG Energy while SSE will contribute its 25.1% share of the construction cost of the project (just under GBP 250 million (DKK 2.1 billion)) in two stages, when each phase of the wind farm is commissioned.

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 more than DKK 60 billion (EUR 8.2 billion) in revenue in 2008. For further information, see www.dongenergy.com.

Anders Eldrup, Chief Executive Officer of DONG Energy, said:

“The partnership with SSE in the UK provides an opportunity for DONG Energy, through its reduced share in Walney, to diversify risks and at the same time utilise and further develop our offshore experience.

The UK is one of the primary markets for DONG Energy’s wind development activities now and in the near future. We are, therefore, very delighted with the opportunity to team up with an experienced company like SSE.”

Ian Marchant, Chief Executive Officer of SSE, said:

“I believe this is an excellent agreement for SSE and for DONG Energy. DONG Energy is one of the world’s leading offshore wind farm developers with extensive construction and operational experience. SSE is already the UK’s leading generator of electricity from renewable sources, with the largest and most diverse portfolio.

Major offshore wind developments such as Walney benefit from a partnership approach which blends the skills and experience of each party, and this agreement between SSE and DONG Energy does exactly that.”

Walney will be constructed in two phases, each totalling 183.6MW, with construction of the first phase due to begin in the spring of 2010 and of the second phase in the spring of 2011. The wind farm is therefore expected to enter commercial operation in two phases: during the first half of 2011 and towards the end of 2011. DONG Energy will manage the construction of the wind farm with Siemens supplying the wind turbines, the second phase of which will feature a new 120 metre rotor.

The wind farm is expected to have an average load factor of around 43% and produce around 1,300 GWh (gigawatt hours) of electricity in a typical year. Under the UK government’s current plans for its Renewables Obligation Scheme, this output will qualify for 2.0 Renewable Obligation Certificates per MWh. SSE and DONG Energy will market the output of the wind farm in proportion to their equity stakes.

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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