

Company announcement

No. 7/2016

DONG Energy A/S
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CVR-nr. 36 21 37 28**DONG Energy terminates EPC contract on Hejre platform**

In the annual report for 2015 released on 4 February 2016, DONG Energy announced that the Hejre project continues to be in a challenging situation and that first oil in 2017 is no longer the likely scenario. Since then, DONG Energy has worked closely with our partner Bayerngas Norge (Bayerngas) and the suppliers to determine the best way forward for the project.

A key challenge for the project has been that the supplier consortium consisting of Technip France and Daewoo Shipbuilding & Marine Engineering has not been able to meet its contractual commitments under the EPC contract on the Hejre platform. This has, among other things, resulted in significant delays in the completion of the Hejre project.

29 March 2016

DONG Energy and Bayerngas no longer have confidence in the supplier consortium's ability to deliver the platform and hold the consortium in material breach of its contractual obligations. On this basis, DONG Energy and Bayerngas Norge have today given notice to terminate the EPC contract with the supplier consortium for cause with immediate effect. This means that the platform will not be completed and that the Hejre project in its current form will be stopped.

DONG Energy and Bayerngas have agreed that DONG Energy will be controlling the termination process towards the supplier consortium on behalf of the Hejre project. As such, DONG Energy will assume potential financial up- and downsides related to the EPC contract and termination process towards the supplier consortium.

DONG Energy and Bayerngas will now jointly assess alternative ways for the development of the Hejre field. As such, no first oil production date for the Hejre field can be provided at present. DONG Energy and Bayerngas will work closely with the Danish authorities in the process going forward.

David B. Cook, Executive Vice President in DONG Energy, said:
"DONG Energy and Bayerngas have today decided to terminate the contract for the Hejre platform due to the supplier consortium's material breach in meeting its contractual obligations under the EPC contract for the design and construction of the Hejre platform. We'll now take a step back to jointly evaluate the best way forward for the Hejre field."

DONG Energy is one of the leading energy groups in Northern Europe, headquartered in Denmark. Around 6,700 ambitious employees are engaged in developing, constructing and operating offshore wind farms; generating power and heat from our power stations; providing energy to residential and business customers on a daily basis; and producing oil and gas. Group revenue was DKK 71bn (EUR 9.5bn) in 2015. For further information, see www.dongenergy.com

The information provided in this announcement is not expected to result in additional impairment losses (including provisions) relating to the Hejre project and does not change DONG Energy's previous financial guidance for the 2016 financial year.

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