

An aerial photograph of a rugged coastline. The water is a deep, clear blue, with white foam from waves crashing against dark, jagged rocks. Patches of bright green moss or algae are visible on the rocks and in the shallow water. The overall scene is dynamic and natural.

nordpool
spot

The power of transparency

ANNUAL REPORT 2012

Contents

- 04 Highlights 2012
- 05 Operations by location
- 06 Key facts and figures
- 08 From the CEO
- 11 Management team
- 13 Building the Baltic market
- 16 How the day-ahead auction works
- 20 The power of transparency
- 26 Directors' report
- 31 Financial report



“Nord Pool Spot is Europe’s leading power market and a vital component of our success is **transparency.**”

Mikael Lundin, CEO

March

14 March: Nord Pool Spot, APX-ENDEX, Statnett and TenneT successfully implement intraday trading over the Dutch-Norwegian interconnector NorNed.

July

3 July: Nord Pool Spot upgrades its intraday trading platform Elbas, improving real time information exchange and providing members with enhanced response time, performance and reliability in their daily power trading.

November

6 November: The Elbas intraday system is further improved by Nord Pool Spot. Upgrades include making it easier to use for members trading in multiple markets as well as improved broker functionality.

Highlights 2012

26 November: The N2EX day-ahead auction breaks 400GWh for the first time since it was launched in the UK in January 2010, as the auction records a traded volume of 400.2GWh.

April

13 April: Nord Pool Spot is selected to develop and operate a 'virtual hub' to facilitate the full participation of the GB electricity market in the North-Western Europe (NWE) market coupling project.

August

1 August: The Estonian and Lithuanian transmission system operators (TSOs), Elering and Litgrid, each acquire a two per cent share of Nord Pool Spot. In addition, it is agreed that the Latvian Independent System Operator, Augstsprieguma tīkls, will be granted the right to acquire a two per cent share of Nord Pool Spot when the new Latvian power market opens.

December

7 December: N2EX introduces a seven day auction in the UK. With market coupling to be launched in the North-Western Europe region in 2013, the N2EX day-ahead auction needs to synchronise with European standards.

June

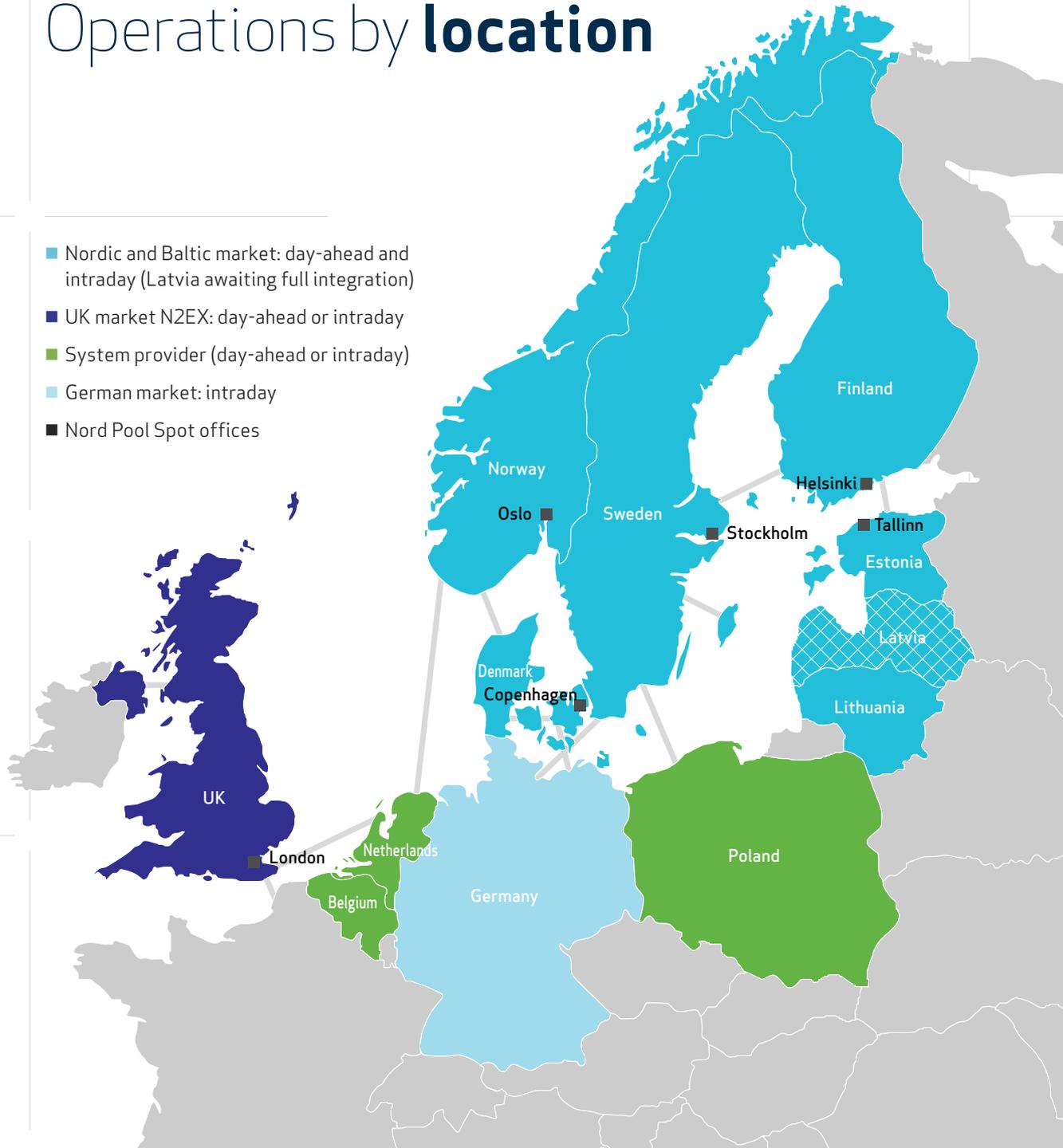
18 June: The new Elspot bidding area in Lithuania is successfully opened. As a result Lithuania forms a new day-ahead Elspot bidding area in the Nord Pool Spot market, with no direct connections to other existing bidding areas.

October

1 October: First dedicated and independent Nord Pool Spot N2EX office is opened in the City of London.

17 December: Nord Pool Spot announces completion of the sale of its 50 per cent share in the Nordic gas exchange Nord Pool Gas to Energinet.dk, the Danish transmission system operator. Energinet.dk becomes the sole owner of Nord Pool Gas.

Operations by location



The Nord Pool Spot markets with major interconnectors indicated

Key facts and figures

Market share

77%

of the total consumption of power in the Nordic market, excluding Estonia

Total traded volume

432 TWh

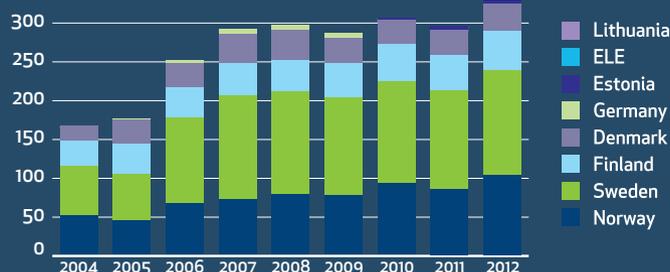
including the day-ahead auction at N2EX in the UK

Members

370

companies from 20 countries trade on our markets

Elspot turnover per country in TWh

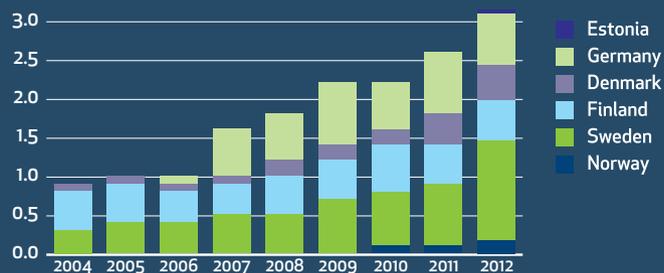


Elspot volume 2012

334 TWh

294.4 TWh in 2011

Elbas turnover per country in TWh



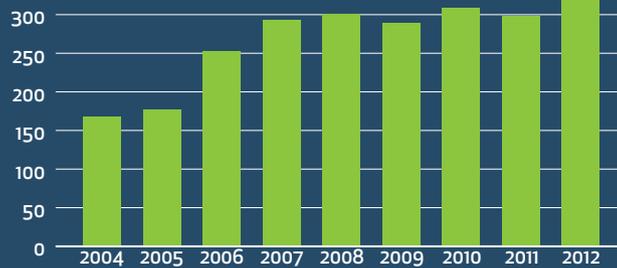
Elbas volume 2012

3.2 TWh

2.7 TWh in 2011

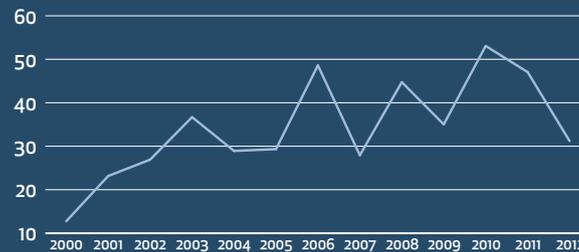
Elspot and Elbas traded volumes in TWh

Our power trade growth including both the day-ahead market Elspot in the Nordic countries and Estonia, and intraday market Elbas covering the Nordic countries as well as Estonia and Germany.



System price average price in EUR/MWh

The hourly system price is determined at the point where all supply and demand for the entire Nordic region within each hour meet, not taking the trading capacities between the bidding areas into account.

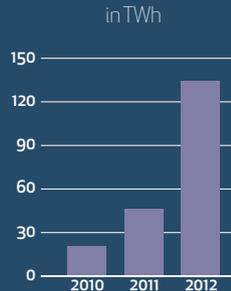


N2EX share of turnover



- Prompt and spot volume: 38.5 TWh
- Day-ahead auction volume: 94.8 TWh

N2EX volume in TWh



N2EX volume 2012

133.3 TWh

45.6 TWh in 2011



Mikael Lundin, CEO

Transparency and European power market integration

2012 was encouraging for Nord Pool Spot. The year brought new challenges, new markets and fresh achievements. A vital component of our successful power markets is transparency – the theme of our 2012 annual report.

To us, transparency means all information that can affect prices should be made publicly available. We are absolutely committed to providing accurate, up-to-date information, because robust and accurate information ensures a fair and trustworthy market. This is one of the most crucial parts of the Nordic model, giving equal access to market for all our members, and is a cornerstone in establishing a level playing field for competition in the power market.

Strong numbers – new markets

2012 saw 432TWh of power traded through Nord Pool Spot, compared to 316TWh in 2011, an all-time high. The growth in volume seen during the year was attributed to three key achievements: the introduction of Lithuania as a new bidding area, record volumes on N2EX (which Nord Pool Spot operates jointly in the UK with NASDAQ OMX Commodities) and increased Nordic market share.

Throughout the year we continued our exploration of new markets and our investment in existing ones, evidenced by the successful establishment of a new day-ahead bidding area in Lithuania. This exciting move brought Lithuania into the wider Nord Pool Spot market without direct connections to other existing bidding areas. 2013 will see us launch a dedicated Latvian day-ahead bidding area, completing our goal of creating a Baltic power market connected to the Nordic region.

Transparency is key here – and bringing transparency of price-relevant information to this market represents a major development and modernisation.

New ground in the UK

In the UK we cemented our presence with important

new developments. We were selected in competitive tender to develop and operate a new ‘virtual hub’ to facilitate the full participation of the UK power market in the North-Western Europe (NWE) price coupling project. This important and demanding project calls on a wide variety of our knowledge, expertise and resources. But it is central to establishing the UK’s role in the coupled NWE market and it is a huge honour for Nord Pool Spot to be chosen to deliver it.

We are determined to continue to pursue a liquid, transparent UK energy market for the benefit of all N2EX members. And our N2EX members showed their commitment to the market with the N2EX day-ahead auction breaking the 400GWh a day mark for the first time since its launch in January 2010.

Ensuring excellence

Nord Pool Spot has continued to ensure delivery of the products and services our members demand, across our markets; strong support from our members is crucial to ensuring a transparent market.

For example, during 2012 we were deeply involved in consulting members to finesse the development of a new system to provide urgent market messages to the market. This year we proudly deliver it. Our urgent market message system is the core of the transparency that helps make the Nordic/Baltic power market perhaps the most transparent in the world.

We also successfully delivered a far-reaching upgrade to our intraday trading platform Elbas in response to members’ needs, improving response time, performance and reliability.

Moving forward – integration of European power markets

We approach 2013 determined to concentrate on what we do best – delivering modern, trustworthy, liquid and transparent energy markets across an increasingly joined-up European power sector. This will help us ensure that our members can trade efficiently and with confidence in a rapidly changing and more closely integrated pan-European context. We strongly believe in European integration and Nord Pool Spot is at the heart of delivering the European target model for 2014.

The main project to integrate the European day-ahead markets is the Price Coupling of Regions (PCR) between seven power exchanges. The objective is to develop a single price coupling solution to calculate power prices across Europe, and to allocate cross-border capacity on a day-ahead basis. This is crucial to achieving the overall EU target of a harmonised European power market, to increase liquidity, efficiency and social welfare. Nord Pool Spot was one of the original founders of the PCR project in 2009.

The North-Western European price coupling (NWE) project will be the first to implement the PCR solution, providing a price coupling system focusing on robustness and ensuring compatibility with the rest of Europe. The project is being driven by a partnership between 13 TSOs and four power exchanges, pioneering the pan-European market coupling of day-ahead power markets. NWE will cover 75 per cent of the European power market and will couple the day-ahead markets across Central Western Europe, the UK, the Nordic countries, the Baltic countries, and the SwePol link between Sweden and Poland.

The integration of the intraday power markets throughout Europe is, however, less clear. In 2012 a number of power exchanges, including Nord Pool Spot, took the initiative to select a technical platform for cross-border intraday trading (known as XBID) through a tender. This was supported by the Agency for the Cooperation of Energy Regulators (ACER). At the time of writing the tender process is on-going.

The need for a uniform regulatory framework

Nord Pool Spot is, together with other European power exchanges, dedicated to European power market integration projects.

There is a paradox though. While we are cooperating closely on European deliveries on the one hand – we are strictly competing businesses on the other. We cooperate to establish a trustworthy, functioning European energy market, but we operate our businesses in these markets within very different regulatory frameworks.

For example, Nord Pool Spot is licensed by the Norwegian regulator, the Norwegian Water Resources and Energy Directorate (NVE), to organise and operate a marketplace for trading power. NVE cooperates with the other Nordic/Baltic national regulators, which give us a framework to work in. But in other European regions things vary; regulation of power exchanges is sometimes more, sometimes less, visible than in the Nordic/Baltic region. In short, there is no common regulation through which to create a level playing field.

Nord Pool Spot's close involvement in European projects has made us acutely aware of this lack of a uniform regulatory framework for power exchanges across Europe. This has been spotlighted by increased cooperation between power exchanges, as well as between exchanges and TSOs and with other stakeholders, over recent years. Nord Pool Spot, like all European power exchanges, considers commercial opportunities as they arise and also our own position in a changing domestic and European environment. We feel European regulations should define how we cooperate safely and ensure that all participants follow the same rules. We firmly believe that more uniform regulation could only improve the important efforts being made towards European integration.

20 years of experience

2012 marked a decade of Nord Pool Spot's existence as a company in its own right, while 2013 sees the 20th anniversary of the deregulated Nordic energy market which started in Norway at the same time as Nord Pool Spot's first power market. These are important milestones both for us and for the wider sector.

When looking back over the past 20 years, much has changed. But some things remain the same. As we look forward to the next 20 years, I firmly believe that Nord Pool Spot's commitment to working together with our members to secure a liquid and transparent power market is a reliable constant.

Pictured from left to right are:

Marianne W. Jenssen

Director Markets and Operations
Marianne Wergeland Jenssen heads up our department of market operations, customer satisfaction, new sales and product development. She has extensive international experience from the commodities business. Marianne managed the financial markets in Nord Pool ASA before joining Nord Pool Spot in 2010, and holds a Master's Degree in Business and Economics.

Hans Randen

Director European Integration
Hans leads the department responsible for expansion into new markets and new business affairs. He worked for Nord Pool ASA from 1993 before joining Nord Pool Spot in 2009, with trading as his main focus area. He holds a Master of Science degree in Electrical Engineering and has been Nord Pool Spot's Director European Integration since 2010.

Stina Johansen

Head of Communications
Stina leads the department responsible for corporate communications, including strategic communications, media and stakeholder relations, web communications and branding. She has broad experience within corporate communications and joined Nord Pool Spot in 2011.

Management team

Mikael Lundin

CEO

Mikael has extensive and longstanding experience of the energy business. Before taking his position within Nord Pool Spot in 2009 he was President of Vattenfall Power Consultant AB, having held several different positions in the Vattenfall group. He was educated at Stockholm School of Economics, where he holds a Master of Science degree in Business Administration.

Erling Thiis

Chief Financial Officer

Erling is responsible for finance, HR and administration. He has wide experience from finance, investments, controlling and mergers and acquisitions, from several leading financial and investment businesses. Erling holds a Master's Degree in Business from NHH and a Master of Science from NTH. He joined Nord Pool Spot in 2012.

Camilla Berg

General Counsel and Head of Market Surveillance

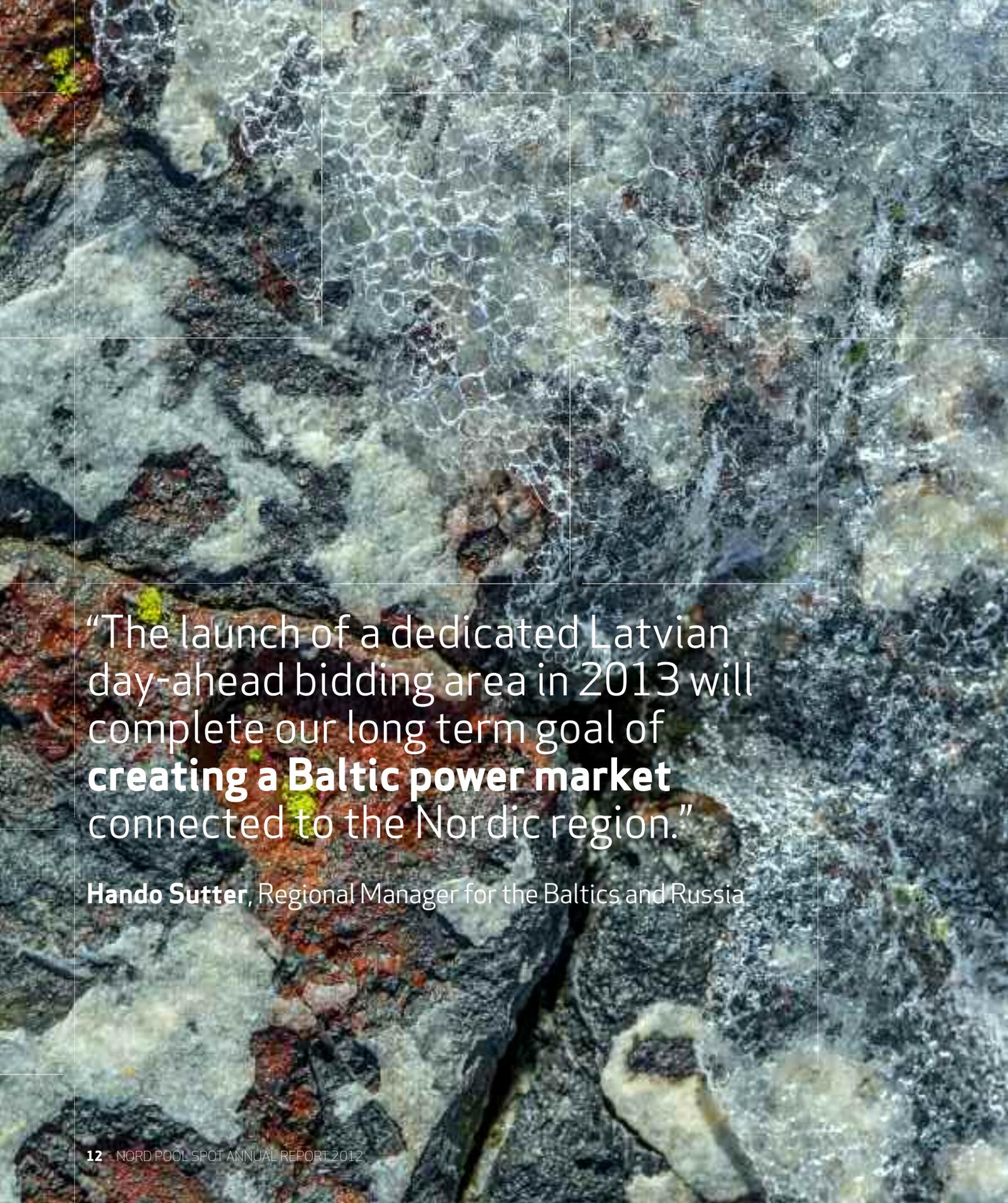
Camilla is responsible for all legal matters, regulatory compliance and oversees the Market Surveillance department. She has many years' experience from the law firm Selmer DA, and was formerly General Counsel at Think Global AS. Camilla is cand.jur. from Oslo University and joined Nord Pool Spot in 2009.

Ulf Kurtén

Director IT

Ulf is head of the IT department and responsible for all IT services and development within Nord Pool Spot. He has wide experience from both financial services and the Finnish energy market. Ulf's most recent position was Director IT Governance for Aktia plc. Prior to this he held several management positions. Ulf started as Director IT in 2011.



An aerial photograph of a rugged coastline. The foreground shows dark, jagged rocks and a narrow strip of beach. The ocean is turbulent, with white foam from breaking waves visible. The sky is overcast and grey. The overall tone is dramatic and naturalistic.

“The launch of a dedicated Latvian day-ahead bidding area in 2013 will complete our long term goal of **creating a Baltic power market** connected to the Nordic region.”

Hando Sutter, Regional Manager for the Baltics and Russia

Building the **Baltic market**

Nord Pool Spot has had a long term goal of creating transparent and open Baltic power markets with reliable prices, connected to the Nordic region. At the same time achieving full integration of Lithuania, Latvia and Estonia with EU energy networks and markets has been an important target of the European Union.

At Nord Pool Spot we have been working closely with key stakeholders in the Baltic countries since 2007 to help open up the local power markets and link them to the Nordic area. Significant progress has been made, and Estonia, Latvia and Lithuania are on their way to becoming transparent power markets fully integrated into the Nordics.

“Nord Pool Spot has, together with important stakeholders and members, been ready to lead the way in opening up the power market.”

Why has it been important to integrate the Baltic power markets to both the Nordics and Europe? The main reasons are to ensure openness and transparency, as well as to improve the efficiency and security of these markets. The Baltic Sea region has an established history of networking and cooperation in many policy areas, and physical connections already link the three countries' power markets to each other and to the Nordic area. Estlink I, for example, with a 350MW capacity, runs between Estonia and Finland and connects the Baltics to the Nordics today.

Investment in infrastructure

Meanwhile, significant investments are underway in new cross-border transmission capacities. Backed by €100m from the European Union, the 650MW Estlink II will nearly triple transmission capacity between the Baltic and Nordic countries when installation is finished in 2014. By the end of 2015, the 700MW Nordbalt link is expected to be open

between Lithuania and Sweden, and the first stage of the 500MW LitPol link connecting Lithuania and Poland is scheduled to a similar deadline. By 2020 it should be extended to 1000MW.

Alongside the physical infrastructure, considerable work has been ongoing to establish the financial and legal mechanisms needed to create an open power market in the Baltic countries.



Hando Sutter, Regional Manager for the Baltics and Russia

Nord Pool Spot's extensive work in the area is headed by Hando Sutter, Regional Manager for the Baltics and Russia, who is based in the Estonian capital, Tallinn.

“Creating a regional, national and international integrated market is an important step in the process of realising the European Union's policy of developing a smoothly functioning, single power market across member states. That ambition will, once it becomes a reality, be to provide security of supply and free competition in the interests of consumers,” he said.

Establishing the market

The first major initiative, which ran from November 2007, focused on the establishment of an Estlink price area. Nord Pool Spot was among the eight organisations (the others being AS Latvenergo, Lietuvos Energija AB, OÜ Põhivõrk, Finestlink Oy,

“We will continue to work hard to ensure that these new, open and transparent markets work efficiently, to the benefit of all participants.”

Eesti Energia AS, Fingrid Oyj and Nordic Energy Link AS) participating in the project, which had the long term goal of creating a trustworthy reference price for the Baltic power markets.

The project came to fruition on 1 April 2010 when, with the agreement of Estonian Transmission System Operator Elering, Nord Pool Spot's new Estlink bidding area opened. The new area connected Estonia to the Nordic power market, offering Baltic participants a liquid market and a trustworthy index price. Ten members from all three Baltic countries traded on the first day of operation. The same day also saw Estonia's domestic market further opening up, with large consumers (more than 2GWh of electricity a year at one point of consumption) no longer able to buy electricity at a regulated price.

By September 2010, Nord Pool Spot had taken over the allocation of the full 350MW capacity of Estlink I and in October the same year the Elbas intraday market was launched in Estonia. November 2012 saw NASDAQ OMX launch CfD Estonia as its first financial product in the Baltics and on 1 January 2013, Estonia's electricity market became fully open, with prices determined by the day-ahead market.

In Lithuania, a key milestone in opening up the market was reached in January 2010 with the establishment of the Baltpool exchange, the forerunner of Nord Pool Spot's Lithuanian bidding area. Nord Pool Spot took over the running of the local power market in June 2012. Since then, Nord Pool Spot has been working closely with local stakeholders, particularly Transmission System Operator Litgrid, to develop an efficient local power market with a secure power supply.

“Lithuania faces particular challenges in that it is heavily dependent on imported electricity since the closure of the Soviet-era Ignalina nuclear power station in 2010, which was one of the conditions of EU membership,” commented Hando Sutter.

“A further complication is that for historic reasons, the country is better linked to the power grids in Russia and Belarus than it is to its fellow EU members.”

Looking to the future

An important step in building integration and liquidity is scheduled to come into effect in June 2013 when Nord Pool Spot's Latvian power trading exchange is opened. In preparation, Nord Pool Spot has worked closely with Augstsprieguma tīkls, the Latvian Independent System Operator.

“The Latvian power market has been gradually opening up since 2008 and joining the Nord Pool Spot network is a major milestone in its journey,” said Hando. “The addition of Latvia to the wider Nord Pool Spot market will also mark a significant step towards meeting the goals of the European Union's Baltic Energy Market Interconnection Plan (BEMIP), which aims to integrate Lithuania, Latvia and Estonia with EU energy networks and markets.

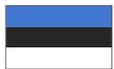
“We have been working on the NPS BEMIP project since February 2010 alongside the Estonian, Latvian, Lithuanian, Finnish and Swedish Transmission System Operators, to make the sale and purchase of power between the Baltic countries more efficient.

“It has taken some time for the necessary legislation and the right market conditions to develop and to be ready. But as soon as these have been put in place, Nord Pool Spot has, together with important stakeholders and members, been ready to lead the way in opening up the power market.

“Today more than 40 members are freely trading in the Baltic area, and daily trading volumes are exceeding 60GWh, which amounts to five per cent of the total Nordic/Baltic volumes. Those figures will continue to grow as the market expands and matures.

“We are already looking into establishing an intraday market, Elbas, in Lithuania and Latvia following the launch of the Latvia market. We will continue to work hard to ensure that these new, open and transparent markets work efficiently, to the benefit of all participants.”

Key data by country



Estonia:

Area: 45,227 km²
Capital and largest city: Tallinn
Population: 1.3 million
Total electricity demand: 8.3TWh*



Latvia:

Area: 64,589 km²
Capital and largest city: Riga
Population: 2 million
Total electricity demand: 7.3TWh*



Lithuania:

Area: 65,300 km²
Capital and largest city: Vilnius
Population: 3 million
Total electricity demand: 10.4TWh*

(* Eurelectric power statistics, 2010)



How the **day-ahead auction** works

This graphic shows how power is traded in the day-ahead, Elspot, market. The power is traded during one day, for delivery the next day.



08:00-12:00

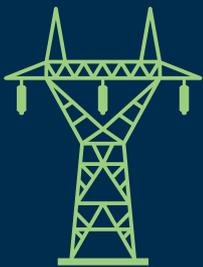
Buyers and sellers enter their bids and offers into the trading system.

| 07:00

| 08:00

| 09:00

| 10:00



Until 10:00

Before 10.00 power transmission capacities are given by the system operators to each bidding area in the market.

Until 12:00

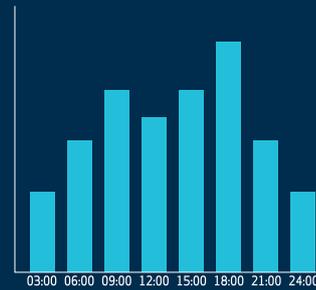
Buyers plan how much power they will need and sellers, how much they can provide.





12:00-13:00

Based on orders and transmission capacity, prices are calculated in the trading system. The price is calculated for each hour of the day.



| 12:00

| 13:00

| 14:00

| 15:00



12:00

Auction closes.



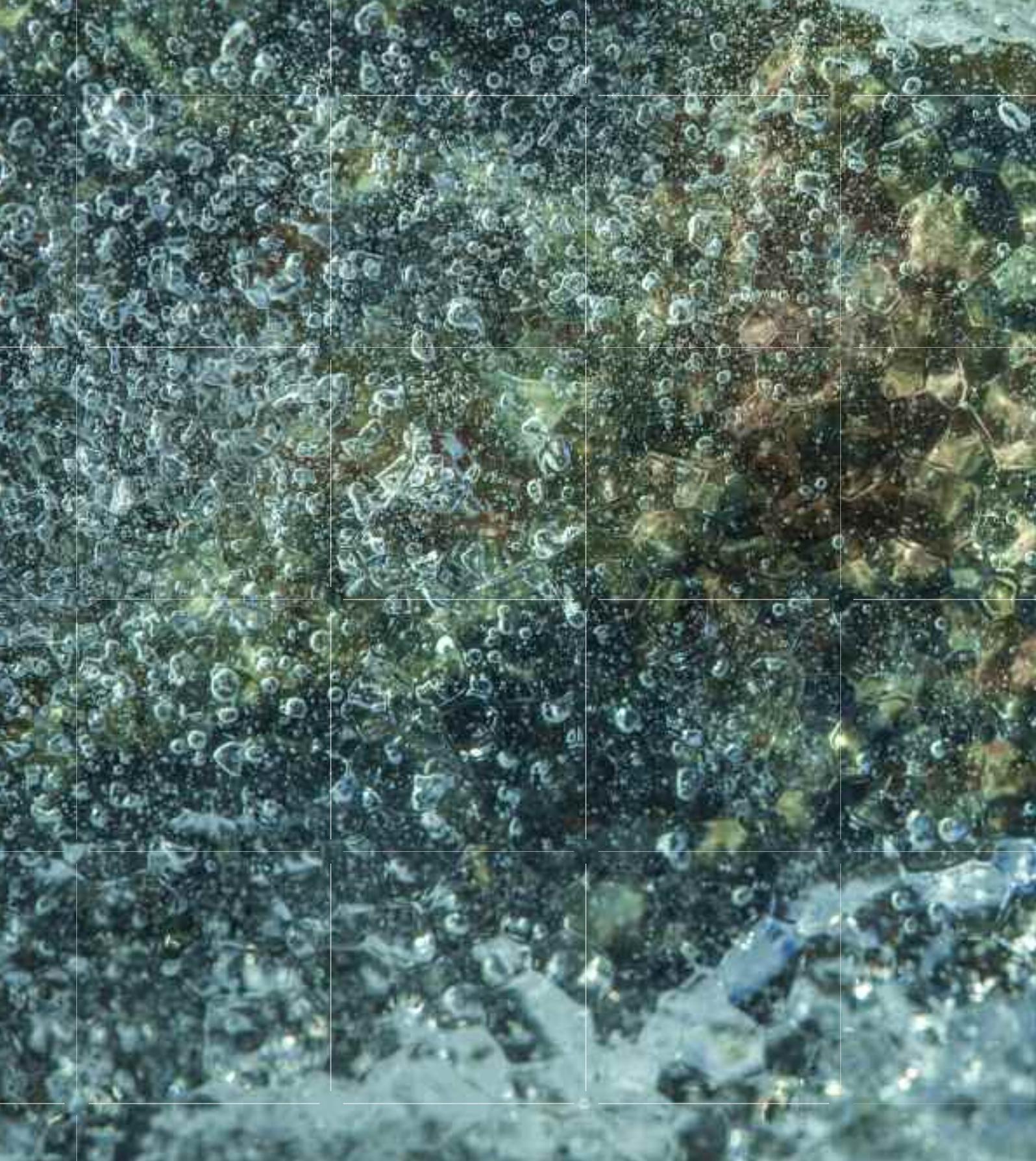
12:45

Prices are announced to the market.



13:00-15:00

Trades are invoiced between buyers and sellers.





“Transparency – giving all participants equal access to relevant information – is a prerequisite for a well-functioning, competitive and efficient market.”

Marie Knutsen-Öy, Head of Power Data Services

The power of transparency

Nord Pool Spot has worked consistently to establish the prominence of the Nordic power trading model and transparency has been, and remains, central to sustaining its success.

Why? Transparency – giving all participants equal access to relevant information – is a prerequisite for a well-functioning, competitive and efficient market. It engenders trust, lowers barriers to entry and attracts new entrants – all of which helps generate liquidity.

This has proved to be true across all of Nord Pool Spot's markets and makes transparency a priority when expanding geographically, such as into the Baltic region and the UK.

“We want to create new and sophisticated products and bundle our data to meet the fresh demands that emerge from an increased level of transparency.”

However, to continue to lead, Nord Pool Spot must step up transparency in its markets. Our Power Data Services team is pivotal to meeting that challenge successfully.

Power Data Services

Data provision by Power Data Services has been a major contributor to the high degree of transparency Nord Pool Spot has created in the Nordic power market. Power Data Services handles all Nord Pool Spot's market and power system data, which comes chiefly from the trading systems and transmission system operators (TSOs) serving the Nordic and Baltic region. The team has built comprehensive data libraries storing more than a decade's worth of data.

“We gather data from several sources, we get prices, capacities, flows, production, consumption, exchange and regulating power data,” explained Marie Knutsen-Öy, Head of Power Data Services.

The team makes a wide range of power market data readily accessible for use primarily by market members and provides products developed from packaged historical data. These services help keep the market transparent – participants have equal sight of information that influences price.

Discovering data

In recent years anti-market abuse legislation and regulation designed to boost power market transparency in the European Union (EU) electricity markets has added to the amount of data available.

Filtering this tide of information, to ensure our members continue to get access to useful data, is an essential element of Power Data Services' role and one that is becoming increasingly valuable.

Making sure the sheer volume of data does not itself cloud transparency is becoming a serious consideration, as is improving the quality of data services. “There is more and more data available on the market. If its sheer volume becomes confusing it can be hard to find what is relevant, which is where our extensive expertise really counts,” said Marie.

Regulatory demand and market expectation are driving greater transparency. As a result we see a developing need for improved accessibility in how data is presented. That creates opportunities for Nord Pool Spot. “There is an emphasis on transparency all around us, so our focus has to be on further raising the quality of our service. We need to move forward – it is about more than just being as transparent as we have been historically,” added Marie.

Taking history into the future

“Our challenge with increased data flow is to make that data more easily accessible to our members. We want to create new and sophisticated products and

bundle our data to meet the fresh demands that emerge from an increased level of transparency,” explained Marie.

“We have different types of data and products but technology is always advancing, so our challenge is to keep pace with technological developments. At the moment we are very much listening to the market – trying to analyse the need.

“We are continuously looking at improvement. We ask, for example: can we present data more efficiently? How are users approaching our website? Could we make better use of graphics?”

Power Data Services already offers the extensive nordpoolspot.com website and SMS to deliver spot prices for the Nordic/Baltic and the UK market. Other offerings include a feed solution to give a more real-time provision for the news wires; national and area reports; and customised data collections. From 1 January 2013 a new data transparency product, Delayed Elspot Prices, has been available for receiving and distributing Elspot system and area prices. This product was created to meet increasing demand for distributing system and area prices connected to the new flexible demand for electricity.

From the Nordic to the Baltic

Nord Pool Spot’s move into Baltic markets has created opportunities for the Power Data Services division. It aims to emulate the interplay Nord Pool Spot has with the Nordic TSOs, with their Baltic counterparts. The origin of Nord Pool Spot’s success in creating a transparent market is its market model, but Marie emphasises the importance of close cooperation with the TSOs in Nord Pool Spot’s exchange area.

She anticipates the possibility of combining data from other TSOs with that of the Nordic operators: “Incorporating the best data from new sources on the same platform could be an excellent way of building Power Data Services’ business. The key to good transparency is providing the location to find data easily and in one place.

“The transparency we have achieved is quite unique because of our history of good cooperation with the Nordic TSOs. When expanding into the Baltic



countries we are looking to reproduce that in the agreements we sign with members and TSOs.”

Taking effect in Britain

Nord Pool Spot has brought the Nordic market exchange model – and with it greater transparency – to Britain with N2EX, with its single robust index price. The impact has been profound in the three years since its launch.

“Nord Pool Spot’s focus is on a robust index; development of a day-ahead auction; and a single platform for UK power. The members of our

and markets foreseen in the EU’s so-called Third Package of power market liberalisation legislation. The greater transparency arising from the move away from bilateral trades to an exchange will provide freer access to EU markets and add to liquidity. “Look at the Third Package – a homogenous EU power market. Exchange trading allows Britain to be part of it, but it might struggle if trading remained OTC,” he said.

Greater exchange activity with a robust and transparent index to provide a benchmark for future contracts is driving liquidity in the British power



Marie Knutsen-Öy, Head of Power Data Services

exchange account for 95 per cent of GB liquidity in power – 40 per cent of day-ahead trade is through the auction. That’s quite an achievement in a short period,” said N2EX Business Development Manager Richard Sarti.

“We have exceeded expectations. It took Norway 20 years to get to 70 per cent – we’ve got to 40 per cent in three. We’re on a good projection.”

Richard says improved transparency has contributed to a significant rise in liquidity in the British market. But he would like to see Britain emulate the Nordic region, where some 2000TWh in futures are traded annually based on an index price that accurately reflects the market. “And there is no reason why it shouldn’t,” he added.

Doing so, Richard says, will better prepare Britain for the full interconnection of transmission systems

market. It is attracting investment and new market entrants. Nord Pool Spot’s Power Data Services is adding value in providing a central hub for information to our single platform.

Ambitions from Brussels

Aligning the level of exchange trading in Britain with that of the rest of the EU could eventually give access to a 3000TWh pool and consequently greater flexibility in the market. That flexibility could, for example, address Britain’s looming quandary in needing to fill generation gaps when wind turbines are idle and back-up thermal plant is running up.

Brussels’ ambitions for the power market are simple: a larger single market provides greater security of supply through a greater number and diversity of options. Regulatory demands for improved transparency play very much to Nord Pool Spot’s

strengths. Good data is the basis of transparency but the quality of the data and ease of access to it are crucial if the market is to be transparent. Here again the EU is seeking to consolidate data and again our Power Data Services division is well placed. Nord Pool Spot has established and is growing its capability to deliver what the market needs to cement a credible and transparent operation with the full support of all stakeholders.

Above and beyond

Transparency goes beyond the market data that Power Data Services delivers. There is an equally important need for transparency in information from the whole market on developments that can affect prices; crucial among them are changes such as power outages or other information that may affect prices significantly if made public.

All members are obliged to report such events according to Nord Pool Spot's Market Conduct Rules, and the Regulation on Energy Market Integrity and Transparency (REMIT). They must publish information to the market, and are restricted in their trading until they do. Following up on this is the responsibility of Nord Pool Spot's Market Surveillance team. The vehicle for all members to provide the market with this information is the specialist urgent market message (UMM) system.

On 22 May 2013 Nord Pool Spot launched a new, innovative and user-friendly UMM system. "From a service point of view it is important that we have a good system so all members can publish information efficiently," said Elisabeth Kaland Melsom of the Market Surveillance department.

She says Nord Pool Spot has greatly improved the UMM system for users taking information from it and for those putting data into it. "We have made it easier for members to input information efficiently so they can quickly return to trading. And for readers we've made it easier to assess the impact of the published information."

Elisabeth and her team have also enhanced the presentation of information in the UMM with the use of graphs for the first time. And like Power Data Services they have enabled traders to filter out unwanted information.

The upgrade has emerged from extensive consultation with users of the system – members with different roles including TSOs, power producers and consumers, and people who are only readers. "This is a system that is based on customer demand," said Elisabeth.

"Focus groups from the Nordic and Baltic regions were invited to Oslo to be involved at the beginning while we were deciding on functionality and developing and testing it. Input from members has been crucial for the development of the system. They have been following it all the way," she added.

"Good data is the basis of transparency but the quality of the data and ease of access to it are crucial if the market is to be transparent."

Delivering on our promise

Nord Pool Spot is continuing to deliver on our promise of providing increasingly transparent and efficient energy markets. We work to establish products and services that give timely and accurate information to the benefit of all participants in the power sector.





A close-up photograph of water splashing over mossy rocks. The water is clear and bubbly, creating a dynamic and refreshing scene. The rocks are covered in green moss and are partially submerged. The image is overlaid with a white grid pattern.

Directors' report Financial report

- 31 Profit and loss account
- 32 Balance sheet
- 33 Balance
- 34 Cash flow analysis
- 35 Notes to the annual accounts

Directors' report 2012

Nord Pool Spot organises physical trading of power, offering day-ahead and intraday markets to its members in all Nordic countries, Estonia, Lithuania and the UK. The intraday market also includes Germany.

The Nord Pool Spot Group comprises Nord Pool Spot AS, the 100% owned subsidiaries Nord Pool Spot AB and Nord Pool Finland Oy. Together with its partner Nasdaq OMX Commodities, Nord Pool Spot operates the power market N2EX, which over a period of only two years has grown to become the leading physical power exchange in the UK. Furthermore Nord Pool Spot operates the market coupling of the SwePol link and is also the system provider to the intraday market in the Netherlands and Belgium.

Nord Pool Spot AS has its main office in Lysaker, subsidiaries in Helsinki and Stockholm and branch offices in London, Copenhagen, Tallinn and Vilnius.

Nord Pool Spot AS is licensed by the Norwegian Water Resources and Energy Directorate (NVE) to organise and operate a marketplace for trade in power and by the Norwegian Ministry of Petroleum and Energy to facilitate the exchange of energy between Norway and other countries. In addition, Nord Pool Spot interacts with regulators in all Nordic countries, the Baltics, the UK and with the Agency for Cooperation of Energy Regulators (ACER), on topics that concern facilitation and development of the power market according to governmental requirements.

The Estonian and Lithuanian electricity transmission system operators (TSOs), Elering and Litgrid, each acquired a 2% equity stake in Nord Pool Spot AS as of 1 August 2012. Consequently Nord Pool Spot is now

owned by the transmission system operators Energinet.dk (19%), Fingrid Oyj (19%), Statnett SF (29%), Svenska Kraftnät (29%), Elering (2%) and Litgrid (2%).

2012 was a record year for Nord Pool Spot in terms of volumes traded, revenues growth and general activity levels, in particular with regards to participation in European integration projects.

Nordic/Baltic Elspot and Elbas Markets

Nord Pool Spot's turnover fluctuates with variations in consumption and production.

Nord Pool Spot holds a strong position in the Nordic and Baltic power markets and 2012 proved to be a record year as increased consumption together with gross bidding arrangements resulted in significantly increased energy turnover and market share.

Traded volumes 2012:

	2012	2011
Elspot turnover (TWh)	333.9	294.4
Elbas turnover (TWh)	3.2	2.7
Elspot, % consumption (Nordic/Baltics ex Latvia)	77.1%	73.1%

In March, Nord Pool Spot, APX-ENDEX, Statnett and TenneT successfully implemented intraday trading over the Dutch-Norwegian interconnector NorNed.

Lithuania was integrated into Nord Pool Spot's exchange



Nils Nygren
Chairman
Consultant



Søren Dupont Kristensen
Member of the Board
Vice President
Electricity Market,
Energinet.dk



Juha Kekkonen
Member of the Board
Executive Vice President,
Fingrid Oyj



Christina Simón
Member of the Board
Senior Advisor Commercial
Department, Svenska Kraftnät



Robertas Staniulis
Member of the Board
Head of Strategy and Market
Development Division, Litgrid



Bente Hagem
Member of the Board
Executive Vice President
Commercial Division, Statnett SF



Hilde Rosenblad
Member of the Board
Employee representative,
Nord Pool Spot



Hanna Blomfeldt
Member of the Board
Employee representative,
Nord Pool Spot

area on 18 June 2012. The inclusion has contributed to improved transparency both in the Baltic and the Nordic power markets. Nord Pool Spot sees this as an important step towards a fully integrated European power market.

The average Elspot system price in 2012 was 31.20 €/MWh, compared to 47.05 €/MWh in 2011. During 2012, Nord Pool Spot acquired 44 new members in the day-ahead market Elspot and 22 new members in the intraday market Elbas. In total, Nord Pool Spot has 365 members.

Nord Pool Spot has a Customer Advisory Board which in

2012 contributed feedback and advice on Nord Pool Spot's strategic and operational activities. The Customer Advisory Board is chaired by the CEO of Nord Pool Spot. Two meetings were held in 2012.

The Regulatory Council was established in 2011 and consists of representatives from the regulators in the Nordic and Baltic countries. The council is a forum for discussing market developments and assists the national regulatory authorities in their work with transparency, integrity and governance of the market. Three meetings were held in 2012.

UK Market N2EX

N2EX offers its members trading in a day-ahead market, which is based on the Nordic market model and trading in a prompt and spot market. The prompt market is a continuous market with trading of blocks up to six days in the future, while the spot market in addition offers continuous trading of half-hourly and hourly instruments for the next 48 hours.

In 2012, the volume traded at N2EX grew significantly and N2EX has now established itself as the leading auction for electric power for physical delivery in the UK. Total volume traded on N2EX more than doubled to 133.3TWh in 2012 (2011: 45.6TWh), and average daily auction volume in 2012 was 259GWh.

By the end of 2012, 39 members were registered for trading in the N2EX market and other new members are being processed.

Late in 2011, N2EX introduced a model for submitting gross volume in the auction and all of the major UK utilities, "the big six", are now submitting gross volumes. These gross bidding arrangements represented a large portion of the volume growth in the day-ahead market during 2012. Gross bidding contributes to improved transparency of prices and volumes. On 7 December 2012, N2EX introduced a seven day auction cycle in line with the Nordic market operation.

In January 2012, Nord Pool Spot was appointed by National Grid as supplier and operator of the Virtual Hub on the interconnector between France and the UK. This will play a pivotal role in the integration of the UK in the North-Western Europe market coupling project, NWE.

In the spot market there was only insignificant trading activity during 2012.

Traded volumes 2012 vs. 2011:

TWh	2012	2011
Auction market	94.9	18.7
Prompt market	38.4	26.9
Spot market	0.003	0.01
TOTAL	133.3	45.6

Annual accounts 2012

Group revenues in 2012 were NOK 193.4 million (2011: NOK 144 million).

Operating profit was NOK 45.4 million (2011: NOK 14.1 million) for the Group and NOK 40.3 million for Nord Pool Spot AS (2011: NOK 14.8 million).

Net income amounted to NOK 32.9 million (2011: NOK 16.4 million) for the Group and NOK 25.4 million (2011: NOK 24.8 million) for Nord Pool Spot AS.

By the end of 2012, total equity and liabilities for the Group was NOK 2,433 million (2011: NOK 746 million). The equity of Nord Pool Spot AS was NOK 182.4 million as at 31 December 2012 (2011: NOK 141.2 million).

As equity is less than one tenth of total equities and liabilities, the company, as per the Norwegian Companies Act, is required to publish notice to all creditors before a dividend may be paid out. This is considered a formality taking into account the financial position of the company.

The Board of Directors considers the equity to be adequate with regards to the company's exposure and collateral posted by the participants.

The annual accounts are prepared on the going concern assumption, and the Board of Directors confirms the basis for this.

No events of material significance [for the 2012 annual accounts] have occurred up to and including the signatory date of this report.

Liquidity

Group cash and cash equivalents increased from NOK 423 million at the end of 2011 to NOK 2,041 million at the end of 2012. The main reason for the increase in funds is the effect on the settlement schedule of non-working days over year-end 2012 compared to 2011.

Financial risks

Market risk

The company is exposed to changes in exchange rates since power trades are settled in multiple currencies. The company continuously hedges the settlement of trades in foreign currency, and VAT, through spot contracts. Revenues in foreign currency are settled weekly using currency spot contracts.

Credit risk

All Nord Pool Spot trades are settled on a daily basis; invoices and credit notes are dispatched every afternoon for automatic bank settlement of the next day's delivery of energy. Participants post collateral for their trades. The collateral requirement equals the sum of the participants' net purchases over the last seven days including VAT. Accounts receivable amounted to NOK 310.2 million at the end of 2012 (2011: NOK 259.7 million) for Nord Pool Spot AS. Collateral posted by the participants as at 31 December 2012 was NOK 1,588 million (2011: NOK 1,037 million). The underlying reason for the increase in collateral was the effect on the settlement schedule of non-working days over year-end 2012 compared to 2011.

The counterparty risk for Nord Pool Spot is regarded as low. There was no debtor loss registered for 2012.

Liquidity risk

The company's liquidity position is regarded as sound with a relatively high net cash position due to the settlement cycle (buyer debited on T+1, seller credited on T+2).

The company also holds an overdraft facility limited to NOK 100 million which had not been utilised as per 31 December 2012.

Risk capital

The concession granted to Nord Pool Spot from the Norwegian Water and Energy Directorate (NVE) requires that the company holds a risk capital and that the size of this is reviewed regularly. The company holds a risk capital of NOK 14 million, out of which half is covered through ordinary working capital and the other half through a dedicated credit facility.

Organisation and working environment

The Nord Pool Spot group had 68 employees in Norway, Sweden, Finland, Denmark, the UK, Estonia and Lithuania as at 31 December 2012 (48 employees in Nord Pool Spot AS).

20 of the Nord Pool Spot AS employees were women and 28 men. There are female employees at all Nord Pool Spot offices.

Nord Pool Spot's Board of Directors consists of four women and four men. The Chairman of the Board is male. The corporate management team consists of three women and four men.

Health related absence during the year was 1.2%. No lost-time accidents or personal injuries were suffered in 2012.

Nord Pool Spot's human resources policy is based on equal pay for equal work, meaning that women and men in the same position receive the same pay, provided that they possess comparable expertise and experience. Pay figures for 2012 show that the annual pay of male employees was on average 6.58% higher than for the company's female staff.

The company encourages employees of both genders to establish solutions which make it easier to combine work and family life. Two employees were on maternity/paternity leave on 31 December, the company also had one part-time employee.

Nord Pool Spot's operations have no direct impact on the outside environment. No part of its business is regulated by environmental permits or enforcement notices.

Market surveillance

Nord Pool Spot's market surveillance team plays an important role in establishing and maintaining market confidence and integrity by having a strong and visible presence in the market. Market surveillance continuously monitors trading activity and price formation in the spot markets and conducts investigations of possible breaches of laws and regulations.

Allocation of profit

Out of Nord Pool Spot AS' net profit of NOK 25.346 million for the year, the Board proposes a dividend of NOK 12.673 million and recommends transferring NOK 12.673 million to other equity.

Outlook for 2013

The Nord Pool Spot Group will strengthen its efforts in the Nordic/Baltic region as well as the UK to develop the power market further in accordance with regulatory requirements, member requirements as well as the Group's ambition to be the leading European power market.

Short term this will mean a focus on efficient trading through continuous improvement of system platforms, innovative product development, coupling of markets and a continued close dialogue with our members.

The European day-ahead market will undergo considerable structural changes in 2013 as North West Europe will be coupled in one price algorithm. This major undertaking requires close cooperation between transmission system operators and exchanges in all coupled countries, and the successful implementation of this project will alter the landscape of the power exchange sector.

Nord Pool Spot welcomes the integration and takes an active part in influencing the process in order to position itself for the opportunities expected to arise.

On 7 February 2012, Nord Pool Spot was inspected by the EU Surveillance Authority (ESA) and the European Commission competition authorities in connection with a contemplated joint venture with another European power exchange. The company is cooperating fully with the authorities in this investigation. Nord Pool Spot has no information as to the duration of the process.

In the UK, Nord Pool Spot will continue its expansion. This will include further development of the market model believed to be a prerequisite for the UK's wish to develop a liquid and transparent power market, close cooperation with market members and coupling of the UK and mainland Europe.

Nord Pool Spot is on track for opening a new bidding area in Latvia in 2013.

The positive developments from last year continue into 2013 and the year is expected to give a reasonable return on invested capital.

Gardermoen, 22 March 2013

Nils Nygren
Chairman

Søren Dupont Kristensen
Member of the Board

Juha Kekkonen
Member of the Board

Christina Simón
Member of the Board

Robertas Staniulis
Member of the Board

Bente Hagem
Member of the Board

Hilde A.K. Rosenblad
Member of the Board

Hanna Blomfeldt
Member of the Board

Mikael Lundin
CEO

Profit and loss account

NORD POOL SPOT AS				NORD POOL SPOT GROUP	
2012	2011	Amounts in NOK 1000	Note	2012	2011
23 084	21 734	Fixed fee revenues		24 103	22 566
136 284	107 155	Volume dependent fees		137 119	107 923
26 226	9 808	Other operating income		32 175	13 526
185 594	138 697	TOTAL OPERATING INCOME	3	193 397	144 015
39	417	Services purchased	4	39	417
13 088	11 870	Depreciation	8.9	15 452	14 250
35 059	42 630	Payroll expenses	5.17	49 397	57 464
97 107	68 985	Other operating expenses	5.6	83 135	57 758
145 293	123 902	TOTAL OPERATING EXPENSES		148 023	129 889
40 301	14 795	OPERATING PROFIT		45 374	14 126
-319	16 929	Net financial items	7	2 344	9 399
39 982	31 724	PROFIT BEFORE TAXES		47 718	23 525
14 636	6 884	Taxes	19	14 842	7 095
25 346	24 840	NET INCOME		32 876	16 430
INFORMATION ALLOCATIONS					
12 673	50 000	Dividend			
12 673	-25 160	Allocated to/from other equity			

Balance sheet

Assets

NORD POOL SPOT AS		Amounts in NOK 1000	Note	NORD POOL SPOT GROUP	
31.12.2012	31.12.2011			31.12.2012	31.12.2011
ASSETS					
FIXED ASSETS					
Intangibles					
22 668	21 360	Intangible assets	8	27 425	25 181
1 367	4 631	Deferred tax benefit	19	1 367	4 631
24 035	25 991	Total intangibles		28 792	29 812
4 261	3 592	Tangible fixed assets	9	4 620	4 081
Financial assets					
17 827	17 827	Investment in subsidiaries	10	0	0
924	8 211	Investment in associated companies and joint ventures	10	924	203
1 835	1 939	Loan to associated company	11	1 835	1 939
20 586	27 977	Total financial assets		2 759	2 142
48 882	57 560	TOTAL FIXED ASSETS		36 171	36 035
CURRENT ASSETS					
Receivables					
310 179	259 723	Accounts receivables	12.13	309 356	260 485
44 111	23 343	Other receivables		46 404	25 876
224	309	Group receivables		0	0
650	0	Derivatives	13	650	0
355 164	283 375	Total receivables		356 410	286 361
2 032 921	413 098	Bank deposits	14	2 040 735	423 189
2 388 085	696 473	TOTAL CURRENT ASSETS		2 397 145	709 550
2 436 967	754 033	TOTAL ASSETS		2 433 316	745 585

Balance

Equity and liabilities

NORD POOL SPOT AS				NORD POOL SPOT GROUP	
31.12.2012	31.12.2011	Amounts in NOK 1000	Note	31.12.2012	31.12.2011
EQUITY AND LIABILITIES					
EQUITY					
Paid-in-equity					
52 542	50 400	Share capital	15.16	52 542	50 400
37 064	10 681	Share premium reserve	16	37 064	10 681
89 606	61 081	TOTAL PAID-IN-EQUITY		89 606	61 081
Retained earnings					
92 798	80 126	Other equity	16	84 791	64 917
92 798	80 126	TOTAL RETAINED EARNINGS		84 791	64 917
182 404	141 207	TOTAL EQUITY		174 397	125 998
LIABILITIES					
Allocations for liabilities					
4 857	16 312	Pension liabilities	17	4 857	16 312
4 857	16 312	TOTAL ALLOCATION FOR LIABILITIES		4 857	16 312
Current liabilities					
2 194 064	523 989	Accounts payable	13.18	2 194 967	524 634
11 471	7 462	Taxes payable	19	11 815	7 602
3 107	2 655	Public duties		3 610	3 558
12 673	50 000	Dividend	16	12 673	50 000
28 391	12 408	Other current liabilities		30 997	17 481
2 249 706	596 514	TOTAL CURRENT LIABILITIES		2 254 062	603 275
2 254 563	612 826	TOTAL LIABILITIES		2 258 919	619 587
2 436 967	754 033	TOTAL EQUITY AND LIABILITIES		2 433 316	745 585

Gardermoen, 22 March 2013



Nils Nygren
Chairman



Søren Dupont Kristensen
Member of the Board



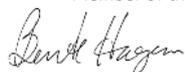
Juha Kekkonen
Member of the Board



Christina Simón
Member of the Board



Robertas Staniulis
Member of the Board



Bente Hagem
Member of the Board



Hilde A.K. Rosenblad
Member of the Board



Hanna Blomfeldt
Member of the Board



Mikael Lundin
CEO

Cash flow analysis

NORD POOL SPOT AS			NORD POOL SPOT GROUP		
2012	2011	Amounts in NOK 1000	Note	2012	2011
Cash flow from operating activities					
25 346	24 840	Net income		32 876	16 430
13 088	11 870	Ordinary depreciation		15 542	14 250
1 887	434	Gain/loss on sale of operating assets		1 887	434
-50 456	389 415	Change in accounts receivable		-48 871	395 984
1 670 075	-1 771 069	Change in accounts payable		1 670 333	-1 786 184
-11 455	1 993	Change in pension liabilities		-11 455	1 993
2 478	-137 297	Change in other current receivables and liabilities		-7 809	-132 636
1 650 963	-1 479 814	NET CASH FLOW FROM OPERATING ACTIVITIES		1 652 503	-1 489 729
Cash flow from investment activities					
0	8 000	Income payment of loan from associated company		0	8 000
-2 753	-3 287	Payment for purchase of tangible fixed assets		3 005	-3 489
-12 312	7 382	Payment for purchase of intangible fixed assets		-15 877	-8 757
-15 065	-2 669	NET CASH FLOW FROM INVESTMENT ACTIVITIES		-18 882	-4 246
Cash flow from financing activities					
5 400	0	Incoming payment sales of shares Nord Pool Gas A/S		5 400	0
28 525	0	Incoming payment equity		28 525	0
-50 000	-8 000	Payment of dividend		-50 000	-8 000
-16 075	-8 000	NET CASH FLOW FROM FINANCING ACTIVITIES		-16 075	-8 000
1 619 823	-1 490 483	Net change in liquid assets		1 617 546	-1 501 975
413 098	1 903 581	Liquid assets as of 1 January		423 189	1 925 164
2 032 921	413 098	LIQUID ASSETS AS OF 31 DECEMBER		2 040 735	423 189

Notes to the annual accounts

Accounting principles

The annual accounts have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles.

Consolidation principles

The Group accounts include the parent company, Nord Pool Spot AS, and the subsidiaries Nord Pool Finland Oy, Nord Pool Spot AB and the 50% owned joint venture Nord Pool Gas A/S. The shares in Nord Pool Gas A/S were sold in December 2012 and the group accounts contain part of financial items for Nord Pool Gas A/S for the period 1 January – 30 November 2012 and the balance as per 31 December is 0,-.

The Group accounts have been prepared as if the Group were a single financial entity. Intercompany transactions and balances have been eliminated. The Group accounts have been prepared on the basis of similar principles, the subsidiary applying the same accounting principles as the parent company.

A purchased subsidiary is recorded in the Group accounts based on the parent company's acquisition cost. The acquisition cost is based on identifiable assets and liabilities of the subsidiary, which are recorded in the Group accounts at market value at the time of purchase. If the acquisition price exceeds (or is less than) amounts attributable to identifiable assets and liabilities, the excess is recorded in the balance sheet as goodwill (or negative goodwill) and amortised on a straight-line basis over the expected useful lives of the purchased assets.

Associated companies are valued in the Group accounts in accordance with the equity method. The allocated proportion of the profit of the associated company is based on the after tax results of the associated company, after deducting any internal gains and any depreciation on any excess value caused by a higher acquisition price of the shares than the acquired part of equity recorded in the balance sheet. The allocated proportion of the profits is recorded in the profit and loss accounts as "Income from associated companies".

The exchange rate of 31 December has been applied for consolidation of branch accounts in local currencies.

Subsidiary

The company's subsidiary is valued according to the cost method in the company accounts. Investments are valued at acquisition cost for the shares unless a write-down has been necessary. Investments are written down to market value if the decline in value is viewed as non-transitory in nature and it is deemed necessary according to generally accepted accounting principles. Write-downs are reversed if the conditions for the write-down are no longer present.

Joint Venture

With a Joint Venture enterprise the definition is that this is a Group company which, together with one or more companies, controls the enterprise.

A part of assets, liabilities, revenues and expenses in the Joint Venture are consolidated based on the gross method according to the preliminary Norwegian standard on participating in a Joint Venture enterprise.

Power turnover

Purchases and sales of electrical power and gas are settled at the same price. Consequently, the monetary value of trading has no effect on the profit level of the Nord Pool Spot Group.

Income from fees

The income base of the Nord Pool Spot Group consists of:

- annual fees
- volume-dependent fees
- FX fees

Volumes fees in the physical market relate to power traded (MWh) and are invoiced together with the power following delivery. FX fees were introduced in 2011 and apply to customers buying or selling electricity in currencies other than EUR. It is calculated as a % of invoice value.

Classification and valuation of balance sheet items

Current assets and short-term liabilities include items that fall due within one year of the acquisition date. Other items are classified as fixed assets/long-term liabilities.

Current assets are valued at the lower of acquisition cost and market value. Short-term liabilities are recorded in the balance sheet at face value at the time of recording.

Fixed assets are recorded at acquisition cost, but are written down to market value in the event of a decline in value, which cannot be expected to be transitory in nature. Long-term liabilities are recorded in the balance sheet at face value at the time of assuming such liabilities.

Receivables

Accounts receivable and other receivables are recorded in the balance sheet at face value after provision for bad debts. Provisions for bad debts are based on an assessment of individual accounts. In addition, a general provision for bad debts is made covering assumed losses for other accounts receivable.

Foreign currency

Accounts receivable and accounts payable in foreign currencies are valued at the year-end exchange rate on 31 December 2012.

Financial instruments

Nord Pool Spot uses financial instruments to manage foreign exchange exposure. Spot exchange contracts are used solely to hedge currency exposures incurred in connection with the settlement of physical trading. Gains and losses on spot exchange contracts are reported and evaluated in tandem with the hedged item. Gains and losses on hedging instruments rolled over prior to their expiry are recognised in the balance sheet and income statement over time along with the hedged item. Financial derivatives are booked at market value.

Tangible fixed assets

Tangible fixed assets are recorded in the balance sheet and linearly depreciated over the expected useful lives of the assets. Direct maintenance costs related to tangible fixed assets are currently expensed as operating expenses, whereas upgrades and improvements are added to the cost base of the operating assets and depreciated at the same rate as the assets to which they refer.

Intangible assets

Intangible assets are recorded in the balance sheet to the extent a future financial benefit relating to the intangible asset can be identified. If such benefits cannot be identified, the expenses are recorded as costs on a current basis.

Pension costs and liabilities

Nord Pool Spot AS has pension plans which provide the employees with the right to defined future pension benefits

(defined benefit plans). Benefits are based on the number of years of employment and salary at retirement age.

Nord Pool Spot books pensions in accordance with the International Accounting Standard (IAS) 19.

Accrued pension rights are primarily secured through pension plans with Statnett SF's pension fund. In addition, Nord Pool Spot AS has an early retirement plan (AFP), which is financed by operations.

Contributions to the pension fund are made in accordance with the actuarial method of calculation. Pension assets in the pension fund are primarily invested in securities. Pension liabilities are calculated in accordance with the Norwegian accounting standard (NRS) for pension costs.

Pension obligations are valued at the present value of future pension liabilities earned as at the balance sheet date, which are to be paid through the company's own pension fund or financed by operations.

Net pension liabilities in the balance sheet are shown after adjustments for postponed P&L recognition of changes in estimates and pension plans as well as the difference between actual and expected returns on the pension plans' investment assets that have as yet not been recognised in the P&L. Net pension liabilities are shown as an allocated liability. Pension schemes that are in a surplus of funds where the funds cannot be transferred to schemes that are in deficit of funds are shown as fixed assets.

The Group applies the principle of corridor reporting in respect of changes in pension liabilities.

Changes in liabilities and pension assets arising from changes to and variances in assumptions applied to calculations (changes in estimates) are distributed over the remaining expected average earnings period if the variances 1 January exceed 10% of whichever is greater of gross pension liabilities and pension assets.

The Group has in addition a contribution-based pension plan for employees, where the current year's pension costs correspond to the current year's premium payment.

Net pension costs for the year are included as a salary expense in the profit and loss account. Premiums paid are treated as investments in pension funds.

Nord Pool Spot AS has from 1 January 2013 closed down the defined benefit pension scheme and has opened a new defined contribution scheme in Storebrand.

Taxes

Tax expenses in the profit and loss account consist of tax payable for the period and changes in deferred tax. Deferred tax is calculated at a rate of 28% on the basis of the temporary differences between accounting and tax values, as well as the tax deficit at the end of the year to be carried forward. Tax-increasing and tax-decreasing temporary differences, which are reversed or reversible in the same period, have been eliminated. Any net deferred tax benefits are recorded in the balance sheet to the extent they are expected to be utilised.

As of 31 December 2012, net negative temporary differences between accounting and tax values have been recorded by the Group. The associated deferred tax benefit is recorded in the balance sheet under assets.

Cash flow

The cash flow analysis has been prepared using the indirect method. The model is based on an adjustment of the after-tax net income resulting in the net cash flow from operating activities. Cash flows from investment and financing activities are presented as gross figures.

Note 1: Collaterals

Physical trade

Participants are obliged to post appropriate collateral for their spot market trade in accordance with the Rulebook for the Physical Markets. The security requirement included in the section "Clearing Rules Appendix" of the rulebook reflects Nord Pool Spot's settlement risk and is calculated on an ongoing basis as the last seven days of the participant's daily net purchase in Elspot inclusive of VAT. Variation in days can occur.

Collateral for Elbas market follows the same security requirements as for Elspot. For customers in Elspot acting in Elbas the security requirement of Elbas is netted into Elspot collateral.

The minimum trading requirement is a collateral base of NOK/SEK/DKK 240,000 or EUR 30,000. The collateral must be registered with Nord Pool Spot before any trade is initiated.

Collateral can be posted as an on-demand bank guarantee, as cash in an escrow bank account or in another way accepted by Nord Pool Spot in accordance with the Rulebook for the Physical Markets.

As of 31 December 2012, outstanding balances in the physical market totalled NOK 305.2 million, while the collateral requirement in respect of participants totalled NOK 1,588 million.

At the end of the year, all participants in the physical market had posted satisfactory collateral in accordance with the Settlement regulations.

Settlement and collateral in the UK for N2EX is carried out by NASDAQ OMX which also acts as the counterpart.

Nord Pool Spot also carries out settlement and collateral call for the VPP market (Virtual Power Plant) in Denmark and the gas market of Nord Pool Gas A/S. For the VPP market, the customers have to establish a bank guarantee for assigned volume current quarter. For the gas market the members provide collateral by means of an on-demand guarantee. Base collateral determined by Nord Pool Spot must be established and met prior to the commencement of trading. The base collateral shall cover sum collateral call for the instruments traded, but not yet settled.

Security requirements for Elspot/Elbas, VPP, and the gas market are not netted.

Note 2: Power turnover

Amounts in NOK 1000

Geographical distribution - power sales	Nord Pool Spot AS		Nord Pool Spot Group	
	2012	2011	2012	2011
Norway	23 674 918	30 516 763	23 674 918	30 516 763
Sweden	35 367 256	49 146 970	35 367 256	49 146 970
Denmark	12 475 433	14 273 792	12 475 433	14 440 038
Finland	14 570 359	18 441 993	14 570 359	18 441 993
Germany	240 159	365 469	240 159	365 469
Estonia	1 831 147	1 567 043	1 831 147	1 567 043
Lithuania	1 417 982		1 417 982	
TOTAL	89 577 254	114 312 029	89 577 254	114 478 274
Geographical distribution - power purchases	2012	2011	2012	2011
Norway	27 314 752	30 249 544	27 314 752	30 249 544
Sweden	38 952 664	50 643 788	38 952 664	50 643 788
Denmark	9 089 128	13 349 163	9 089 128	13 515 409
Finland	11 002 961	17 785 389	11 002 961	17 785 389
Germany	215 189	284 259	215 189	284 259
Poland	66 492		66 492	
Estonia	1 493 981	1 999 886	1 493 981	1 999 886
Lithuania	1 417 982		1 417 982	
Latvia	24 104		24 104	
TOTAL	89 577 254	114 312 029	89 577 254	114 478 274

Note 3: Operating revenues

Amounts in NOK 1000

Geographical distribution	Nord Pool Spot AS		Nord Pool Spot Group	
	2012	2011	2012	2011
Norway	50 664	42 482	50 664	42 482
Sweden	50 090	34 927	50 923	35 589
Denmark	18 787	18 019	21 093	19 917
Finland	22 609	21 001	27 273	23 760
Germany	5 874	1 522	5 874	1 522
UK	17 075	11 638	17 075	11 638
Estonia	4 296	3 492	4 296	3 492
Lithuania	5 007	4 774	5 007	4 774
France	2 486	843	2 486	843
Belgium	1 026		1 026	
Switzerland	327		327	
USA	453		453	
Netherlands	2 643		2 643	
Spain	1 563		1 563	
Italy	1 677		1 677	
Latvia	125		125	
Poland	435		435	
Luxembourg	458		458	
TOTAL	185 594	138 697	193 397	144 015

Note 4: Closely related parties

All transactions with Nord Pool Spot AS owners are conducted at market value.

Services and tasks performed by Nord Pool Spot AS for Nord Pool Gas A/S

Administrative services

Nord Pool Spot AS provides no administrative services for Nord Pool Gas A/S.

Services and tasks performed by Nord Pool Finland Oy for the Nord Pool Spot Group

Marketing services

Nord Pool Finland Oy supplies marketing and consultancy services to the Nord Pool Spot Group. The total income for 2012 amounts to NOK 14.8 million against NOK 14.2 million in 2011.

Services and tasks performed by Nord Pool Spot AB for Nord Pool Spot Group

Marketing services

Nord Pool Spot AB provides marketing, market data and consultancy services to the Nord Pool Spot Group. The total income for 2012 amounts to NOK 9.4 million, against NOK 9.6 million in 2011.

Services and tasks performed by Statnett SF for Nord Pool Spot AS

Pension plan

Nord Pool Spot AS is a member of Statnett SF's pension fund and thus assumes certain pension liabilities. In addition, Statnett SF's pension fund acts as the depository of the pension funds. See the section on pension costs and liabilities under accounting principles. The membership of Statnett SF's pension fund was closed down as per 1 January 2013.

Services and tasks performed by Nord Pool Gas A/S for Nord Pool Spot AS

Administrative services

Nord Pool Gas A/S supplies administrative services and letting of premises. The agreement on letting of premises and administrative services remains in force until terminated by either party. Total expenses for 2012 amount to NOK 0.2 million against NOK 0.4 million in 2011.

Note 5: Payroll expenses, number of employees, reimbursements, employee loans etc.

Amounts in NOK 1000	Nord Pool Spot AS		Nord Pool Spot Group	
	2012	2011	2012	2011
Payroll expenses				
Salaries	35 729	31 621	48 084	43 117
Capitalised in-house development	-824	-	-2 190	-
Social security contribution	5 983	4 901	7 697	6 622
Pension expenses	8 322	5 300	8 322	5 300
Effect on change on pension scheme	-15 834		-15 834	
Other benefits	1 684	808	3 318	2 425
TOTAL	35 059	42 630	49 397	57 464

During the financial year, Nord Pool Spot AS has had an average of 44 employees (44 man-years) against 38 employees (38 man-years) in 2011. The Nord Pool Spot Group had an average of 61.6 employees (61.2 man-years) against 58 employees (57.8 man-years) in 2011.

Remuneration of executives	CEO	Board of directors
Salary	1 412	104
Other remuneration	402	0
Accrued pension	0	0

From 1 December 2009, the CEO is covered by the Swedish pension plan.

No loans or collaterals have been granted to the CEO, the Chairman of the Board of Directors or other related parties. No individual loan or collateral exceeding 5% of the equity of the Group companies has been granted.

Directors' fees are only paid to external board members. Board members who are employed by the owners of Nord Pool Spot or in the Nord Pool Spot Group do not receive any remuneration.

Bonus

Nord Pool Spot AS has a bonus scheme for all employees with bonuses being paid on the basis of various parameters such as profits. The maximum bonus per year corresponds to 15% of the annual pay. The average bonus achieved for 2012 amounted to 12.50%.

Auditors

Compulsory auditing for the parent company amounts to NOK 221,000, tax and VAT consultancy NOK 153,546 and other services NOK 86,260. Compulsory auditing for the Group amounts to NOK 265,220, tax and VAT consultancy NOK 85,538 and other services NOK 91,688. The amounts are exclusive of VAT.

Note 6: Other operating expenses

Amounts in NOK 1000	Nord Pool Spot AS		Nord Pool Spot Group	
	2012	2011	2012	2011
Outsourced services	49 792	33 707	52 384	11 098
Operation and maintenance of software	22 358	21 512	22 949	23 154
Miscellaneous administrative expenses	24 957	13 766	7 802	23 506
TOTAL OTHER OPERATING EXPENSES	97 107	68 985	83 135	57 758

The Group has entered into a tenancy agreement on rental of office facilities at Granfoss Næringspark, Lysaker. The agreement was entered into on 1 April 2011 and will expire on 31 March 2019. The yearly rent for 2012 amounts to NOK 2.1 million. The rent is adjusted on a yearly basis in accordance with the development in the CPI.

Note 7: Net financial items

Amounts in NOK 1000	Nord Pool Spot AS		Nord Pool Spot Group	
	2012	2011	2012	2011
Financial income				
Revenues related companies	0	0	721	310
Dividend subsidiary	0	7 774	0	0
Interest revenue	3 897	10 600	3 923	10 699
Other financial revenues (agio)	44	47	44	47
TOTAL FINANCIAL REVENUES	3 941	18 422	4 688	11 057
Financial expenses				
Expenses related companies	1 887	0	0	0
Interest expenses	1 094	1 492	1 065	1 657
Other financial expenses (disagio)	1 279	0	1 279	0
TOTAL FINANCIAL EXPENSES	4 260	1 492	2 344	1 657
NET FINANCIAL ITEMS	-319	16 929	2 344	9 399

Note 8: Intangible assets

Amounts in NOK 1000		
Nord Pool Spot	Trade systems	Total
Acquisition cost as of 01.01.2012	70 197	70 197
Additions	12 312	12 312
Acquisition cost as of 31.12.2012	82 508	82 508
Accumulated depreciation as of 31.12.2012	-59 841	-59 841
BOOK VALUE AS OF 31.12.2012	22 668	22 668
The year's depreciation	11 004	11 004
Nord Pool Spot Group	Trade systems	Total
Acquisition cost as of 01.01.2012	82 991	82 991
Translation differences	203	203
Additions	15 877	15 877
Acquisition cost as of 31.12.2012	99 071	99 071
Accumulated depreciation as of 31.12.2012	-71 646	-71 646
BOOK VALUE AS OF 31.12.2012	27 425	27 425
The year's depreciation	13 019	13 019

Both the parent company and the Group make use of straight-line depreciation for all intangible assets. The economic useful lives of the intangible fixed assets are estimated as follows:

- Computer software: 5 years

Note 9: Tangible fixed assets

Amounts in NOK 1000

Nord Pool Spot	Vehicle	EDP and office equipment	Total
Acquisition cost as of 01.01.2012	416	7 846	8 262
Additions	0	2 753	2 753
Acquisition cost as of 31.12.2012	416	10 599	11 015
Accumulated depreciation as of 31.12.2012	-312	-6 442	-6 754
BOOK VALUE AS OF 31.12.2012	104	4 157	4 261
This year's depreciation	83	2 001	2 084

Nord Pool Spot	Vehicle	EDP and office equipment	Total
Acquisition cost as of 01.01.2012	416	12 403	12 818
Translation differences		22	22
Additions	0	3 005	3 005
Acquisition cost as of 31.12.2012	416	15 420	15 835
Accumulated depreciation as of 31.12.2012	-312	-10 903	-11 215
BOOK VALUE AS OF 31.12.2012	104	4 516	4 620
This year's depreciation	83	2 350	2 433

The economic useful life of tangible fixed assets is estimated as follows:

- EDP and office equipment: 2-10 years
- Vehicles: 5 years

Note 10: Subsidiaries, associated companies and joint ventures

Amounts in NOK 1000

Company	Acquisition date	Sales date	Headquarters	Ownership	Share of voting rights
Nord Pool Finland Oy	01.07.2002		Helsinki	100%	100%
Nord Pool Spot AB	18.12.2007		Stockholm	100%	100%
Nord Pool Gas A/S	01.12.2007	17.12.2012	Skærbek	50%	50%
European Market Coupling Company GmbH	29.08.2008		Hamburg	20%	20%

Investments valued in accordance with the cost method

Company	Acquisition date	Total share capital	Shares owned	Total par value	Acquisition cost	Book value
Nord Pool Finland Oy	01.07.2002	4 978	40 000	4 978 000	17 742 240	17 742 240
Nord Pool Spot AB	18.12.2007	85	100 000	SEK 100.000	84 670	84 670

Joint Venture

Nord Pool Gas A/S	01.12.2007	DKK 10.000	10 000	2 000	5 386 500	0
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Associated companies

European Market Coupling Company GmbH	28.01.2009	€ 1 600 000		€ 1 600 000	2 824 760	924 000
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Nord Pool Spot shares in Nord Pool GAS A/S were sold on 17 December 2012.

Amounts in NOK 1000

Nord Pool Spot Group	European Market Coupling Company GmbH
Investments valued in accordance with the equity method	
Calculated share of net profit	
Share of net profit	721
SHARE OF NET PROFIT	721
Book value at 31.12.2012 is calculated as follows:	
Opening balance of 01.01.2012	203
Capital contribution	0
Reclassified from 01.01.2012	0
This year's part of profit	721
Closing balance of 31.12.2012	924

The following amounts are included in the Group's profit and loss account and balance sheet from joint ventures who are incorporated with pro rata consolidation:

Nord Pool Spot Group	Nord Pool Gas A/S 2012	2011
Operating income	2 306	1 898
Operating expenses	-2 363	-2 933
OPERATING PROFIT	-57	-1 035
PROFIT BEFORE TAXES	-49	-1 140
Fixed assets		10
Currents assets		4 285
TOTAL ASSETS	0	4 295
Total allocation for liabilities		118
Currents liabilities		3 023
TOTAL LIABILITIES	0	3 141
Equity		1 154
Total equity and liabilities	0	4 295

Note 11: Long-term receivables

The long-term receivables refers to a loan to European Market Coupling Company GmbH of EUR 250,000.

The terms for this loan include an annual rate of interest of 8% of the loan outstanding at any time.

The loan amount is due and payable without any requirement for the lender to give notice on 31 March 2011, in an amount of 20% of the retained profit of the Borrower for the financial year 2010, if any, and on 31 March 2012, in an amount of 20% of the retained profit of the Borrower for the financial year 2011, if any. The remaining loan amount is payable 60 days after the lender's written request, but not before 2 January 2013.

The borrower is entitled to repay the loan at any time in whole or in part without premium or penalty by giving five days' notice.

Note 12: Accounts receivable

Amounts in NOK 1000	Nord Pool Spot AS		Nord Pool Spot Group	
	2012	2011	2012	2011
Power sales	305 209	255 413	305 209	255 413
Other accounts receivable	4 969	4 311	4 147	5 072
BOOK VALUE	310 179	259 723	309 356	260 485

Accounts receivable have been recorded at face value as of 31.12.2012. No loss has been incurred on accounts receivable in 2012.

Note 13: Foreign currency

Foreign currency risks

The development in currency rates imposes both a direct and an indirect financial risk for the Nord Pool Spot Group. Hedging of currency income and assets denominated in foreign currency is done using hedging instruments, such as foreign exchange forward contracts.

Nord Pool Spot AS maintains spot market accounts receivables and accounts payables in SEK, DKK, EUR and NOK. These are secured continuously using hedging instruments, such as foreign exchange forward contracts. Accounts receivables and payables in foreign currencies are valued at the year-end exchange rate on 31 December 2012.

Forward exchange contracts are used solely to hedge currency exposures incurred in connection with the settlement of physical trading. The table set out below shows the currency exposures and the market value of the forward positions.

Amounts in NOK 1000	Balance sheet exposure	Off-balance sheet exposure	Net foreign exchange position	Market value derivatives in NOK
DKK	-40 068	41 512	1 444	3
SEK	-93 684	97 745	4 061	-3
EUR	14 107	-13 172	935	650
SUM				650

Note 14: Bank deposits

Amounts in NOK 1000	Nord Pool Spot AS	Nord Pool Spot Group
Restricted funds for tax withholdings	2 983	2 983

Nord Pool Spot has a bank guarantee with "DNB Næringseiendom" of NOK 1.5 million with an expiry date of 30 September 2019.

Nord Pool Spot has a bank guarantee with APX-Endex Clearing BV of EUR 2.0 million.

Nord Pool Spot has a credit facility of NOK 7 million in Nordea. The credit facility had not been utilised as of 31 December 2012.

The credit facility is based on the requirements of the licensing conditions set out by NVE regarding regulatory capital related to the licensed business.

Risk capital is assessed to be NOK 14 million. According to the licensing conditions an amount equivalent to at least half of the subordinated capital shall consist of deposits or unconditional drawing rights in a credit institution.

Note 15: Share capital and shareholder information

The share capital comprises	Number of shares	Par value	Book value
A-shares	15 012	3 500	52 542 000
TOTAL	15 012		52 542 000

NORD POOL SPOT AS HAD 6 SHAREHOLDERS AS OF 31.12.2012. ALL SHARES HAVE EQUAL RIGHTS.

Shareholders overview as of 31.12.2012	Number of shares held	Ownership	Shares of voting rights
Statnett SF	4 320	28.8 %	28.8 %
Affärsverket svenska Kraftnät	4 320	28.8 %	28.8 %
Fingrid Oyj	2 880	19.2 %	19.2 %
Energinet.dk	2 880	19.2 %	19.2 %
Elering AS	306	2.0 %	2.0 %
LITGRID AB	306	2.0 %	2.0 %
Total number of shares	15 012	100.0 %	100.0 %

There exists a subscription agreement entitling Latvian Independent System Operator Augstsprieguma tīkls AS to subscribe for a total of 306 shares in Nord Pool Spot AS when Latvia is incorporated as a bidding area in Nord Pool Spot.

Note 16: Equity

Amounts in NOK 1000

Nord Pool Spot AS	Share capital	Share premium reserve	Other equity	Total equity
Equity as of 01.01.2012	50 400	10 681	80 126	141 207
Capital increase Nord Pool Spot AS	2 142	26 382	0	28 524
Net income			25 346	25 346
Dividend			-12 673	-12 673
EQUITY AS OF 31.12.2012	52 542	37 063	92 799	182 404

Nord Pool Spot AS	Share capital	Share premium reserve	Other equity	Total equity
Equity as of 01.01.2012	50 400	10 681	64 917	125 998
Capital increase Nord Pool Spot AS	2 142	26 382	0	28 524
Translation differences			-328	-328
Net income			32 876	32 876
Dividend			-12 673	-12 673
EQUITY AS OF 31.12.2012	52 542	37 063	84 792	174 397

Due to the 10% rule and the total amount of the balance sheet at the end of the accounting year 2012 the company does not have free equity to declare an ordinary dividend. The dividend is contingent upon a notification being sent to the Company Register and creditors (Companies Act §8-1 second paragraph cf. §§12-4 and 12-6).

Note 17: Pensions

The company has pension plans covering a total of 34 persons. The plans entitle the beneficiaries to defined future benefits. On the whole, benefits depend on the length of employment, salary level at achieved pension age, and pension paid by the National Insurance Fund. The pension plans are statutory. The plans comply with the provisions of the law.

Former CEOs of Nord Pool Spot are entitled to a supplementary pension scheme. The pensionable age of the supplementary scheme is 62 years. From the age of 62 up to and including 74 years the CEO is entitled to a supplementary yearly payment equivalent to NOK 400,000 (2008 value) in addition to the general scheme. The supplementary scheme is indexed to the average increase in the wages of the company both during the period of employment as well as after the pensionable age has been attained. The rest of the executive management is covered by Nord Pool Spot's group pension plan, and have no rights beyond those associated with that plan.

Allocations for pension liabilities are based on estimated pension liabilities as of 31 December 2012.

The actuarial assumptions are based on common actuarial principles and demographic factors.

Nord Pool Spot AS has from 1 January 2013 closed down the defined benefit pension scheme and has opened a new defined contribution scheme in Storebrand. The company contribution pension scheme covers 38 employees.

Yearly payments to the contribution pension scheme for pensionable salary are from 1-6 G 5% and from 6-12 G 8%.

The termination of the defined benefit plan in 2012 gave a positive accounting one-time effect of NOK 15.8 million. The one-time effects were recognised in 2012 in accordance with IAS19 curtailment / settlement of a pension plan. The one-time effect reduced the payroll expenses in the financial statement. In connection with the termination of the defined benefit plan Nord Pool Spot AS established a compensation scheme with the objective of limiting the calculated loss of retirement capital caused to employees as a result of the transition. The compensation scheme is operation based and will be paid monthly to the employees from 1 January 2013 as long as they are employed in the company.

The company is taking part in an early retirement pension agreement through Spekter. This agreement implies that all employees have the possibility to choose an early retirement pension from the age of 62. The early retirement pension agreement through Spekter was decided to be phased out based on a new pension reform from the Norwegian authority from 1 January 2011. It was only possible to retire according to this early retirement agreement until 31 December 2010. The gain on the termination of the arrangement is recognised in 2010, and presented as a reduction in labour costs. There is a remaining appropriation of the company's liabilities as per 31 December 2012 which regards persons already engaged in the old early retirement pension plan.

A new early retirement pension scheme (AFP) has been established, replacing the previous scheme which, unlike the new one, provided a lifelong addition to the ordinary pension. The new pension scheme is a defined benefit multi-employer plan funded by premiums that are determined as a percentage of salary. There are no reliable measurement and allocation of assets and liabilities in the scheme. The scheme is therefore treated for accounting purposes as a defined contribution plan where premium payments are expensed as incurred.

The Group has a contribution-based pension plan for employees in Sweden. This pension plan comprises nine employees. The pension costs for the year for employees in Sweden total NOK 1.4 million.

Employees in Denmark have a contribution based pension plan. This pension plan comprises two employees and pension costs for the year equal 12.5% of gross salaries per employee.

Employees in Finland have a contribution based pension plan. This pension plan comprises ten employees and pension costs for the year equal 17.1% of gross salaries per employee.

	Nord Pool Spot AS 2012	Nord Pool Spot AS 2011
Current value of this year's pension earnings	7 378	4 960
Interest cost for pension liabilities	1 293	1 417
Yield on pension fund	-1 200	-979
Changes on estimates and deviations recorded in the profit and loss account	851	-98
One-time effect change pension scheme	-15 834	0
NET PENSION EXPENSES (NET INCOME)	-7 512	5 300

	Nord Pool Spot Group 2012	Nord Pool Spot Group 2011
Current value of this year's pension earnings	7 378	4 960
Interest cost for pension liabilities	1 293	1 417
Yield on pension fund	-1 200	-979
Changes on estimates and deviations recorded in the profit and loss account	851	-98
One-time effect change pension scheme	-15 834	0
NET PENSION EXPENSES (NET INCOME)	-7 512	5 300

Nord Pool Spot AS	2012 Insured	2012 Unsecured	2011 Insured	2011 Unsecured
Estimated pension liabilities as of 31.12.	50 027	4 866	44 626	4 770
Estimated pension funds as of 31.12.	-21 058		-18 370	
Effect of changes in estimates and deviations not recorded in the profit and loss account	-17 220	-695	-18 457	-632
Social security contribution	4 085	686	3 702	673
One-off effect change pension scheme	-15 834		-15 834	
NET PENSION LIABILITIES	0	4 857	11 502	4 810

Nord Pool Spot Group	2012 Insured	2012 Unsecured	2011 Insured	2011 Unsecured
Estimated pension liabilities as of 31.12.	50 027	4 866	44 626	4 770
Estimated pension funds as of 31.12.	-21 058		-18 370	
Effect of changes in estimates and deviations not recorded in the profit and loss account	-17 220	-695	-18 457	-632
Social security contribution	4 085	686	3 702	673
One-off effect change pension scheme	-15 834		-15 834	
NET PENSION LIABILITIES	0	4 857	11 502	4 810

Financial assumptions	2012	2011
Discount rate	2.20%	2.60%
Expected growth in salaries	3.25%	3.50%
Expected growth of social security base amount	3.00%	3.25%
Expected growth in pensions	3.00%	3.25%
Expected yield on pension funds	2.20%	4.10%
Average social security payment	14.10%	14.10%

Note 18: Accounts payable

Amounts in NOK 1000	Nord Pool Spot AS		Nord Pool Spot Group	
	2012	2011	2012	2011
Power purchases	2 191 343	512 639	2 191 343	512 639
Other accounts payable	2 721	11 350	3 624	11 995
Book value	2 194 064	523 989	2 194 967	524 634

Note 19: Taxes

Amounts in NOK 1000	Nord Pool Spot AS		Nord Pool Spot Group	
	2012	2011	2012	2011
Taxes for the year are distributed as follows:				
Taxes payable	11 471	7 462	11 677	7 674
Change in deferred tax	3 264	-578	3 264	-578
TOTAL TAX EXPENSES	14 636	6 884	14 842	7 096

Calculated payable tax basis for the year:

Pre-tax profit	39 981	31 724	47 718	23 525
Dividend from Subsidiary	0	-7 774	0	0
Other items	0	233	0	0
TOTAL PROFIT BEFORE TAX	39 981	24 183	47 718	23 525
Permanent differences *)	12 644	401	12 644	401
Change in temporary differences	11 657	2 065	-11 657	2 065
BASIS TAXES PAYABLE FOR THE YEAR	40 968	26 649	48 705	25 991

Overview temporary differences:

	Nord Pool Spot AS		Nord Pool Spot Konsern	
Fixed assets	-674	-225	-674	-225
Allocations in accordance with generally accepted accounting principles	650	-1	650	-1
Pensions	-4 857	-16 312	-4 857	-16 312
TOTAL	-4 881	-16 538	-4 881	-16 538
28% deferred tax benefit	-1 367	-4 631	-1 367	-4 631

Explanation why tax for the year does not constitute 28% of the pre-tax profit:

	Nord Pool Spot AS
28% tax on pre-tax profit	11 195
Permanent differences (28%)	3 540
CALCULATED TAX EXPENSE	14 636
Nominal taxation rate **)	36.6 %

*) Not including non-deductible expenses such as entertainment.

**) Tax cost as a percentage of pre-tax profit.

Auditor's report



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Member of the Norwegian Institute of Public
Accountants

To the Annual Shareholders' Meeting of
Nord Pool Spot AS

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Nord Pool Spot AS, comprising the financial statements for the Parent Company and the Group. The financial statements for the Parent Company and the Group comprise the balance sheet as at 31 December 2012, the profit and loss account and cash flows analysis for the year then ended and a summary of significant accounting policies and other explanatory information.

The Board of Directors' and CEO's responsibility for the financial statements

The Board of Directors and CEO are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and CEO determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

A member firm of Ernst & Young Global Limited

Opinion

In our opinion, the financial statements of Nord Pool Spot AS have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Parent Company and the Group as at 31 December 2012 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Report on other legal and regulatory requirements*Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and CEO have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 9 April 2013
ERNST & YOUNG AS

Kjetil Rimstad
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)



Together
With integrity
Towards excellence

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