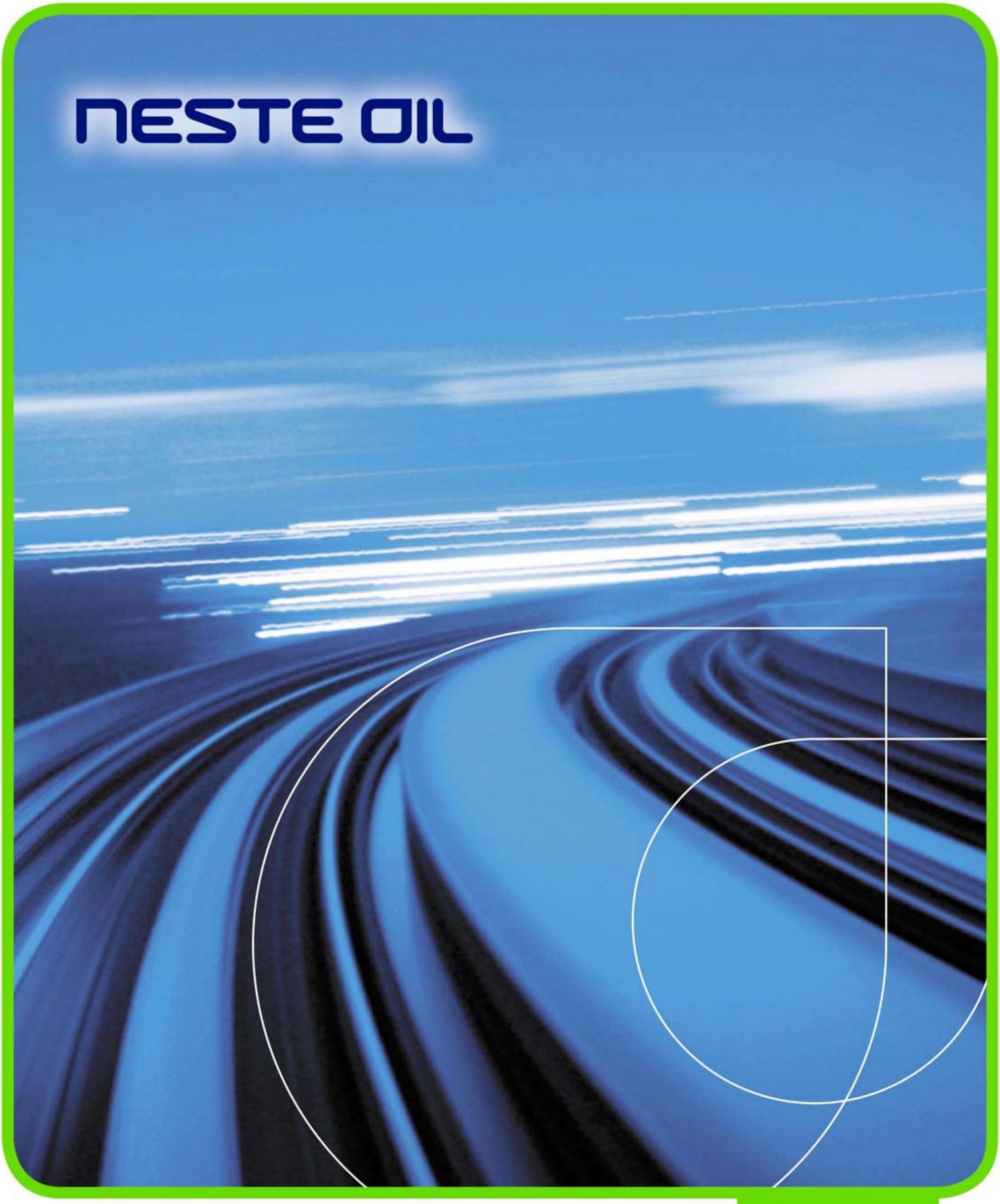

5.2.2009

Financial Statements 2008

Neste Oil Financial Statements 2008

- Full-year comparable operating profit of EUR 602 million (2007: 626 million)

2008 in brief:

- Comparable operating profit of EUR 602 million (2007: 626 million)
- Strong total refining margin of USD 13.39 /bbl (2007: 10.46)
- IFRS-based operating profit of EUR 186 million (2007: 801 million), including inventory losses of 453 million (2007: profit of 174 million)
- Cash flow from operations of EUR 512 million (2007: 541 million)
- Healthy liquidity position at the end of the year
- The Board of Directors proposes a dividend of EUR 0.80 per share (2007: 1.00)

Fourth quarter in brief:

- Comparable operating profit of EUR 103 million (10-12/07: 84 million)
- Total refining margin of USD 15.05 /bbl (10-12/07: 9.88)
- EUR 19 million write-down on engineering for a hydrocracker planned at Naantali
- Comparable operating profit at Oil Refining and Shipping increased but Renewable Fuels, Specialty Products, and Oil Retail posted lower comparable profits
- IFRS operating profit of EUR -352 million, as a result of inventory losses (10-12/07: 143 million)
- Strong cash flow from operations of EUR 486 million (10-12/07: 220 million)

President & CEO Matti Lievonen:
"The oil market witnessed an unprecedented fall in prices in the second half of 2008. This resulted in exceptional inventory losses, which weakened our IFRS numbers significantly compared to 2007. Our comparable operating profit, at EUR 602 million, was around the level we achieved in 2007, and our cash flow from operations healthy at EUR 512 million."
"Our total refining margin increased significantly in 2008, and is clear evidence that, as a refiner focused on diesel and other middle distillates, we were better-placed than most refiners. It appears likely that the middle distillate market will continue to perform better than the gasoline market in 2009, but we expect global demand for petroleum products generally to fall. Going forward, we will need to focus on reducing costs and improving efficiency to safeguard our profits and cash flow."

Further information:
Matti Lievonen, President & CEO, tel. +358 10 458 11
Ilkka Salonen, CFO, tel. +358 10 458 4490

News conference and conference call
A press conference in Finnish on the 2008 results will be held today, 5 February 2009, at 12:00 noon EET at the company's headquarters, Keilaranta 21, Espoo. www.nesteoil.com will feature English versions of the presentation materials. A conference call in English for investors and analysts will be held today, 5 February 2009, at 3:00 pm Finland / 1:00 pm London / 8:00 am New York. The call-in numbers are as follows: Europe: +44 (0)20 3023 4426, US: +1 866 966 5335. A webcast of the call can be found here. Use the password: Neste Oil. An instant replay of the call will be available for one week at +44 (0)20 8196 1998 for Europe and +1 866 583 1035 for the US, using access code 725434.

NESTE OIL FINANCIAL STATEMENTS, 1 JANUARY – 31 DECEMBER 2008
10-12/2008 and 10-12/2007 unaudited, full year 2008 and 2007 audited

Figures in parentheses refer to the full-year financial statements for 2007, unless otherwise stated.

KEY FIGURES

EUR million (unless otherwise noted)

	10–12/08	10–12/07	2008	2007	2006
Sales	2,805	3,461	15,043	12,103	12,734
Operating profit before depreciation	-297	199	409	996	1,007
Depreciation, amortization, and impairments	55	56	223	195	153
Operating profit	-352	143	186	801	854
Comparable operating profit *	103	84	602	626	597
Profit before income tax	-382	130	129	763	841
Earnings per share, EUR	-1.14	0.40	0.38	2.25	2.46
Investments	185	98	508	334	535
Net cash from operating activities	486	220	512	541	512

	31 Dec 2008	31 Dec 2007	31 Dec 2006
Total equity	2,179	2,427	2,097
Interest-bearing net debt	1,004	755	722
Capital employed	3,237	3,234	2,890
Return on capital employed pre-tax (ROCE), %	6.1	26.2	31.9
Return on average capital employed after tax (ROACE),%	13.1	15.5	15.4
Return on equity (ROE), %	4.4	25.6	34.3
Equity per share, EUR	8.48	9.47	8.15
Cash flow per share, EUR	2.00	2.11	2.00
Equity-to-assets ratio, %	46.3	49.9	48.4
Leverage ratio, %	31.5	23.7	25.6
Gearing, %	46.1	31.1	34.4

* Comparable operating profit is calculated by excluding inventory gains/losses, capital gains/losses, and unrealized changes in the fair value of oil and freight derivative contracts from the reported operating profit.

The Group's full-year results for 2008

Sales at the Neste Oil Group totaled EUR 15,043 million in 2008, compared to EUR 12,103 million in 2007.

The Group’s comparable operating profit was EUR 602 million compared to EUR 626 million in 2007. The comparable operating profit was supported by a stronger total refining margin and good profitability at Shipping, but this was offset by unfavorable US dollar hedging and weaker profits at Oil Retail and the joint venture company Nynas AB. Additional negative impact came in the form of exceptional costs, which totaled around EUR 55 million.

Oil Refining's full-year comparable operating profit was EUR 510 million (484 million), Renewable Fuels' EUR 2 million (-13 million), Specialty Products' EUR 50 million (109 million), Oil Retail's EUR 22 million (59 million), and Shipping's EUR 55 million (28 million).

Profits from associated companies and joint ventures totaled EUR 13 million (39 million).

Operating profit under IFRS was EUR 186 million in 2008. The major decline from the EUR 801 million booked in 2007 is associated with inventory losses that cumulated in the second half of 2008 as oil prices softened rapidly. Under IFRS, inventories are accounted under the first-in, first-out (FIFO) principle and valued at the lower of cost or net realizable value. Inventory gains and losses are excluded in the comparable operating profit, which is a better way to asses the company's operating results in a volatile oil price environment. Inventory losses totaled EUR 453 million in 2008, compared to a profit of 174 million in 2007.

The full-year profit before taxes was EUR 129 million (763 million) and the effective tax rate was 21.8% (24.0%). Profit for the period 2008 was EUR 101 million (580 million) and earnings per share were EUR 0.38 (2.25).

Given the capital-intensive nature of its business, Neste Oil uses return on average capital employed after tax (ROACE) as its primary financial target. ROACE calculation is based on comparable results. At the end of December, the rolling twelve-month ROACE was 13.1% (2007 financial year: 15.5%).

The Group's fourth-quarter results in 2008

Neste Oil's fourth-quarter sales totaled EUR 2,805 million (10-12/07: 3,461 million).

The Group's comparable operating profit increased to EUR 103 million, compared to EUR 84 million in the last quarter of 2007. The increase was mainly due to a higher total refining margin. The rapid decline in oil prices had a significant negative impact on the comparable operating profit at Specialty Products and Oil Retail. The figure also includes a EUR 19 million write-down on basic engineering for a hydrocracker originally planned for Naantali.

Oil Refining's comparable operating profit was EUR 131 million (85 million) in the fourth quarter, Renewable Fuels' EUR -10 million (3 million), Specialty Products' EUR -6 million (2 million), Oil Retail EUR -5 million (10 million), and Shipping's EUR 3 million (-4 million).

The fourth-quarter operating profit under IFRS was EUR -352 million (10-12/07: 143 million), as a result of an inventory loss of EUR 467 million (10-12/07: profit of 54 million).

Pre-tax profit was EUR -382 million (10-12/07: 130 million). Profit for the period was -289 (10-12/07: 103 million) and earnings per share EUR -1.14 (10-12/07: 0.40).

	10-12/08	10-12/07	2008	2007	2006
COMPARABLE OPERATING PROFIT	103	84	602	626	597
- inventory gains/losses	-467	54	-453	174	56
- changes in the fair value of open oil derivatives	10	4	24	-5	-9
- capital gains/losses	2	1	13	6	210
OPERATING PROFIT	-352	143	186	801	854

Capital expenditure and financing

Investments totaled EUR 508 million in 2008 compared to EUR 334 million in 2007. Oil Refining's capital spending was EUR 132 million (193 million), Renewable Fuels' EUR 249 million (69 million), Specialty Products' EUR 30 million (5 million), Oil Retail's EUR 63 million (51 million), and Shipping's EUR 3 million (2 million). Investments in the Other segment totaled EUR 31 million (14 million). Depreciation in 2008 was EUR 223 million (195 million).

The Group's interest-bearing net debt was EUR 1,004 million at the end of the year (31 Dec 2007: EUR 755). Net financial expenses between January and December were EUR 57 million (38 million). The average interest rate of borrowings at the end of 2008 was 4.0%, and the average maturity 4.4 years.

Net cash from operating activities between January and December was EUR 512 million (541 million). Neste Oil's balance sheet remained healthy during 2008. The year-end equity-to-assets ratio was 46.3% (31 Dec 2007: 49.9%), the leverage ratio 31.5% (31 Dec 2007: 23.7%), and the gearing ratio 46.1% (31 Dec 2007: 31.1%).

The Group's liquidity remained strong. Cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 1,536 million at the end of December (31 Dec 2007: 1,492 million). The company sees no major refinancing needs until 2012. Short-term financing needs will continue to be met by revolving credit and overdraft facilities. There are no financial covenants in existing loan agreements.

In accordance with its hedging policy, Neste Oil has hedged the majority of its net foreign currency exposure for the next 12 months, mainly using forward contracts and currency options. The most important hedged currency is the US dollar.

Main events during the reporting period

Strategy implementation

Neste Oil continued to implement its clean fuel strategy in 2008. In line with this, the company's current capital projects consist of new plants designed to increase production of renewable diesel and high-quality base oil. The company is also investing in an isomerization unit to improve gasoline quality.

Strategic projects

Neste Oil announced on 13 June 2008 that it will build an 800,000 t/a plant to produce NExBTL renewable diesel in Rotterdam in the Netherlands. Construction started immediately and the facility is scheduled to be completed in 2011. The total cost of the investment was projected to be EUR 670 million. Construction of a similar-sized renewable diesel plant in Singapore proceeded according to the plan in 2008, scheduled to be in operation at the end of 2010. At the end of the year, Neste Oil and OMV decided to discontinue planning of a jointly owned NExBTL diesel plant in Austria.

On 16 June 2008, Neste Oil and Bahrain's Oil & Gas Holding Company (OGHC) and the Bahrain Petroleum Company (Bapco) announced that they will establish a joint venture known as the Bahrain Base Oil Company to build a high-quality lubricant base oil plant in Bahrain. The plant will have an annual capacity of 400,000 tons of VHVI (Very High Viscosity Index) base oil for use in blending top-tier lubricants. Completion is scheduled for the end of 2011. Neste Oil's share of the JV is 45% and an estimated share of the investment cost is EUR 115–135 million.

Neste Oil announced on 4 June 2008 that it would build a new isomerization unit, costing approximately EUR 80 million, at its Porvoo refinery. The new unit will be capable of processing 600,000 t/a of lower-value gasoline fractions into higher-value, premium-quality gasoline, and will increase the refinery's total gasoline output by 200,000 t/a. Construction of the new unit will begin in 2009, and it is scheduled to come on stream in 2011.

Other events

The latest addition to the Porvoo refinery, Production Line 4, suffered from operational constraints between early April and early October. This resulted in lower-than-planned diesel output and a lower refining margin.

Neste Oil announced on 3 January that its subsidiary, Neste Jacobs, would acquire the engineering company, Rintekno. Following the acquisition, Neste Jacobs became the leading provider of engineering services for the chemical and biotechnology industries in the Nordic region, employing a total of some 800 people.

Neste Oil announced on 1 April that the disagreement relating to the final financial settlement for the mechanical installation work on Production Line 4 at the Porvoo refinery had been put before the Court of Arbitration. Neste Oil's claims against YIT Industrial and Network Services initially amounted to around EUR 36 million and mainly comprise damages based on the delay to the contract. In September, Neste Oil clarified its claims as totaling some EUR 107 million. YIT has lodged counter claims against Neste Oil for an amount of around EUR 25 million. Both parties contest each other's claims.

Neste Oil commercially launched a new renewable diesel, Neste Green diesel, in Finland at the beginning of May. Neste Green diesel contains at least 10% renewable fuel in the form of the company's unique NExBTL component. Distribution of the new fuel has initially been concentrated in Greater Helsinki.

Market overview

Crude oil prices were very volatile in 2008. Prices continued to rise in the first half of the year and Brent Dated recorded an all-time high of USD 144/bbl in July. Good demand, especially in China and India, and concerns about the long-term supply-demand balance drove the market up. As the global financial crisis escalated, however, prices started to decline sharply. Simultaneously, concerns about a recession resulted in reduced demand forecasts. Although OPEC announced production cuts to support the market, crude prices kept falling until finally stabilizing in December, when Brent Dated leveled at around USD 40/bbl. Brent Dated averaged USD 97/bbl (73) during the year as a whole; while the average for the fourth quarter was USD 55/bbl (89).

The price differential between heavy and light crude was also volatile, widening during the first few months of 2008 but narrowing as crude oil prices fell. Demand for heavier crude improved due to new conversion capacity and good marine bunker demand. The average differential between Urals and Brent Dated in 2008 was USD -2.95 /bbl (-3.10). During the fourth quarter, the differential averaged USD -1.82 /bbl (-2.88).

Refining margins were slightly lower compared to 2007, and were mainly driven by middle distillates, as gasoline demand suffered from high prices. Margins peaked in September, when hurricanes forced refineries to shut down in the US Gulf. The international reference refining margin for complex refineries in Northwest Europe, IEA Brent Cracking, averaged USD 4.74 /bbl (5.09) in 2008 and USD 4.26 /bbl (4.27) in the fourth quarter.

Gasoline margins collapsed compared to 2007. Record high pump prices and increasing ethanol blending eroded demand significantly in the US, resulting in growing inventories. Low demand continued through the US driving season, and margins were even negative in July. After the hurricanes in September, inventories fell considerably and margins improved, but as the economic situation worsened, the outlook for gasoline remained very negative and margins fell again, virtually to zero.

Boosted by increasing demand, middle distillate margins, which were already strong, improved further in 2008, especially during the second quarter. High prices and the worsening economic outlook did not affect demand, which even improved when supply was disrupted by refinery outages. At the end of the year, after holding up so long, demand for middle distillates eventually started to show signs of suffering from the economic recession and margins decreased.

Fuel oil margins remained negative throughout 2008, but improved in the second half as crude oil prices declined. High-sulfur fuel oil was temporarily strong due to low Russian exports and very good bunker demand.

The European Union’s Renewable Energy Directive was approved in December 2008. The directive includes a binding renewable energy target of 10% in the traffic and transportation in member states by 2010, together with sustainability criteria for biofuels. Implementation of the directive still requires consultation, which is estimated to last until the second half of 2009.

Demand for gasoline fell on the Finnish retail market by approximately 5% in 2008. Diesel demand increased, but growth decreased to approximately 2% as the economical situation worsened. The downturn in the Baltic economies was reflected in reduced demand for transportation fuels; in the St. Petersburg region, demand grew but at a slower rate.

Unlike expected, Shipping freight rates were higher in 2008 than in 2007. North Sea crude freight rates increased by 32% and Baltic rates by 22% overall; during the fourth quarter, rates were down 5% and up 21% respectively.

Key drivers

	10-12/08	10-12/07	2008	2007	Jan 09	Jan 08
IEA Brent cracking margin, USD/bbl	4.26	4.37	4.74	5.09	3.27	1.77
Total refining margin, USD/bbl	15.05	9.88	13.39	10.46	n.a.	n.a.
Urals-Brent price differential, USD/bbl	-1.82	-2.88	-2.95	-3.10	1.11	-2.34

Brent dated crude oil, USD/bbl	54.91	88.69	96.99	72.52	43.59	92.00
USD/EUR exchange rate	1.32	1.45	1.47	1.37	1.32	1.47
Crude freights, Aframax WS points	144	152	179	136	91	159

Production and sales

Several records were broken at Neste Oil's refineries in 2008, including total annual production and total input at both refineries, which exceeded 15 million tons for the first time. Diesel output reached an all-time high, although the new diesel line operated at only approximately 60% of its annual nameplate capacity.

Neste Oil refined a total of 15.2 million tons (14.6 million) of crude oil and feedstocks in 2008, of which 12.4 million tons (11.8 million) at Porvoo. The Naantali refinery processed 2.8 million tons (2.8 million).

During the fourth quarter, Neste Oil refined 3.3 million tons (2.8 million) at Porvoo and 0.7 million tons (0.7 million) at Naantali, totaling 4.0 million tons (3.5 million).

The Naantali refinery operated at virtually full crude distillation capacity in 2008 and reached a utilization rate of 97% (97%). At Porvoo, utilization was lower at 92% (95%) due to problems with the new diesel line.

The proportion of Russian Export Blend (REB) in Neste Oil's total refinery input rose to 57% (51%) for the full-year and 57% (54%) in the fourth quarter.

The proportion of diesel in Neste Oil's sales structure in 2008 increased to nearly 40%, while gasoline and heavy fuel oil declined. The additional diesel volumes were mostly sold in Europe, resulting in 25% higher sales volumes there. Growth was also seen in sales to North America.

During the fourth quarter, some 400,000 tons (almost 3 million barrels) of crude and products were stored and contracted.

Neste Oil's sales from in-house production, by product category (1,000 t)

	10-12/08	%	10-12/07	%	2008	%	2007	%
Motor gasolines	1,052	*28*	1,042	*29*	4,056	*28*	4,384	*31*
Gasoline components	33	*1*	68	*2*	253	*2*	357	*2*
Diesel fuel	1,585	*42*	1,298	*36*	5,583	*38*	5,137	*36*
Jet fuel	154	*4*	197	*5*	658	*5*	729	*5*
Base oils	58	*2*	77	*2*	278	*2*	304	*2*
Heating oil	245	*7*	225	*6*	763	*5*	764	*5*
Heavy fuel oil	220	*6*	322	*9*	981	*7*	1,097	*8*
LPG	70	*2*	61	*2*	340	*2*	317	*2*
NExBTL renewable diesel	19	*1*	23	*1*	94	*1*	28	*0*
Other products	317	*8*	270	*8*	1,565	*11*	1,215	*8*
TOTAL	3,754	*100*	3,583	*100*	14,571	*100*	14,332	*100*

Neste Oil's sales from in-house production, by market area (1,000 t)

	10-12/08	%	10-12/07	%	2008	%	2007	%
Finland	1,942	*52*	2,071	*58*	7,537	*52*	8,053	*56*
Other Nordic countries	607	*16*	484	*14*	2,056	*14*	2,059	*14*
Other Europe	734	*19*	643	*18*	3,028	*20*	2,399	*16*
USA & Canada	467	*12*	337	*9*	1,857	*13*	1,703	*12*
Other countries	3	*0*	48	*1*	94	*1*	118	*1*
TOTAL	3,754	*100*	3,583	*100*	14,571	*100*	14,332	*100*

SEGMENT REVIEWS

In 2008, Neste Oil's businesses were grouped into six reporting segments: Oil Refining, Renewable Fuels, Specialty Products, Oil Retail, Shipping, and Other. The former Biodiesel division was renamed Renewable Fuels in April 2008.

Oil Refining

Key figures

	10-12/08	10-12/07	2008	2007
Sales, MEUR	2,097	2,740	12,030	9,348
Operating profit, MEUR	-292	139	123	640
Comparable operating profit, MEUR	131	85	510	484
Capital expenditure, MEUR	34	46	132	193
Total refining margin USD/bbl	15.05	9.88	13.39	10.46

Oil Refining's full-year comparable operating profit was EUR 510 million (484 million). Neste Oil's total refining margin increased to USD 13.39 /bbl in 2008, compared to USD 10.46 /bbl in 2007. The total refining margin was boosted by strong diesel and middle distillates margins. US dollar, write-downs, and unscheduled maintenance costs had a negative impact.

Oil Refining's comparable operating profit during the fourth quarter was EUR 131 million (10-12/07: 85 million). This was boosted by a record-high total refining margin of USD 15.05 /bbl (10-12/07: 9.88), most of which is explained by strong diesel margins and increased diesel production, as well as good refinery productivity. A EUR 19 million write-down on the Naantali hydrocracker project and US dollar hedges had a negative impact.

Oil Refining’s operating profit according to IFRS was EUR 123 million (640 million). Full-year inventory losses totaled EUR 422 million, compared to an inventory profit of EUR 161 million in 2007.

Oil Refining's comparable return on net assets was 21.7% (22.7%) in 2008.

Renewable Fuels

	10-12/08	10-12/07	2008	2007
Sales, MEUR	20	27	116	40
Operating profit, MEUR	-9	2	2	-12
Comparable operating profit, MEUR	-10	3	2	-13
Capital expenditure, MEUR	108	22	249	69

Renewable Fuels' full-year comparable operating profit was EUR 2 million (-13 million), thanks to the first NExBTL plant being operational at Porvoo for part of the year. Higher costs were related to growth projects and R&D.

The fourth-quarter comparable operating profit of Renewable Fuels was EUR -10 million, down from EUR 3 million during the same quarter in 2007. This was mainly due to the planned full-scale maintenance shutdown of the Porvoo plant.

The full-year comparable return on net assets of Renewable Fuels was 0.9% (-12.3%).

Specialty Products

	10-12/08	10-12/07	2008	2007
Sales, MEUR	112	138	591	649
Operating profit, MEUR	-37	10	19	122
Comparable operating profit, MEUR	-6	2	50	109
Capital expenditure, MEUR	11	2	30	5

The full-year comparable operating profit of Specialty Products stood at EUR 50 million (109 million). Weaker profit performance resulted from lower profits at Neste Oil's joint venture, Nynas AB, volatile base oil margins and continued weak demand for gasoline components.

Specialty Products posted a comparable operating profit of EUR -6 million in the fourth quarter, compared to EUR 2 million in the same quarter of 2007. The majority of this decline was associated with inventory losses at Nynas. Base oils had a good quarter, with strong margins. Demand for gasoline components remained weak.

Specialty Products' full-year comparable return on net assets was 13.9% (32.9%).

Oil Retail

Key figures

	10-12/08	10-12/07	2008	2007
Sales, MEUR	915	965	4,073	3,435
Operating profit, MEUR	-6	9	25	60
Comparable operating profit, MEUR	-5	10	22	59
Capital expenditure, MEUR	22	24	63	51
Total sales volume*, 1,000 m3	1,141	1,191	4,353	4,519
- gasoline station sales, 1,000 m3	376	370	1,479	1,457
- diesel station sales, 1,000 m3	356	348	1,406	1,329
- heating oil, 1,000 m3	219	217	759	763
- heavy fuel oil, 1,000 m3	105	106	356	473

Oil Retail's comparable operating profit declined to EUR 22 million in 2008 (59 million). The majority of this resulted from a EUR 15 million write-down on receivables and EUR 10 million inventory losses.

Oil Retail's comparable operating profit during the fourth quarter was EUR -5 million (10 million), which resulted from EUR 17 million in inventory losses.

Sales volumes of gasoline fell in the Finnish market, while diesel sales volume increased by approximately 5%. The company's market share in both products increased. Margins were as tight as in 2007. Oil Retail continued implementation of the project designed to enhance its profitability and position in the Finnish market. The planned decrease in the number of personnel in Finland is 35% during the period 2008-2011. This target is intended to be met without terminations. Revamping of the Finnish station network proceeded according to plan in 2008 and will be completed in 2011.

Volume growth in the Baltic Rim network totaled 7%, thanks to increasing sales at unmanned stations. Margins in the Baltic Rim were roughly unchanged year-on-year, with some modest strengthening being seen in the last quarter.

The downturn in the economic situation towards the end of the year had a negative impact on demand for, and volumes of, lubricants and LPG.

As of the end of 2008, Neste Oil had 887 (899) stations in Finland and 286 (271) in the Baltic Rim.

Oil Retail's comparable return on net assets was 6.0% (17.1%) in 2008.

Shipping

Key figures

	10-12/08	10-12/07	2008	2007
Sales, MEUR	100	87	437	394
Operating profit, MEUR	2	-5	54	30
Comparable operating profit, MEUR	3	-4	55	28
Capital expenditure, MEUR	2	0	3	2
Fleet utilization rate, %	96	93	96	94

Shipping's comparable operating profit totaled EUR 55 million in 2008 (28 million). Average freight rates were significantly higher in 2008 than in 2007. Shipping's operations ran smoothly throughout 2008, which was reflected in a very high fleet utilization rate.

The comparable operating profit for the fourth quarter totaled EUR 3 million (10-12/07: -4 million). A EUR 9 million negative item on freight derivatives is included in the fourth-quarter figure. Higher costs related to dockings and repairs had a negative impact in the corresponding quarter of 2007.

Shipping's comparable return on net assets was 19.2% (9.3%) in 2008.

Shares, share trading, and ownership

Neste Oil's share price closed 2008 at EUR 10.58, which is 52% lower compared to the end of 2007, and roughly in line with the European refining sector in general. At its highest during 2008, the share price reached EUR 24.90, while at its lowest the price stood at EUR 9.47, with the weighted average for the year coming in at EUR 17.95. Market capitalization was EUR 2.7 billion as of 31 December 2008.

An average total of 1.5 million shares were traded daily. This represents 0.5% of the Company's shares. An average of 32 million shares was traded monthly. During the year as a whole, 382 million shares, or 149% of the total number of shares, were traded.

Neste Oil's share capital registered with the Company Register as of 31 December 2008 totaled EUR 40 million, and the total number of shares outstanding is 256,403,686. The company does not hold any of its own shares, and the Board of Directors has no authorization to buy back company shares or to issue convertible bonds, share options, or new shares.

At the end of 2008, the Finnish State owned 50.1% of outstanding shares, foreign institutions 20.6%, Finnish institutions 19.5%, and Finnish households 9.8%.

Changes in senior management

President & CEO Risto Rinne retired as of 1 October 2008 after more than 30 years of service with the company. Mr. Matti Lievonen was appointed the new President & CEO and joined the company on 1 December.

The Chief Financial Officer, Petri Pentti, left Neste Oil at the end of September, and Mr. Ilkka Salonen was appointed CFO in November, joining Neste Oil in January 2009.

Personnel

Neste Oil employed an average of 5,174 (4,810) employees in 2008. At the end of December, the company had 5,262 employees (Dec 2007: 4,807). Wages and salaries paid by the company totaled EUR 251 million in 2008 (210 million).

Health, safety, and the environment

No serious environmental accidents resulting in liability occurred at Neste Oil's refineries or other production facilities in 2008. The environmental emissions of Neste Oil operations remained low throughout the year. Wastewater treatment plants at the refineries operated very well. The oil content of waterborne emissions was 0.1 g/ton of crude oil processed. This is less than 3.5% of the 3 g/ton maximum emission recommendation by the Baltic Marine Environment Protection Commission.

Finland's Supreme Court fined Neste Oil EUR 500,000 for damage caused to the environment as a result of an oil leak in 2001. The Turku Court of Appeal and the Turunseutu District Court had previously rejected the prosecution's call for a fine against the company.

The main indicator for safety performance used by Neste Oil – cumulative total recordable injury frequency (TRIF, number of cases per million hours worked) for all work done for the company, combining the company's own personnel and contractors – stood at 5.2 (5.8) at the end of December 2008. The target for 2008 was less than 5. The cumulative number of lost workday injuries was 54 at the end of December, resulting in a LWIF of 3.2 (2.9). The target is below 3.

Neste Oil has successfully fulfilled all the requirements related to carbon dioxide emissions in 2008. The verification of emissions for 2008 is scheduled, and the company is able to report and surrender allowances equal to its total emissions in 2008. The company has received emission rights for 3.6 million tons of CO_2 emissions a year between 2008 and 2012, and will need to acquire rights from the market to cover expected future emissions.

The REACH (Registration, Evaluation and Authorization of Chemicals) regulation came into force in the EU on 1 June 2007. Neste Oil has contributed to joint work carried out under the framework of the European oil companies' organization, Concawe, and the company's project for meeting REACH requirements has progressed according to plan. The company successfully preregistered the substances it uses and produces in compliance with the deadline at end of November 2008.

Neste Oil retained its position in or was selected for inclusion in a number of sustainability indexes during 2008. It was again included in the Dow Jones Sustainability World Index, which features 320 companies from 24 countries that excel in their commitment to a more sustainable future. Neste Oil has been awarded 'Best in Class' recognition for its social accountability by the Norwegian banking group, Storebrand, included twice in Innovest's Global 100 list of the world's most responsible companies, and featured in the Ethibel Pioneer Investment Register.

Research and development

Research and development focusing on both crude oil-based and renewable fuels is crucial in implementing Neste Oil's strategy. Neste Oil's R&D expenditure increased by 32% compared to 2007 and totaled EUR 37 million (28 million). The main R&D projects were related to extending the raw material and technological base for renewable fuels.

Events after the reporting period

Neste Oil announced on 5 February 2009 that it will reorganize its operations around three business areas and seven common functions, and will introduce a new organization reflecting this on 1 April 2009. The new business areas will act as profit centers and will be responsible for their customers, products, and business development. The new business areas are as follows: Oil Products, Renewable Fuels, and Oil Retail. Activities outside these business areas will be grouped under Others. The new common functions will be: Production & Logistics, Finance, Human Resources, HSSE, Technology & Strategy, Communications, and Legal Affairs.

The Specialty Products Division will be amalgamated into the Oil Products business area. Shipping operations will be reported in connection with the business areas that use them, and the Shipping business incorporated into Production & Logistics.

Neste Oil’s financial reporting will be based on these business areas from 28 April 2009 onwards when the Q1/2009 figures are announced. Comparative figures for 2008 will be published before that in April.

The new common functions will be: Production & Logistics, Finance, Human Resources, HSSE, Technology & Strategy, Communications, and Legal Affairs.

After these changes, the Neste Executive Board will comprise the following members: Matti Lievonen, President & CEO; Matti Lehmus, Executive Vice President, Oil Products; Jarmo Honkamaa, Executive Vice President, Renewable Fuels, Deputy CEO; Sakari Toivola, Executive Vice President, Oil Retail; Ilkka Poranen, Senior Vice President, Production & Logistics; Ilkka Salonen, CFO; Hannele Jakosuo-Jansson, Senior Vice President, Human Resources, Simo Honkanen, Senior Vice President, HSE; Osmo Kammonen, Senior Vice President, Communications; Lars Peter Lindfors, Senior Vice President, Technology & Strategy; Matti Hautakangas*, General Counsel.

* Secretary to the Neste Executive Board, not a member

The Neste Executive Management Board will comprise the President & CEO, business area executive vice presidents, the CFO, and the Senior Vice President, Production & Logistics.

Potential short-term and long-term risks

The oil market has been very volatile. Oil refiners are exposed to a variety of political and economic trends and events, as well as natural phenomena that affect the short- and long-term supply of and demand for the products that they produce and sell.

The largest uncertainty in the foreseeable future relates to the continued slowdown of the world economy, which is likely to reduce the demand for petroleum products and gasoline in particular. The problems on the international financial market have also increased uncertainties. As a consequence, managing customer receivables risks has become even more important. Sudden and unplanned outages at Neste Oil's production units or facilities continue to represent a short-term risk.

Rapid and large changes in feedstock and product prices may lead to significant inventory gains or losses, or change in working capital. These may have a material impact on the company’s IFRS operating profit and net cash from operations.

Over the longer term, access to funding and rising capital costs, as well as challenges in procuring and developing new competitive and reasonably priced raw materials, may impact the company's growth plans.

The implementation of biofuel legislation in the EU and other key market areas may influence the speed at which the demand for these fuels develops.

The key market drivers for Neste Oil’s financial performance are international refining margins, the price differential between Russian Export Blend (REB) and Brent crude, and the USD/EUR exchange rate.

For more detailed information on Neste Oil's risks and risk management, please refer to the company's Annual Report and Financial Statements for 2008.

Outlook

The outlook for the global economy is depressed, and this is reflected in oil demand forecasts, which have been revised down. The International Energy Agency (IEA) estimated in January that global oil demand will continue to decrease in 2009. The decrease in OECD countries is expected to be 2.5%.

Demand for gasoline, together with gasoline margins, looks likely to be very weak throughout 2009. Diesel and other middle distillates are expected to be the strongest part of the barrel and practically the only positive contributors to refining margins. Continued lower economical activity, however, is likely to put pressure on diesel margins as well.

Demand for base oils is likely to be weaker than in previous years, due to an anticipated decline in demand for lubricants.

Demand for all products is forecast to decrease in Oil Retail. Devaluation of local currencies may put pressure on the Baltic Rim operations.

Operational performance at Neste Oil’s refineries, including the NExBTL plant, should be better in 2009 than in 2008. A planned two-month maintenance and process improvement shutdown will be carried out on Production Line 4 during the second quarter to enhance the line’s productivity.

Shipping’s fleet utilization rate is expected to remain high and operations smooth.

The Group will address its fixed costs and maintenance expenditure to secure cash flow

The Group's investments are estimated to be around EUR 950 million in 2009 (508 million in 2008), of which maintenance investments will account for around EUR 180 million (218 million in 2008), productivity investments around EUR 60 million (14 million in 2008) and strategic investments around EUR 710 million (276 million in 2008).

Dividend distribution proposal and the AGM

The Board of Directors will propose to the Annual General Meeting that Neste Oil should pay a dividend of EUR 0.80 per share for 2008, totaling EUR 205 million.

The Annual General Meeting will be held on 3 April 2009 at 11:00 a.m. EET at the Helsinki Fair Centre.

Reporting date for the first-quarter 2009 results

Neste Oil will publish its first-quarter results for 2009 on 28 April 2009 at approximately 9:00 a.m. EET.

Espoo, 4 February 2009

Neste Oil Corporation
Board of Directors

The preceding information contains, or may be deemed to contain, "forward-looking statements". These statements relate to future events or our future financial performance, including, but not limited to, strategic plans, potential growth, planned operational changes, expected capital expenditures, future cash sources and requirements, liquidity and cost savings that involve known and unknown risks, uncertainties, and other factors that may cause Neste Oil Corporation's or its businesses' actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. In some cases, such forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential," or "continue," or the negative of those terms or other comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. All forward-looking statements made in this report are based on information presently available to management and Neste Oil Corporation assumes no obligation to update any forward-looking statements. Nothing in this report constitutes investment advice and this report shall not constitute an offer to sell or the solicitation of an offer to buy any securities or otherwise to engage in any investment activity.

CONSOLIDATED INCOME STATEMENT

MEUR	Note	10-12/2008	10-12/2007	1-12/2008	1-12/2007
Sales	3	**2,805**	3,461	**15,043**	12,103
Other income		**7**	6	**44**	27
Share of profit (loss) of associates and joint ventures	3	**-26**	8	**13**	39
Materials and services		**-2,789**	-3,042	**-13,657**	-10,279
Employee benefit costs		**-84**	-69	**-315**	-256
Depreciation, amortization and impairments	3	**-55**	-56	**-223**	-195
Other expenses		**-210**	-165	**-719**	-638
Operating profit		**-352**	143	**186**	801
Financial income and expenses					
Financial income		**2**	2	**8**	8
Financial expenses		**-28**	-14	**-70**	-40
Exchange rate and fair value gains and losses		**-4**	-1	**5**	-6
Total financial income and expenses		**-30**	-13	**-57**	-38
Profit before income taxes		**-382**	130	**129**	763
Income tax expense		**93**	-27	**-28**	-183
Profit for the period		**-289**	103	**101**	580
Attributable to:					
Equity holders of the company		**-290**	102	**97**	577
Minority interest		**1**	1	**4**	3
		-289	103	**101**	580
Earnings per share from profit attributable to the equity holders of the Company basic and diluted (in euro per share)		**-1.14**	0.40	**0.38**	2.25

CONSOLIDATED BALANCE SHEET

MEUR	Note	31 Dec 2008	31 Dec 2007
ASSETS			
Non-current assets			
Intangible assets	5	**51**	41
Property, plant and equipment	5	**2,675**	2,436
Investments in associates and joint ventures		**152**	178
Non-current receivables		**13**	3
Pension assets		**105**	81
Deferred tax assets		**16**	7
Derivative financial instruments	6	**16**	22
Available-for-sale financial assets		**1**	2
Total non-current assets		**3,029**	2,770
Current assets			
Inventories		**637**	968
Trade and other receivables		**786**	955
Derivative financial instruments	6	**213**	126
Cash and cash equivalents		**55**	52
Total current assets		**1,691**	2,101
Total assets		**4,720**	4,871
EQUITY			
Capital and reserves attributable to the equity holders of the company			
Share capital		**40**	40
Other equity	2	**2,131**	2,383
Total		**2,171**	2,423
Minority interest		**8**	4
Total equity		**2,179**	2,427
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities		**926**	662
Deferred tax liabilities		**297**	289
Provisions		**24**	8
Pension liabilities		**12**	11
Derivative financial instruments	6	**32**	22
Other non-current liabilities		**3**	5
Total non-current liabilities		**1,294**	997
Current liabilities			
Interest-bearing liabilities		**133**	145
Current tax liabilities		**1**	14
Derivative financial instruments	6	**197**	77
Trade and other payables		**916**	1,211
Total current liabilities		**1,247**	1,447
Total liabilities		**2,541**	2,444
Total equity and liabilities		**4,720**	4,871

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

MEUR	Note	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Retained earnings	Minority interest	Total equity
		Attributable to equity holders of the Company						
Total equity at 1 January 2007		40	9	26	3	2,011	8	2,097
Dividend paid						-231		-231
Treasury shares	2					-12		-12
Income and expenses recognized directly in equity								
Translation differences and other changes			1		-10	-3		-12
Cash flow hedges								
recorded in equity, net of tax				56				56
transferred to income statement, net of tax				-43				-43
Net investment hedges, net of tax					-4			-4
Share-based compensation				2				2
Hedging reserves in associates and joint ventures				1				1
Change in minority							-7	-7
Items recognized directly in equity			*1*	*16*	*-14*	*-3*	*-7*	*-7*
Profit for the period						577	3	580
Total recognized income and expenses			*1*	*16*	*-14*	*574*	*-4*	*573*
Total equity at 31 December 2007		40	10	42	-11	2,342	4	2,427

MEUR	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Retained earnings	Minority interest	Total equity
Total equity at 1 January 2008	40	10	42	-11	2,342	4	2,427
Dividend paid					-256		-256
Income and expenses recognized directly in equity							
Translation differences and other changes		0		-43	-1		-44
Cash flow hedges							
recorded in equity, net of tax			-23				-23
transferred to income statement, net of tax			-25				-25
Net investment hedges, net of tax				0			0
Share-based compensation			0				0
Hedging reserves in associates and joint ventures			-1				-1
Change in minority						0	0
Items recognized directly in equity		*0*	*-49*	*-43*	*-1*	*0*	*-93*
Profit for the period					97	4	101
Total recognized income and expenses		*0*	*-49*	*-43*	*96*	*4*	*8*
Total equity at 31 December 2008	40	10	-7	-54	2,182	8	2,179

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	Note	10-12/2008	10-12/2007	1-12/2008	1-12/2007
Cash flow from operating activities					
Profit before taxes		**-382**	130	**129**	763
Adjustments, total		**93**	63	**249**	184
Change in working capital		**836**	65	**248**	-189
Cash generated from operations		**547**	258	**626**	758
Finance cost, net		**6**	-16	**-29**	-40
Income taxes paid		**-67**	-22	**-85**	-177
Net cash generated from operating activities		**486**	220	**512**	541
Capital expenditure		**-184**	-98	**-497**	-334
Acquisition of subsidiary	4	**0**	0	**-10**	0
Acquisition of associates and joint ventures		**-1**	0	**-1**	0
Proceeds from sales of fixed assets		**5**	0	**9**	14
Proceeds from sales of shares		**2**	0	**12**	-5
Change in other investments		**-12**	8	**-8**	-22
Cash flow before financing activities		**296**	130	**17**	194
Net change in loans and other financing activities		**-346**	-132	**244**	20
Dividends paid to the equity holders of the company		**0**	0	**-256**	-231
Net increase (+)/decrease (-) in cash and cash equivalents		**-50**	-2	**5**	-17

KEY FINANCIAL INDICATORS

	31 Dec 2008	31 Dec 2007
Capital employed, MEUR	**3,237**	3,234
Interest-bearing net debt, MEUR	**1,004**	755
Capital expenditure and acquisition of subsidiary, MEUR	**508**	334
Return on average capital employed, after tax, ROACE %	**13.1**	15.5
Return on capital employed, pre-tax, ROCE %	**6.1**	26.2
Return on equity, %	**4.4**	25.6
Equity per share, EUR	**8.48**	9.47
Cash flow per share, EUR	**2.00**	2.11
Price/earnings ratio (P/E)	**28.03**	10.71
Equity-to-assets ratio, %	**46.3**	49.9
Gearing, %	**46.1**	31.1
Leverage ratio, %	**31.5**	23.7
Dividend per share [1)]	**0.80**	1.00
Dividend payout ratio [1)]	**211.9**	44.4
Dividend yield [1)]	**7.6**	4.1
Average number of shares	**255,903,686**	255,971,365
Number of shares at the end of the period	**255,903,686**	255,903,686
Average number of personnel	**5,174**	4,810

[1)] Board of Directors proposal to the Annual General Meeting

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The report on Annual Financial Statements has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU.
The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2007 with the exception that the Group applies IFRS 8 Operating Segments as of 1 January 2008.

The following interpretations are mandatory for the financial year ending 31 December 2008, but not relevant for the Group:
IFRIC 11 IFRS 2 - Group and Treasury Shares
IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments.

2. TREASURY SHARES

In 2007 Neste Oil entered into an agreement with a third party service provider concerning the administration of the new share-based management share performance arrangement for key management personnel. As part of the agreement, the service provider purchased a total of 500,000 Neste Oil shares in February 2007 in order to hedge part of Neste Oil's cash flow risk in relation to the future payment of the rewards, which will take place partly in Neste Oil shares and partly in cash during 2010 and 2013. Despite the legal form of the hedging arrangement, it has been accounted for as if the share purchases had been conducted directly by Neste Oil, as required by IFRS 2, Share based payments and SIC-12, Consolidation - Special purpose entities. The consolidated balance sheet and the consolidated changes in total equity reflect the substance of the arrangement with a deduction amounting to EUR 12 million in equity. This amount represents the consideration paid for the shares by the third party service provider.

3. SEGMENT INFORMATION

Neste Oil's businesses are grouped into six segments: Oil Refining, Renewable Fuels, Specialty Products, Oil Retail, Shipping and Other.
Group administration, shared service functions as well as Research and Technology and Neste Jacobs are included in the Other segment.

SALES

MEUR	10-12/2008	10-12/2007	1-12/2008	1-12/2007
Oil Refining	**2,097**	2,740	**12,030**	9,348
Renewable Fuels	**20**	27	**116**	40
Specialty Products	**112**	138	**591**	649
Oil Retail	**915**	965	**4,073**	3,435
Shipping	**100**	87	**437**	394
Other	**43**	26	**143**	93
Eliminations	**-482**	-522	**-2,347**	-1,856
Total	**2,805**	3,461	**15,043**	12,103

OPERATING PROFIT

MEUR	10-12/2008	10-12/2007	1-12/2008	1-12/2007
Oil Refining	**-292**	139	**123**	640
Renewable Fuels	**-9**	2	**2**	-12
Specialty Products	**-37**	10	**19**	122
Oil Retail	**-6**	9	**25**	60
Shipping	**2**	-5	**54**	30
Other	**-12**	-9	**-42**	-37
Eliminations	**2**	-3	**5**	-2
Total	**-352**	143	**186**	801

COMPARABLE OPERATING PROFIT

MEUR	10-12/2008	10-12/2007	1-12/2008	1-12/2007
Oil Refining	**131**	85	**510**	484
Renewable Fuels	**-10**	3	**2**	-13
Specialty Products	**-6**	2	**50**	109
Oil Retail	**-5**	10	**22**	59
Shipping	**3**	-4	**55**	28
Other	**-12**	-9	**-42**	-39
Eliminations	**2**	-3	**5**	-2
Total	**103**	84	**602**	626

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

MEUR	10-12/2008	10-12/2007	1-12/2008	1-12/2007
Oil Refining	**36**	37	**143**	126
Renewable Fuels	**2**	2	**7**	5
Specialty Products	**4**	3	**16**	13
Oil Retail	**6**	7	**31**	27
Shipping	**4**	4	**15**	15
Other	**3**	3	**11**	9
Total	**55**	56	**223**	195

SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES

MEUR	10-12/2008	10-12/2007	1-12/2008	1-12/2007
Oil Refining	**0**	0	**0**	0
Renewable Fuels	**0**	0	**0**	0
Specialty Products	**-26**	8	**13**	39
Oil Retail	**0**	0	**0**	0
Shipping	**0**	0	**0**	0
Other	**0**	0	**0**	0
Total	**-26**	8	**13**	39

NET ASSETS

MEUR	31 Dec 2008	31 Dec 2007
Oil Refining	**1,972**	2,165
Renewable Fuels	**371**	142
Specialty Products	**327**	324
Oil Retail	**351**	381
Shipping	**272**	297
Other	**66**	59
Eliminations	**4**	2
Total	**3,363**	3,370

RETURN ON NET ASSETS, %	31 Dec 2008	31 Dec 2007
Oil Refining	**5.2**	30.1
Renewable Fuels	**0.9**	-11.4
Specialty Products	**5.3**	36.8
Oil Retail	**6.8**	17.4
Shipping	**18.8**	9.9

COMPARABLE RETURN ON NET ASSETS, %	31 Dec 2008	31 Dec 2007
Oil Refining	**21.7**	22.7
Renewable Fuels	**0.9**	-12.3
Specialty Products	**13.9**	32.9
Oil Retail	**6.0**	17.1
Shipping	**19.2**	9.3

QUARTERLY SEGMENT INFORMATION

QUARTERLY SALES

MEUR	10-12/2008	7-9/2008	4-6/2008	1-3/2008	10-12/2007	7-9/2007	4-6/2007	1-3/2007
Oil Refining	**2,097**	**3,763**	**3,624**	**2,546**	2,740	2,310	2,516	1,782
Renewable Fuels	**20**	**27**	**46**	**23**	27	7	4	2
Specialty Products	**112**	**149**	**164**	**166**	138	164	181	166
Oil Retail	**915**	**1,132**	**1,078**	**948**	965	853	843	774
Shipping	**100**	**114**	**123**	**100**	87	82	115	110
Other	**43**	**36**	**33**	**31**	26	20	24	23
Eliminations	**-482**	**-700**	**-648**	**-517**	-522	-458	-476	-400
Total	**2,805**	**4,521**	**4,420**	**3,297**	3,461	2,978	3,207	2,457

QUARTERLY OPERATING PROFIT

MEUR	10-12/2008	7-9/2008	4-6/2008	1-3/2008	10-12/2007	7-9/2007	4-6/2007	1-3/2007
Oil Refining	**-292**	**-2**	**231**	**186**	139	148	246	107
Renewable Fuels	**-9**	**-2**	**12**	**1**	2	-7	-4	-3
Specialty Products	**-37**	**23**	**28**	**5**	10	34	47	31
Oil Retail	**-6**	**9**	**11**	**11**	9	22	18	11
Shipping	**2**	**22**	**23**	**7**	-5	-4	16	23
Other	**-12**	**-7**	**-14**	**-9**	-9	-16	-6	-6
Eliminations	**2**	**1**	**-1**	**3**	-3	3	-3	1
Total	**-352**	**44**	**290**	**204**	143	180	314	164

QUARTERLY COMPARABLE OPERATING PROFIT

MEUR	10-12/2008	7-9/2008	4-6/2008	1-3/2008	10-12/2007	7-9/2007	4-6/2007	1-3/2007
Oil Refining	**131**	**149**	**133**	**97**	85	125	168	106
Renewable Fuels	**-10**	**-3**	**13**	**2**	3	-6	-5	-5
Specialty Products	**-6**	**29**	**19**	**8**	2	34	41	32
Oil Retail	**-5**	**7**	**11**	**9**	10	21	17	11
Shipping	**3**	**23**	**20**	**9**	-4	-1	12	21
Other	**-12**	**-7**	**-14**	**-9**	-9	-17	-5	-8
Eliminations	**2**	**1**	**-1**	**3**	-3	3	-3	1
Total	**103**	**199**	**181**	**119**	84	159	225	158

QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

MEUR	10-12/2008	7-9/2008	4-6/2008	1-3/2008	10-12/2007	7-9/2007	4-6/2007	1-3/2007
Oil Refining	**36**	**35**	**34**	**38**	37	36	29	24
Renewable Fuels	**2**	**2**	**1**	**2**	2	2	1	0
Specialty Products	**4**	**4**	**4**	**4**	3	3	4	3
Oil Retail	**6**	**9**	**8**	**8**	7	7	7	6
Shipping	**4**	**3**	**4**	**4**	4	4	3	4
Other	**3**	**3**	**2**	**3**	3	3	1	2
Total	**55**	**56**	**53**	**59**	56	55	45	39

QUARTERLY SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES

MEUR	10-12/2008	7-9/2008	4-6/2008	1-3/2008	10-12/2007	7-9/2007	4-6/2007	1-3/2007
Oil Refining	**0**	**0**	**0**	**0**	0	0	0	0
Renewable Fuels	**0**	**0**	**0**	**0**	0	0	0	0
Specialty Products	**-26**	**28**	**10**	**1**	8	17	13	1
Oil Retail	**0**	**0**	**0**	**0**	0	0	0	0
Shipping	**0**	**0**	**0**	**0**	0	0	0	0
Other	**0**	**0**	**0**	**0**	0	0	0	0
Total	**-26**	**28**	**10**	**1**	8	17	13	1

4. ACQUISITIONS

Neste Jacobs, subsidiary of Neste Oil Group, acquired 90% of the shares of an engineering company Rintekno, which employs 230 people. The acquisition was closed on 29 February 2008. Prior to this Neste Jacobs already owned 10% of the company. Rintekno is an engineering company specialized in engineering services for oil refining, chemicals and biopharma industries. Neste Jacobs and Rintekno have worked together for a number of years in connection with engineering of Neste Oil's investment projects.

On consolidation, intangible assets related to order backlog, customer relationships and trade name have been recognized at fair value in the balance sheet. Total amount recognized is EUR 1 million and the assets are depreciated during their expected life time, in 1-5 years. Goodwill recognized in the consolidated balance sheet is attributable to the experienced and capable personnel employed by Rintekno Group and to synergies achieved in engineering projects due to Rintekno's previous experience as a subcontractor in Neste Oil's major investment projects.

The profit of Rintekno Group included in the Neste Oil consolidated income statement 1 January - 31 December 2008 is immaterial. Also, management estimates that Rintekno Group's effect on Neste Oil's consolidated sales or profit for the period would have been immaterial as at 31 December 2008, had the acquisition taken place on 1 January 2008.

Assets and liabilities of Rintekno Group

MEUR	Acquired fair value	Acquired book value
Intangible assets	1	0
Property, plant and equipment	1	1
Trade and other receivables	5	5
Cash and cash equivalents	6	6
Total assets	13	12
Trade and other payables	5	5
Pension liabilities	1	1
Total liabilities	6	6
Acquired net assets	7	6
Purchase consideration		16
Direct costs related to the acquisition		0
Goodwill		9
Purchase consideration settled in cash		16
Direct costs related to the acquisition		0
Cash and cash equivalents in Rintekno Group		-6
Cash outflow on acquisition		10

5. CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT AND CAPITAL COMMITMENTS

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT MEUR	**31 Dec 2008**	31 Dec 2007
Opening balance	**2,477**	2,348
Depreciation, amortization and impairments	**-223**	-195
Capital expenditure	**497**	334
Disposals	**-8**	-12
Translation differences	**-28**	2
Acquired group companies	**11**	-
Closing balance	**2,726**	2,477

CAPITAL COMMITMENTS MEUR	**31 Dec 2008**	31 Dec 2007
Commitments to purchase property, plant and equipment	**540**	88
Commitments to purchase intangible assets	**0**	0
Total	**540**	88

6. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate and currency derivative contracts and share forward contracts MEUR	**31 Dec 2008** Nominal value	**31 Dec 2008** Net fair value	31 Dec 2007 Nominal value	31 Dec 2007 Net fair value
Interest rate swaps	**475**	**-13**	345	0
Forward foreign exchange contracts	**1,381**	**17**	1,189	35
Currency options				
Purchased	**336**	**-5**	353	11
Written	**256**	**-11**	188	1
Share forward contracts	**14**	**-8**	17	2

Oil and freight derivative contracts	**Volume million bbl**	**Net fair value Meur**	Volume million bbl	Net fair value Meur
Sales contracts	**28**	**166**	68	-66
Purchase contracts	**32**	**-147**	74	65
Purchased options	**1**	**-12**	1	0
Written options	**1**	**12**	0	0

The fair values of derivative financial instruments subject to public trading are based on market prices as of the balance sheet date. The fair values of other derivative financial instruments are based on the present value of cash flows resulting from the contracts, and, in respect of options, on evaluation models. The amounts also include unsettled closed positions. Derivative financial instruments are mainly used to manage the group's currency, interest rate and price risk.

7. CONTINGENT LIABILITIES

MEUR	31 Dec 2008	31 Dec 2007
Contingent liabilities		
On own behalf for debt		
Pledged assets	**-**	2
Total	**-**	2
On own behalf for commitments		
Real estate mortgages	**26**	26
Pledged assets	**3**	2
Other contingent liabilities	**37**	42
Total	**66**	70
On behalf of associates and joint ventures		
Guarantees	**5**	2
Other contingent liabilities	**2**	1
Total	**7**	3
On behalf of others		
Guarantees	**12**	12
Total	**12**	12
Total	**85**	87

MEUR	31 Dec 2008	31 Dec 2007
Operating lease liabilities		
Due within one year	**106**	108
Due between one and five years	**262**	183
Due later than five years	**465**	119
Total	**833**	410

Other contingent liabilities

Neste Oil Corporation has a collective contingent liability with Fortum Heat and Gas Oy of the demerged Fortum Oil and Gas Oy's liabilities based on the Finnish Companies Act's Chapter 17 Paragraph 16.6.

Calculation of key financial indicators

Calculation of key financial indicators

Operating profit	=		Operating profit includes the revenue from the sale of goods and services, other income such as gain from sale of shares or non-financial assets, share of profits (loss) of associates and joint ventures, less losses from sale of shares or non-financial assets, as well as expenses related to production, marketing and selling activities, administration, depreciation, amortization, and impairment charges. Realized and unrealized gains or losses on oil and freight derivative contracts together with realized gains and losses from foreign currency and oil derivative contracts hedging cash flows of commercial sales and purchases that have been recycled in the income statement, are also included in operating profit.
Comparable operating profit	=		Operating profit -/+ inventory gains/losses -/+ gains/losses from sale of shares and non-financial assets - unrealized change in fair value of oil and freight derivative contracts
Return on equity, (ROE)%	=	100 x	Profit before taxes - taxes / Total equity average
Return on capital employed, pre-tax (ROCE) %	=	100 x	Profit before taxes + interest and other financial expenses / Capital employed average
Return on average capital employed, after-tax (ROACE) %	=	100 x	Profit for the period (adjusted for inventory gains/losses, gains/losses from sale of shares and non-financial assets and unrealized gains/losses on oil and freight derivative contracts, net of tax) + minority interest + interest expenses and other financial expenses related to interest-bearing liabilities (net of taxes) / Capital employed average
Capital employed	=		Total assets - interest-free liabilities - deferred tax liabilities - provisions
Interest-bearing net debt	=		Interest-bearing liabilities - cash and cash equivalents
Leverage ratio, %	=	100 x	Interest-bearing net debt / Interest bearing net debt + total equity
Gearing, %	=	100 x	Interest-bearing net debt / Total equity
Equity-to-assets ratio, %	=	100 x	Total equity / Total assets - advances received
Return on net assets, %	=	100 x	Segment operating profit / Average segment net assets
Comparable return on net assets, %	=	100 x	Segment comparable operating profit / Average segment net assets
Segment net assets	=		Property, plant and equipment, intangible assets, investment in associates and joint ventures, pension assets, inventories and interest-free receivables and liabilities allocated to the business segment, provisions and pension liabilities
Research and development expenditure	=		Research and development expenditure comprise of the expenses of the Research & Technology unit serving all divisions of the Group, as well as research and technology expenses incurred in divisions, which are included in the consolidated income statement. Depreciation and amortization are included in the figure. The expenses are presented as gross, before deducting grants received.

Calculation of key share ratios

Earnings per share (EPS)	=		Profit for the period attributable to the equity holders of the company / Adjusted average number of shares during the period
Equity per share	=		Shareholder's equity attributable to the equity holders of the company / Adjusted average number of shares at the end of the period
Cash flow per share	=		Net cash generated from operating activities / Adjusted average number of shares during the period
Price / earnings ratio (P/E)	=		Share price at the end of the period / Earnings per share
Dividend payout ratio, %	=	100 x	Dividend per share / Earnings per share
Dividend yield, %	=	100 x	Dividend per share / Share price at the end of the period
Average share price	=		Amount traded in euros during the period / Number of shares traded during the period
Market capitalization at the end of the period	=		Number of shares at the end of the period x share price at the end of the period
Trading volume	=		Number of shares traded during the period, and in relation to the weighted average number of shares during the period