4.2.2011

Financial statements for 2010

Neste Oil's Financial Statements for 2010

- The Group's full-year comparable operating profit improved to EUR 240 million compared to EUR 116 million in 2009, despite a major turnaround at the Porvoo refinery
- The fourth-quarter comparable operating profit was EUR 90 million (Q4/2009: -29 million)

2010 in brief:

- Comparable operating profit was EUR 240 million (2009: 116 million)
- IFRS operating profit was EUR 323 million (2009: 335 million)
- Total refining margin was USD 8.14/bbl (2009: 7.35)
- Net cash from operations was EUR 1,105 million (2009: 177 million)
- Investments totaled EUR 943 million (2009: 863 million), of which EUR 556 million was spent on the renewable diesel projects in Singapore and Rotterdam
- Leverage ratio was 42.6% (2009: 46.3%) at the end of the year
- The largest maintenance turnaround in the history of the Porvoo refinery took place in the spring and had a negative impact of EUR 65 million on the comparable operating profit
- The new renewable diesel plant in Singapore was completed and started up on budget and on schedule in November
- The Board of Directors will propose a dividend of EUR 0.35 per share (2009: 0.25).

Fourth quarter of 2010 in brief:

- Comparable operating profit came in at EUR 90 million (Q4/2009: -29 million)
- IFRS operating profit was EUR 146 million (Q4/2009: 9 million)
- Total refining margin was USD 9.67/bbl (Q4/2009: 5.85)
- Sales volumes reached a record high of 4.232 million tons (Q4/2009: 3.559)
- Net cash from operations was EUR 483 million (Q4/2009: -225 million)
- Refinancing of the company's EUR 1.5 billion credit facility was completed successfully.

President & CEO Matti Lievonen:

"2010 was a clearly better year for us than 2009, thanks to the second-strongest growth in oil demand in 30 years, which drove refining margins higher year-on-year. This was reflected in our comparable operating profit, which more than doubled from the low we reported a year ago. Achievements reached in 2010 were enhancing efficiency and cost control across the entire organization, carrying out the largest maintenance turnaround in our history at the Porvoo refinery, as well as the start-up of the new Singapore renewable diesel plant in November. The next important milestone will be the completion and start-up of our fourth renewable diesel plant in Rotterdam in mid-2011.

The last quarter of 2010 was positive, as we continued to improve our refining margins and operational performance. Our refineries' ability to capitalize on market opportunities was particularly highlighted during the quarter and we sold record volumes of refined products, with winter-grade diesel fuel accounting for a large share of this. All this makes me confident that we are well-placed to benefit from the stronger refining market conditions predicted for 2011."

NESTE OIL FINANCIAL STATEMENTS, 1 JANUARY – 31 DECEMBER 2010
Quarterly figures are unaudited; full-year figures are audited
Figures in parentheses refer to the corresponding period for 2009, unless otherwise stated.

KEY FIGURES

EUR million (unless otherwise noted)

	10-12/10	10-12/09	7-9/10	2010	2009
Revenue	3,526	2,491	3,065	11,892	9,636
Operating profit before depreciation	221	74	207	582	569
Depreciation, amortization, and impairments	75	65	64	259	234
Operating profit	146	9	143	323	335
Comparable operating profit *	90	-29	57	240	116
Profit before income tax	142	4	136	296	296
Earnings per share, EUR	0.42	-0.01	0.42	0.89	0.86
Investments	189	263	190	943	863
Net cash from operating activities	483	-225	5	1,105	177

	31 Dec 2010	31 Dec 2009
Total equity	2,426	2,222
Interest-bearing net debt	1,801	1,918
Capital employed	4,607	4,257
Return on capital employed pre-tax (ROCE), %	7.7	9.0
Return on average capital employed after tax (ROACE)**, %	4.6	2.5
Return on equity (ROE), %	9.9	10.2
Equity per share, EUR	9.43	8.64
Cash flow per share, EUR	4.32	0.69
Equity-to-assets ratio, %	36.5	39.1
Leverage (Net debt to capital), %	42.6	46.3
Gearing, %	74.3	86.3

* 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. Inventory gains/losses include changes in the fair value of all trading inventories.
** Rolling 12 months

The Group's full-year results for 2010

Neste Oil's revenue in 2010 totaled EUR 11,892 million (9,636 million). This increase resulted from higher oil prices compared to 2009. The Group's comparable operating profit for the year increased to EUR 240 million from EUR 116 million reported in 2009, and was driven by higher refining margin and an insurance compensation payment of EUR 48 million received in the first quarter. The maintenance turnaround at the Porvoo refinery in April and May had a negative impact of EUR 65 million. Oil Products and Oil Retail recorded a higher comparable operating profit year-on-year, whereas Renewable Fuels posted lower result. The Group's fixed costs declined to EUR 575 million (604 million), excluding EUR 68 million related to the transfer of the Neste Oil Pension Fund to outside management.

Oil Products' full-year comparable operating profit was EUR 208 million (105 million), Renewable Fuels' EUR -65 million (-29 million) and Oil Retail's EUR 60 million (50 million). The comparable operating profit of the Others segment totaled EUR 45 million (-8 million), including an insurance compensation payment received totaling EUR 48 million.

Profit from associated companies and joint ventures accounted for EUR 15 million (20 million) of the comparable operating profit booked in the Others segment.

The Group's full-year IFRS operating profit was EUR 323 million (335 million), which was impacted by inventory gains totaling EUR 121 million (261 million). Pre-tax profit was EUR 296 million (296 million), profit for the period EUR 231 million (225 million), and earnings per share EUR 0.89 (0.86).

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 figures are based on comparable results. As of the end of 2010, the rolling twelve-month ROACE was 4.6% (2009 financial year: 2.5%)

The Group's fourth quarter results in 2010

Neste Oil's revenue during October-December 2010 totaled EUR 3,526 million (2,491 million). The Group's comparable operating profit was EUR 90 million (-29 million). The significant increase year-on-year resulted from stronger refining margins and improved profitability at Oil Retail. The comparable operating profit for the fourth quarter of 2009 included a negative impact of EUR 30 million from non-recurring items.

Oil Products' fourth-quarter comparable operating profit was EUR 108 million (-11 million), Renewable Fuels' EUR -13 million (-10 million), Oil Retail's EUR 18 million (5 million), and Others' EUR -16 million (-11 million). Profits from associated companies and joint ventures totaled EUR -1 million (-1 million).

Neste Oil's IFRS operating profit during October-December was EUR 146 million (9 million). Inventory gains amounted to EUR 61 million, compared to EUR 58 million in the fourth quarter of 2009. An additional negative item of EUR 10 million was booked as part of the transfer of the Neste Oil Pension Fund to outside management. The original transaction took place in April and EUR 58 million was booked to the second-quarter IFRS operating profit. The fourth-quarter pre-tax profit amounted to EUR 142 million (4 million), profit for the period EUR 107 million (1 million), and earnings per share EUR 0.42 (-0.01).

	10-12/10	10-12/09	7-9/10	2010	2009
COMPARABLE OPERATING PROFIT	90	-29	57	240	116
- inventory gains/losses	61	58	86	121	261
- changes in the fair value of open oil derivatives	6	-20	-2	24	-43
- capital gains/losses	-11	0	2	-62	1
OPERATING PROFIT	146	9	143	323	335

Cash flow, investments, and financing

Neste Oil Group's net cash from operating activities in 2010 was strong, at EUR 1,105 million (177 million), as a result of successful working capital management and a EUR 85 million positive impact related to the transfer of the liabilities of the Neste Oil Pension Fund to insurance companies.

Investments totaled EUR 892 million (863 million) in 2010, excluding the EUR 51 million purchase of the company's head office building, a transaction that formed part of the transfer of the liabilities associated with the Neste Oil Pension Fund. Oil Products' capital spending was EUR 269 million (198 million), of which EUR 104 million was related to the major maintenance turnaround at the Porvoo refinery. Renewable Fuels investments were EUR 578 million (619 million), and Oil Retail's EUR 33 million (29 million). Investments in the Others segment totaled EUR 63 million (17 million), including the purchase of the head office building.

Interest-bearing net debt was EUR 1,801 million as of the end of December, compared to EUR 1,918 at the end of 2009. Net financial expenses between January and December were EUR 27 million (39 million). The average interest rate of borrowings at the end of December was 3.2%, and the average maturity 4.6 years.

The equity-to-assets ratio was 36.5% (31 Dec 2009: 39.1%), the leverage ratio 42.6% (31 Dec 2009: 46.3%), and the gearing ratio 74.3% (31 Dec 2009: 86.3%).

The Group's cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 1,745 million as of the end of December (31 Dec 2009: 1,407 million). At the end of June 2010, the company issued a EUR 300 million bond, with a maturity of five years and a coupon of 4.875%. In December, Neste Oil signed a new EUR 1.5 billion multi-currency revolving credit facility, which will mature in March 2016. The new facility refinanced the Group's EUR 1.5 billion facility dating from March 2005. There are no financial covenants in current 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

On 12 January, Neste Oil announced the transfer of the management of its supplementary pension benefits and the associated pension portfolio of its Finnish companies to OP Life Assurance Company Ltd. The transfer took place on 1 April 2010. Neste Oil had previously decided to transfer its statutory occupational pensions to Ilmarinen in December 2009.

On 1 February, Neste Oil announced that it would receive a total of EUR 47.5 million in compensation from a syndicate of international reinsurers related to damage and lost production volumes following a fire on Diesel Production Line 4 at the Porvoo refinery on 4 April 2008.

On 23 March, Neste Oil announced that it would acquire 22 unmanned fuel stations in Lithuania, increasing its share of the local market to nearly 15% and confirming Neste Oil's position as the country's number-three oil retailer, with 59 stations. The transaction was closed on 28 May.

On 6 April, a major planned maintenance turnaround began at the Porvoo refinery. The refinery was back on stream on 14 May.

On 28 June, Neste Oil issued a EUR 300 million five-year bond with a coupon of 4.875%.

On 30 June, Neste Oil sold its Portuguese subsidiary, Neste Oil Portugal S.A., owner of an ETBE plant in Sines, to Repsol Polimeros LDA for an undisclosed sum.

On 11 October, Neste Oil's and Stora Enso's joint venture, NSE Biofuels Oy, commenced environmental impact assessments at Porvoo and Imatra in Finland. The two locations are seen as potential sites for a commercial-scale biorefinery capable of producing approximately 200,000 t/a of premium-quality renewable diesel from wood biomass.

On 15 November, Neste Oil announced that it had successfully started up the world's largest renewable diesel plant in Singapore. The plant, employing some 120 people, was completed on-schedule and on-budget and marks a major step forward in Neste Oil's clean traffic fuel strategy.

On 25 November, Neste Oil received an ISCC (International Sustainability & Carbon Certification) certificate for the NExBTL renewable diesel produced at the company's Porvoo refinery in Finland. The certificate confirms that NExBTL diesel produced from certified raw materials is suitable for use in meeting mandated bio-content on the German market. Beginning in 2011, sustainability certification has been required for all biofuels sold in Germany.

On 29 November, Neste Oil and Lufthansa signed a cooperative arrangement that will see Lufthansa begin commercial flights using Neste Oil's NExBTL renewable jet fuel in spring 2011. The agreement represents a major step forward for both companies, as this will be the first time that renewable fuel is used on normal scheduled flights. Flights will begin after official approval has been received from the ASTM (American Society for Testing and Materials) allowing the use of jet fuel produced using Neste Oil's NExBTL technology, which is expected to take place in spring 2011.

On 1 December, Neste Oil announced that it would reorganize its operations, as its renewable fuels business is now entering a new phase following two major investment projects. The Oil Products and Renewable Fuels business areas were merged as of 20 December into a single new business area: Oil Products and Renewables. Oil Products and Renewable Fuels will continue to form separate segments for financial reporting purposes.

On 20 December, Neste Oil signed a new EUR 1.5 billion multi-currency revolving credit facility with a syndicate of 19 core relationship banks. The new facility refinanced the Group's EUR 1.5 billion facility dating from March 2005 and will be used for general corporate purposes. The facility matures in March 2016.

Strategy implementation

Neste Oil continued to implement its clean fuel strategy during 2010. The company's capital projects consist of new plants designed to increase production of renewable diesel and high-quality base oil.

Strategic projects

A major 800,000 t/a renewable diesel plant in Singapore was completed in the summer and started up at the beginning of November 2010. The project was a success and came in on its budget of EUR 550 million and on-schedule. A project to build a similar plant in Rotterdam is proceeding according to plan, with start-up expected towards the end of the first half of 2011. The Rotterdam plant is expected to come in under its EUR 670 million budget.

Neste Oil has a 45% stake in a joint venture that is building a 400,000 t/a base oil plant in Bahrain. The project is proceeding on-schedule and on-budget, and the plant is scheduled to be completed in the second half of 2011. Neste Oil's share of the investment cost is EUR 130 million.

Market overview

Crude oil prices fluctuated throughout 2010, with Brent Dated mostly trading in the USD 70-85 /bbl range. Expectations for a recovery of the world economy and geopolitical tensions in oil-producing countries pushed prices up until an evolving Euro zone debt crisis and a sell-off in global equity markets caused a sharp downturn in May. Supply disruptions and stronger financial markets saw prices recover for a short while until they fell back again in August, as a result of increasing supply, high global oil stocks, and concerns over a slowdown in the world economy. In September, crude prices started to rise, mainly driven by strong demand growth and the weakening US dollar. Brent Dated ended the year above USD 90 /bbl, for the first time since fall 2008.

The price difference between heavier and lighter crude also fluctuated and widened on average compared to 2009, mainly reflecting weakening fuel oil margins and increased supplies of heavier crude. For the second consecutive year, differentials matched long-time averages, in contrast to the exceptionally wide differentials seen in the middle of the first decade of the new millennium.

Refining margins improved compared to 2009, supported in particular by higher gasoline margins at the beginning of the year and middle distillate margins later on. The improvement remained modest, however, as there was sufficient spare refining capacity to keep the market well supplied.

Due to good demand and limited supply, gasoline margins recovered during the first months of the year from the decline seen in 2009. High inventory levels and strong crude oil prices pulled margins down again, however, and annual averages were only slightly higher than in 2009, although gasoline prices climbed to two-year highs towards the end of 2010. Margins for middle distillates strengthened steadily on the back of increasing global demand. Middle distillate supply was limited by refinery outages. Cold weather and higher demand from China during the last quarter drove margins to their highest level since early 2009. Fuel oil margins weakened compared to 2009, reflecting increasing supply and higher crude prices.

The supply and demand balance on the European market for high-performance base oils was tighter in 2010 than in 2009.

Prices of renewable feedstocks increased significantly during the second half of 2010, which put pressure on renewable diesel margins.

The shift in demand from gasoline to diesel continued, and stronger economic performance resulted in higher overall demand in the oil retail market.

Crude freight rates were poor, though somewhat higher than those in 2009.

Key drivers

	10-12/10	10-12/09	7-9/10	2010	2009	Jan 11	Jan 10
Reference refining margin, USD/bbl	4.77	1.73	3.45	4.36	3.14	4.30	2.81
Neste Oil total refining margin, USD/bbl	9.67	5.85	7.48	8.14	7.35	n.a.	n.a.
Urals-Brent price differential, USD/bbl	-1.51	-0.68	-0.92	-1.40	-0.81	-2.55	-0.46
NWE Gasoline margin, USD/bbl	8.36	7.73	7.60	9.70	9.26	6.9	10.05
NWE Diesel margin, USD/bbl	16.06	10.14	13.77	13.97	11.18	16.2	10.43
NWE Heavy fuel oil margin, USD/bbl	-13.55	-6.41	-10.35	-10.32	-7.44	-17.3	-5.55
Brent Dated crude oil, USD/bbl	86.48	74.56	76.86	79.47	61.51	96.54	76.19
USD/EUR, market rate	1.36	1.48	1.29	1.32	1.39	1.34	1.43
USD/EUR, hedged	1.33	1.33	1.39	1.37	1.41	n.a.	n.a.
Crude freights, WS points (TD7)	118	97	99	113	81	83	132

Production and sales

Neste Oil's production totaled 13.6 million tons (14.5 million) in 2010, of which 0.3 million tons (0.2 million) took the form of NExBTL renewable diesel. Production was lower than in 2009 due to a major maintenance turnaround at the Porvoo refinery in April and May. Total production during the fourth quarter was 4.0 million tons (3.8 million); NExBTL renewable diesel accounted for 0.1 million tons (0.1 million) of this and included the first volumes produced at the new renewable diesel plant in Singapore.

Neste Oil's production, by plant (1,000 t)

	10-12/10	10-12/09	7-9/10	2010	2009
Porvoo refinery	3,196	3,004	2,999	10,587	11,520
Naantali refinery	588	657	619	2,410	2,438
Beringen polyalfaolefin plant	13	10	11	45	35
Edmonton iso-octane plant (Neste Oil's share)	52	60	54	214	256
NExBTL plants	119	69	99	337	219

Average capacity utilization rate at the Porvoo refinery was of 82% (87%) in 2010. Excluding the maintenance turnaround, the refinery operated at a higher rate than in 2009, boosted by the improved performance of Diesel Production Line 4. Capacity utilization at Naantali was 84% (87%), impacted by planned maintenance shutdowns in May and a small fire in August. The Porvoo refinery operated extremely well during the fourth quarter, running at 97% (92%), while Naantali's rate of 83% (89%) was negatively affected by unplanned maintenance shutdowns and limited feed. The proportion of Russian Export Blend (REB) in Neste Oil's total refinery input rose to 68% (62%) for the year as a whole, and stood at 70% (66%) during the fourth quarter.

Refinery production costs were USD 3.9/bbl (4.4) for the year as a whole, and USD 3.4/bbl (4.3) during the fourth quarter.

Cold weather and strong demand increased Neste Oil's diesel fuel sales in 2010. Diesel continued to account for close to 40% of total sales, while the proportion of gasoline and heavy fuel oil decreased from 2009. Due to less favorable arbitrage economics in the US, Neste Oil's gasoline exports were focused on the Nordic, Baltic, and Russian markets.

Sales volumes reached an all-time high in the fourth quarter, as cold weather increased demand for middle distillates.

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

	10-12/10	%	10-12/09	%	7-9/10	%	2010	%	2009	%
Motor gasoline	1,214	*29*	837	*24*	1,069	*29*	4,111	*28*	4,218	*30*
Gasoline components	43	*1*	51	*1*	66	*2*	229	*2*	270	*2*
Diesel fuel	1,711	*40*	1,449	*41*	1,393	*37*	5,655	*39*	5,228	*37*
Jet fuel	212	*5*	191	*5*	205	*5*	640	*4*	613	*4*
Base oils	76	*2*	62	*2*	78	*2*	307	*2*	257	*2*
Heating oil	159	*4*	178	*5*	131	*4*	691	*5*	631	*4*
Heavy fuel oil	241	*6*	291	*8*	289	*8*	908	*6*	1,300	*9*
LPG	96	*2*	51	*1*	35	*1*	273	*2*	220	*2*
NExBTL renewable diesel	59	*1*	66	*2*	102	*3*	270	*2*	209	*1*
Other products	421	*10*	383	*11*	371	*9*	1,401	*10*	1,232	*9*
TOTAL	4,232	*100*	3,559	*100*	3,739	*100*	14,485	*100*	14,178	*100*

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

	10-12/10	%	10-12/09	%	7-9/10	%	2010	%	2009	%
Finland	2,274	*54*	2,034	*57*	1,962	*52*	7,881	*54*	7,580	*53*
Other Nordic countries	807	*19*	581	*16*	735	*20*	2,685	*19*	2,210	*16*
Other Europe	693	*16*	629	*19*	632	*17*	2,659	*19*	2,488	*17*
USA & Canada	382	*9*	229	*6*	359	*10*	1,081	*7*	1,686	*12*
Other countries	76	*2*	86	*2*	51	*1*	179	*1*	214	*2*
TOTAL	4,232	*100*	3,559	*100*	3,739	*100*	14,485	*100*	14,178	*100*

SEGMENT REVIEWS

Neste Oil's businesses are grouped into four reporting segments: Oil Products, Renewable Fuels, Oil Retail, and Others.

Oil Products

	10-12/10	10-12/09	7-9/10	2010	2009
Revenue, MEUR	2,962	1,987	2,491	9,789	7,631
Comparable operating profit, MEUR	108	-11	45	208	105
IFRS operating profit, MEUR	170	27	116	333	318
Total refining margin, USD/bbl	9.67	5.85	7.48	8.05	7.35

Oil Products' full-year comparable operating profit for 2010 amounted to EUR 208 million, compared to EUR 105 million in 2009. This improvement was largely due to better refining margins, lower fixed costs, and better profitability in the base oils business. Neste Oil's total refining margin totaled USD 8.05/bbl in 2010, which compares to the USD 7.35/bbl reported in 2009. Fixed costs in refining operations were USD 0.5/bbl lower compared to 2009. The major maintenance turnaround at the Porvoo refinery had a negative impact of EUR 65 million on the segment's comparable operating profit. Oil Product's comparable return on net assets was 7.9% (4.0%) in 2010.

Oil Products posted a comparable operating profit of EUR 108 million for the fourth quarter of 2010, compared to EUR -11 million for the same quarter in 2009, driven by higher refining margins and sales volumes. Thanks to improved market conditions and good productivity at the company's refineries, Neste Oil's total refining margin rose to USD

9.67/bbl in the fourth quarter from USD 5.85/bbl in the same period in 2009. Base oils continued to show better results year-on-year, while profits from gasoline components improved slightly and tanker chartering was flat.

Renewable Fuels

	10-12/10	10-12/09	7-9/10	2010	2009
Revenue, MEUR	112	61	120	328	182
Comparable operating profit, MEUR	-13	-10	-12	-65	-29
IFRS operating profit, MEUR	-7	-11	2	-39	-24

Renewable Fuels' comparable operating profit was EUR -65 million in 2010, compared to EUR -29 million in 2009. This resulted from higher fixed costs year-on-year due to increased activity at the sites in Singapore and Rotterdam. Sales volumes increased compared to 2009, but renewable diesel margins were somewhat softer due to a narrowing price differential between alternative feedstocks. The price premium of renewable diesel compared to biodiesel remained healthy. Renewable Fuels' comparable return on net assets was -5.1% (-4.7%) in 2010.

Renewable Fuels reported a comparable operating profit of EUR -13 million (-10 million) in the fourth quarter. Increased fixed costs were partially compensated for by a positive impact of EUR 9 million resulting from feedstock trading.

Oil Retail

	10-12/10	10-12/09	7-9/10	2010	2009
Revenue, MEUR	1,004	791	917	3,654	2,998
Comparable operating profit, MEUR	18	5	23	60	50
IFRS operating profit, MEUR	17	6	24	61	50
Total sales volume*, 1,000 m3	1,121	1,030	1,023	4,150	4,002
- gasoline station sales, 1,000 m3	329	333	362	1,328	1,405
- diesel station sales, 1,000 m3	379	345	365	1,423	1,331
- heating oil, 1,000 m3	229	200	156	749	714
- heavy fuel oil, 1,000 m3	105	78	69	347	287

* includes both station and terminal sales

Oil Retail posted a full-year comparable operating profit of EUR 60 million compared to EUR 50 million in 2009. The increase resulted from better margins and lower fixed costs year-on-year. Increased diesel volumes compensated for lower gasoline sales. Oil Retail's comparable return on net assets was 19.3% (15.8%) in 2010.

Oil Retail reported a comparable operating profit of EUR 18 million (5 million) in the fourth quarter, helped by higher heating oil sales resulting from a change in taxation in Finland as of 1 January 2011, improved margins outside Finland, and better cost control. Diesel sales continued to increase, while gasoline volumes were broadly flat.

Shares, share trading, and ownership

Neste Oil's shares are traded on NASDAQ OMX Helsinki Ltd. The share price closed the year at EUR 11.95, down by 3.8% compared to the end of 2009. At its highest during 2010, the share price reached EUR 13.77, while at its lowest the price stood at EUR 10.45. Market capitalization was EUR 3.1 billion as of 31 December 2010. An average of 961,000 shares were traded daily, representing 0.4% of the company's shares.

Neste Oil's share capital registered with the Company Register as of 31 December 2010 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 issue convertible bonds, share options, or new shares.

As of the end of the year, the Finnish State owned 50.1% (50.1%) of outstanding shares, foreign institutions 18.6% (17.1%), Finnish institutions 18.5% (18.9%), and Finnish households 12.8% (14.0%).

Annual General Meeting

Neste Oil's Annual General Meeting (AGM) was held on 15 April 2010 in Helsinki. The AGM adopted the company's financial statements and consolidated financial statements for 2009 and discharged the Supervisory Board, the Board of Directors, and President & CEO from liability for 2009. The AGM also approved the Board of Directors' proposal regarding the distribution of the company's profit for 2009, sanctioning payment of a dividend of EUR 0.25 per share. The dividend was paid on 27 April 2010.

In accordance with the proposal made by the AGM Nomination Committee, the AGM confirmed the membership of the Board of Directors at eight members, and the following were re-elected to serve until the end of the next AGM: Mr Timo Peltola, Mr Mikael von Frenckell, Mr Michiel Boersma, Ms Ainomaija Haarla, Ms Nina Linander, Mr Hannu Ryöppönen, and Mr Markku Tapio. Ms Maija-Liisa Friman was elected as a new member. Mr Timo Peltola will continue as Chairman and Mr Mikael von Frenckell as Vice Chairman. The AGM decided to keep the remuneration paid to Board members unchanged. Convening after the Annual General Meeting, the Board of Directors elected the members of its two Committees. Timo Peltola was elected Chairman and Michiel Boersma, Mikael von Frenckell, and Ainomaija Haarla as members of the Personnel and Remuneration Committee. Nina Linander was elected Chairman and Hannu Ryöppönen, Markku Tapio, and Maija-Liisa Friman as members of the Audit Committee.

The AGM confirmed that the Supervisory Board shall comprise seven members and the following members were re-elected: Ms Heidi Hautala (Chairman), Mr Kimmo Tiilikainen (Vice Chairman), Mr Esko Ahonen, Mr Timo Heinonen, Mr Markus Mustajärvi and Ms Anne-Mari Virolainen. Ms Miapetra Kumpula-Natri was elected for the first time. All are Finnish Members of Parliament, with the exception of Ms Heidi Hautala, who is a Member of the European Parliament. No changes were made to the remuneration paid to the Supervisory Board. A proposal to abolish the Supervisory Board was not accepted.

In accordance with a proposal by the Board of Directors, Ernst & Young Oy, Authorized Public Accountants, were appointed as the company's Auditor, with Authorized Public Accountant Anna-Maija Simola as Responsible Auditor, until the end of the next AGM. Payment for their services will be made in accordance with their invoice.

In accordance with a proposal by the Board of Directors, Subsection 1 of Section 11 of the Articles of Association was amended and now requires that the invitation to an AGM should be made at least three weeks prior to a meeting and at least nine days prior to the record date set for the meeting as defined in Subsection 2 of Section 2 of Chapter 4 of the Companies Act.

Following a proposal by the Prime Minister's Office, representing the Finnish State, the AGM decided to establish a Nominations Committee to prepare proposals covering the members of the Board of Directors and their remuneration for consideration by the next AGM. The Nomination Committee comprises representatives of the Company's three largest shareholders and shall also include, as an expert member, the Chairman of the Board. In 2010, the Nomination Committee comprised Director General Pekka Timonen from the Ownership Steering Department at the Prime Minister's Office; Timo Ritakallio, Deputy CEO, Ilmarinen Mutual Pension Insurance Company; and Mika Kivimäki, Managing Director, OP Fund Management Company Ltd. The Chairman of Neste Oil's Board of Directors, Timo Peltola, served as the Committee's expert member.

Organizational restructuring

As of 20 December 2010, Neste Oil reorganized its operations now that the renewable fuels business has entered a new phase following two major investment projects. The Oil Products and Renewable Fuels business areas were merged into one business area: Oil Products and Renewables. Matti Lehmus, formerly Executive Vice President, Oil Products, was appointed Executive Vice President, Oil Products and Renewables. Neste Oil's financial reporting remains unchanged and Oil Products and Renewable Fuels continue to form separate reporting segments. Parallel to the reorganization, Neste Oil's Deputy CEO and Executive Vice President, Renewable Fuels, Jarmo Honkamaa, left the company.

Personnel

Neste Oil employed an average of 5,030 (5,286) employees in 2010, of which 1,448 (1,333) were based outside Finland. As of the end of 2010, the company had 4,874 employees (5,092), of which 1,443 (1,424) were located outside Finland. Wages and salaries paid by the company totaled EUR 246 million in 2010 (233 million).

Health, safety, and the environment

The environmental emissions of Neste Oil's operations remained low throughout the year. No serious environmental accidents resulting in liability occurred at Neste Oil's refineries or other production facilities in 2010. Permitted emission limit values were not exceeded. Energy efficiency and operational reliability were further improved at the main refinery site, Porvoo, following a major turnaround. The wastewater treatment plants at the company's refineries operated very well. The oil content of waterborne emissions was 0.14 g/ton of crude oil processed.

Neste Oil has received emission rights for 3.2 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 verification of emissions for 2010 is scheduled, and the company is able to report and surrender allowances equal to its total emissions in 2010.

The main indicator for safety performance used by Neste Oil – 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 4.7 (2.9) at the end of December 2010. The target for 2010 was below 3. Lost workday injury frequency (LWIF) stood at 3.0 (2.0). The target was below 1. Implementing harmonized corporate occupational and process safety procedures remains a high priority.

The REACH (Registration, Evaluation and Authorization of Chemicals) regulation's first major deadline was the end of November 2010, by which time Neste Oil had successfully registered all required substances. A total of 71 individual registrations were made.

The European Renewable Energy Directive (RED) was still in its implementation phase at the end of 2010. Neste Oil's internal procedures have been updated to meet the directive's requirements, and the company filed a voluntary scheme for verifying the sustainability of its biofuels with the EU. The NExBTL plants in Porvoo and Singapore received International Sustainability and Carbon Certification (ISCC) system certificates, ensuring that their output is eligible for use on the German biofuel market.

Neste Oil retained its position in or was selected for inclusion in a number of sustainability indexes during 2010, and was included in the Dow Jones Sustainability World Index for the fourth year in succession. Neste Oil has been included in the Global 100 list of the world's most sustainable companies four times, and featured in both the Ethibel PIONEER and the Ethibel EXCELLENCE Investment Registers. The company was also rated the top performer in the oil & gas sector by the Forest Footprint Disclosure Project, surveying industries using forest risk commodities.

In January 2011, after the reporting period, Neste Oil was ranked as the best performer in the oil & gas sector for its reporting and transparency for the second year in succession in the Forest Footprint Disclosure (FFD) 2010 report. The company was also selected for inclusion in the Global 100 list of the world's most sustainable companies for the fifth year in succession, and was ranked 20th, compared to 85th in 2010. Companies selected for inclusion in the Global 100 list are considered the most capable in their sectors in managing environmental, social, and governance issues and in their ability to make use of new business opportunities in these areas.

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 totaled EUR 41 million in 2010 (37 million). The company's main R&D projects were related to extending the raw material and technological base for renewable fuels.

Potential short-term and long-term risks

The oil market has been and is expected to continue to be 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 uncertainty over the short term continues to be the pace of the recovery of the world economy, which is likely to have a material impact on the demand for petroleum products generally and diesel fuel in particular.

Sudden and unplanned outages at Neste Oil's production units or facilities continue to represent a short-term operational 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.

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. Risks also include any problems or delays in completing the company's NExBTL renewable diesel investment or failure to capture the anticipated benefits from renewable diesel investments. Over the longer term, failure to protect Neste Oil's proprietary technology or the introduction and implementation of competing renewable fuel technologies or hybrid and electric engines may have a negative impact on the company's results.

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 results.

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.

Outlook

The market environment appears to be strengthening in 2011 compared to 2010, thanks to increasing demand for oil and petroleum products in emerging markets in particular. In addition, less new capacity is expected to come on stream during the year, leading to a somewhat tighter supply and demand balance on the refining market.

The market appears to expect that margins for complex refiners, such as Neste Oil, will increase in 2011, supported by stronger oil demand and a lower level of inventories compared to 2010. Diesel is projected to be the strongest part of the barrel going forward, while gasoline margins are expected to stay roughly at 2010 levels. Weaker heavy fuel oil margins will also benefit complex refiners.

Neste Oil expects to have a good operational year at its Porvoo and Naantali refineries, with higher production volumes.

The ramp-up of the renewable fuels business will continue in 2011. Sales volumes of renewable diesel are expected to increase as volumes from the recently commissioned Singapore plant increase, and the Rotterdam plant is due to come on stream in the second half of the year. The progress of biofuel legislation in Europe and the US will play an important role in sales development. When combining this with continued weak renewable diesel margins, the comparable operating profit of the Renewable Fuels segment is expected to remain negative in 2011. Renewable Fuels' comparable operating loss is expected to be higher in the first quarter of 2011 than in the fourth quarter of 2010.

Increased demand for diesel looks set to continue on the Finnish retail market, whereas gasoline demand will probably continue to decline. The same trend in the case of diesel is likely to be seen in the Baltic countries, where the outlook for gasoline is slightly positive. Demand is anticipated to increase for both products in Northwest Russia.

The Group's fixed costs are estimated to be roughly EUR 650 million in 2011 compared to EUR 575 million in 2010, which is largely due to higher maintenance and personnel costs at the new plants.

The Group's investments are expected to be around EUR 300 million (892 million), of which maintenance investments will account for 176 million (245 million), strategic investments 113 million (633 million), and productivity investments 11 million (14 million).

Dividend distribution proposal

The parent company's distributable equity as of 31 December 2010 amounted to EUR 987 million, and there have been no material changes in the company's financial position since the end of the financial year. The Board of Directors will propose to the Annual General Meeting that Neste Oil Corporation pay a cash dividend of EUR 0.35 per share for 2010, totaling EUR 90 million based on the number of registered shares as of 3 February 2011.

Reporting date for the company's first-quarter 2011 results

Neste Oil will publish its first-quarter results on 29 April 2011 at approximately 1:00 p.m. EET.

Espoo, 4 February 2011

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	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Revenue	3	**3,526**	2,491	**11,892**	9,636
Other income		**10**	6	**81**	29
Share of profit (loss) of associates and joint ventures	3	**-1**	-1	**15**	20
Materials and services		**-3,082**	-2,180	**-10,493**	-8,167
Employee benefit costs		**-97**	-80	**-392**	-301
Depreciation, amortization and impairments	3	**-75**	-65	**-259**	-234
Other expenses		**-135**	-162	**-521**	-648
Operating profit		**146**	9	**323**	335
Financial income and expenses					
Financial income		**2**	4	**4**	10
Financial expenses		**-7**	-8	**-34**	-44
Exchange rate and fair value gains and losses		**1**	-1	**3**	-5
Total financial income and expenses		**-4**	-5	**-27**	-39
Profit before income taxes		**142**	4	**296**	296
Income tax expense		**-35**	-3	**-65**	-71
Profit for the period		**107**	1	**231**	225
Profit attributable to:					
Owners of the parent		**107**	-1	**229**	221
Non-controlling interests		**0**	2	**2**	4
		107	1	**231**	225
Earnings per share from profit attributable to the owners of the parent basic and diluted (in euro per share)		**0.42**	-0.01	**0.89**	0.86

STATEMENT OF COMPREHENSIVE INCOME

MEUR	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Profit for the period	**107**	1	**231**	225
Other comprehensive income for the period, net of tax:				
Translation differences	**11**	3	**43**	9
Cash flow hedges				
recorded in equity	**-24**	-2	**-18**	3
transferred to income statement	**-1**	-11	**19**	15
Net investment hedges	**0**	0	**-3**	0
Hedging reserves in associates and joint ventures	**0**	0	**1**	-2
Other comprehensive income for the period, net of tax	**-14**	-10	**42**	25
Total comprehensive income for the period	**93**	-9	**273**	250
Total comprehensive income attributable to:				
Owners of the parent	**93**	-11	**271**	246
Non-controlling interests	**0**	2	**2**	4
	93	-9	**273**	250

CONSOLIDATED BALANCE SHEET

MEUR	Note	31 Dec 2010	31 Dec 2009
ASSETS			
Non-current assets			
Intangible assets	5	**43**	48
Property, plant and equipment	5	**3,979**	3,235
Investments in associates and joint ventures		**214**	216
Non-current receivables		**8**	3
Pension assets		**0**	111
Deferred tax assets		**31**	11
Derivative financial instruments	6	**18**	3
Available-for-sale financial assets		**4**	1
Total non-current assets		**4,297**	3,628
Current assets			
Inventories		**1,079**	1,148
Trade and other receivables		**866**	757
Derivative financial instruments	6	**42**	50
Cash and cash equivalents		**380**	117
Total current assets		**2,367**	2,072
Total assets		**6,664**	5,700
EQUITY			
Capital and reserves attributable to the owners of the parent			
Share capital		**40**	40
Other equity	2	**2,374**	2,170
Total		**2,414**	2,210
Non-controlling interests		**12**	12
Total equity		**2,426**	2,222
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities		**1,882**	1,590
Deferred tax liabilities		**347**	328
Provisions		**20**	22
Pension liabilities		**47**	10
Derivative financial instruments	6	**23**	15
Other non-current liabilities		**1**	0
Total non-current liabilities		**2,320**	1,965
Current liabilities			
Interest-bearing liabilities		**299**	445
Current tax liabilities		**38**	5
Derivative financial instruments	6	**34**	83
Trade and other payables		**1,547**	980
Total current liabilities		**1,918**	1,513
Total liabilities		**4,238**	3,478
Total equity and liabilities		**6,664**	5,700

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Attributable to owners of the parent						
MEUR	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Retained earnings	Non-controlling interests	Total equity
Total equity at 1 January 2009	40	10	-7	-54	2,182	8	2,179
Dividend paid					-205		-205
Share-based compensation					-2		-2
Transfer from retained earnings		1			-1		0
Total comprehensive income for the period			16	9	221	4	250
Total equity at 31 December 2009	40	11	9	-45	2,195	12	2,222

MEUR	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Retained earnings	Non-controlling interests	Total equity
Total equity at 1 January 2010	40	11	9	-45	2,195	12	2,222
Dividend paid					-64	-2	-66
Share-based compensation					-3		-3
Transfer from retained earnings		1	-5		4		0
Total comprehensive income for the period		1	2	39	229	2	273
Total equity at 31 December 2010	40	13	6	-6	2,361	12	2,426

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Cash flow from operating activities				
Profit before taxes	**142**	4	**296**	296
Adjustments, total	**89**	81	**395**	268
Change in working capital	**253**	-345	**486**	-450
Cash generated from operations	**484**	-260	**1,177**	114
Finance cost, net	**23**	29	**-39**	20
Income taxes paid	**-24**	6	**-33**	43
Net cash generated from operating activities	**483**	-225	**1,105**	177
Capital expenditure	**-189**	-248	**-932**	-816
Acquisition of shares in subsidiaries	**-**	-	**-8**	-
Acquisition of associates and joint ventures	**-**	-15	**0**	-47
Acquisition of other shares	**0**	-	**-3**	0
Proceeds from sales of shares in subsidiaries	**-**	0	**6**	-
Proceeds from sales of fixed assets	**1**	1	**4**	7
Change in other investments	**2**	-16	**19**	-29
Cash flow before financing activities	**297**	-503	**191**	-708
Net change in loans and other financing activities	**27**	551	**136**	975
Dividends paid to the owners of the parent	**-**	-	**-64**	-205
Dividends paid to non-controlling interests	**-**	-	**-2**	-
Net increase (+)/decrease (-) in cash and cash equivalents	**324**	48	**261**	62

KEY FINANCIAL INDICATORS

	31 Dec 2010	31 Dec 2009
Capital employed, MEUR	**4,607**	4,257
Interest-bearing net debt, MEUR	**1,801**	1,918
Capital expenditure and investment in shares, MEUR	**943**	863
Return on average capital employed, after tax, ROACE %	**4.6**	2.5
Return on capital employed, pre-tax, ROCE %	**7.7**	9.0
Return on equity, %	**9.9**	10.2
Equity per share, EUR	**9.43**	8.64
Cash flow per share, EUR	**4.32**	0.69
Price/earnings ratio (P/E)	**13.38**	14.42
Equity-to-assets ratio, %	**36.5**	39.1
Leverage ratio, %	**42.6**	46.3
Gearing, %	**74.3**	86.3
Dividend per share [1]	**0.35**	0.25
Dividend payout ratio, % [1]	**39.2**	29.0
Dividend yield, % [1]	**2.9**	2.0
Average number of shares	**255,913,809**	255,903,960
Number of shares at the end of the period	**255,918,686**	255,913,686
Average number of personnel	**5,030**	5,286

[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 2009, with the exception of the following changes due to the adoption of the new and revised IFRS standards and IFRIC interpretations.

The Group applies the following interpretations or amendments as of 1 January 2010:
- IFRS 3 Business Combinations - Revised
- IAS 24 Related Party Disclosures - Revised
- IAS 27 Consolidated and Separate Financial Statements - Revised.

The following interpretations are mandatory for financial year ending 31 December 2010, but not relevant for the Group:
- Annual improvements 2009
- IFRIC 12 Service Concession Arrangements
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distributions of Non-Cash Assets to Owners
- IFRIC 18 Transfer of Assets from Customers
- Amendments to IFRS 2 Share-Based Payment: Group Cash-Settled Share-Based Payment Transactions
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items.

2. TREASURY SHARES

In 2007 Neste Oil entered into an agreement with a third party service provider concerning the administration of the 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 possible future payment of the rewards, which will take place partly in Neste Oil shares and partly in cash during 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. As at 31 December 2010 there were 485,000 shares accounted for as treasury shares.

3. SEGMENT INFORMATION

Neste Oil's operations are grouped into four reporting segments: Oil Products, Renewable Fuels, Oil Retail and Others.
Others segment consists of Group administration, shared service functions, Research and Technology, Neste Jacobs and Nynas AB. NSE Biofuels Oy is also included in the Others segment as of Q2/2010. The comparative figures have been adjusted accordingly.

REVENUE

MEUR	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Oil Products	**2,962**	1,987	**9,789**	7,631
Renewable Fuels	**112**	61	**328**	182
Oil Retail	**1,004**	791	**3,654**	2,998
Others	**37**	44	**169**	164
Eliminations	**-589**	-392	**-2,048**	-1,339
Total	**3,526**	2,491	**11,892**	9,636

OPERATING PROFIT

MEUR	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Oil Products	**170**	27	**333**	318
Renewable Fuels	**-7**	-11	**-39**	-24
Oil Retail	**17**	6	**61**	50
Others	**-27**	-11	**-24**	-7
Eliminations	**-7**	-2	**-8**	-2
Total	**146**	9	**323**	335

COMPARABLE OPERATING PROFIT

MEUR	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Oil Products	**108**	-11	**208**	105
Renewable Fuels	**-13**	-10	**-65**	-29
Oil Retail	**18**	5	**60**	50
Others	**-16**	-11	**45**	-8
Eliminations	**-7**	-2	**-8**	-2
Total	**90**	-29	**240**	116

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

MEUR	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Oil Products	**50**	48	**187**	178
Renewable Fuels	**12**	6	**27**	14
Oil Retail	**10**	8	**34**	31
Others	**3**	3	**11**	11
Total	**75**	65	**259**	234

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES

MEUR	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Oil Products	**34**	59	**269**	198
Renewable Fuels	**143**	188	**578**	619
Oil Retail	**10**	10	**33**	29
Others	**2**	6	**63**	17
Total	**189**	263	**943**	863

TOTAL ASSETS

MEUR	31 Dec 2010	31 Dec 2009
Oil Products	**3,621**	3,750
Renewable Fuels	**1,814**	1,065
Oil Retail	**596**	545
Others	**369**	296
Unallocated assets	**506**	234
Eliminations	**-242**	-190
Total	**6,664**	5,700

NET ASSETS MEUR	31 Dec 2010	31 Dec 2009
Oil Products	**2,260**	2,943
Renewable Fuels	**1,703**	925
Oil Retail	**315**	305
Others	**276**	249
Eliminations	**-10**	1
Total	**4,544**	4,423

RETURN ON NET ASSETS, %	31 Dec 2010	31 Dec 2009
Oil Products	**12.6**	12.0
Renewable Fuels	**-3.0**	-3.9
Oil Retail	**19.6**	15.8

COMPARABLE RETURN ON NET ASSETS, %	31 Dec 2010	31 Dec 2009
Oil Products	**7.9**	4.0
Renewable Fuels	**-5.1**	-4.7
Oil Retail	**19.3**	15.8

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE MEUR	10-12/2010	7-9/2010	4-6/2010	1-3/2010	10-12/2009	7-9/2009	4-6/2009	1-3/2009
Oil Products	**2,962**	**2,491**	**2,064**	**2,272**	1,987	1,971	2,091	1,582
Renewable Fuels	**112**	**120**	**60**	**36**	61	59	38	24
Oil Retail	**1,004**	**917**	**884**	**849**	791	789	727	691
Others	**37**	**38**	**45**	**49**	44	37	41	42
Eliminations	**-589**	**-501**	**-477**	**-481**	-392	-356	-305	-286
Total	**3,526**	**3,065**	**2,576**	**2,725**	2,491	2,500	2,592	2,053

QUARTERLY OPERATING PROFIT MEUR	10-12/2010	7-9/2010	4-6/2010	1-3/2010	10-12/2009	7-9/2009	4-6/2009	1-3/2009
Oil Products	**170**	**116**	**-18**	**65**	27	80	105	106
Renewable Fuels	**-7**	**2**	**-19**	**-15**	-11	-1	-2	-10
Oil Retail	**17**	**24**	**14**	**6**	6	19	13	12
Others	**-27**	**2**	**-42**	**43**	-11	17	-2	-11
Eliminations	**-7**	**-1**	**2**	**-2**	-2	-2	4	-2
Total	**146**	**143**	**-63**	**97**	9	113	118	95

QUARTERLY COMPARABLE OPERATING PROFIT MEUR	10-12/2010	7-9/2010	4-6/2010	1-3/2010	10-12/2009	7-9/2009	4-6/2009	1-3/2009
Oil Products	**108**	**45**	**-3**	**58**	-11	15	37	64
Renewable Fuels	**-13**	**-12**	**-23**	**-17**	-10	-6	-6	-7
Oil Retail	**18**	**23**	**13**	**6**	5	19	14	12
Others	**-16**	**2**	**16**	**43**	-11	16	-2	-11
Eliminations	**-7**	**-1**	**2**	**-2**	-2	-2	4	-2
Total	**90**	**57**	**5**	**88**	-29	42	47	56

QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS MEUR	10-12/2010	7-9/2010	4-6/2010	1-3/2010	10-12/2009	7-9/2009	4-6/2009	1-3/2009
Oil Products	**50**	**48**	**47**	**42**	48	43	43	44
Renewable Fuels	**12**	**5**	**5**	**5**	6	4	2	2
Oil Retail	**10**	**8**	**8**	**8**	8	8	8	7
Others	**3**	**3**	**2**	**3**	3	3	3	2
Total	**75**	**64**	**62**	**58**	65	58	56	55

QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES MEUR	10-12/2010	7-9/2010	4-6/2010	1-3/2010	10-12/2009	7-9/2009	4-6/2009	1-3/2009
Oil Products	**34**	**23**	**158**	**54**	59	45	51	43
Renewable Fuels	**143**	**157**	**149**	**129**	188	158	150	123
Oil Retail	**10**	**8**	**13**	**2**	10	9	6	4
Others	**2**	**2**	**54**	**5**	6	4	3	4
Total	**189**	**190**	**374**	**190**	263	216	210	174

4. ACQUISITIONS AND DISPOSALS

UAB Neste Lietuva, subsidiary of Neste Oil Group, acquired 100% of the shares and voting rights of UAB Alexela Oil which operates 22 unmanned fuel stations in Lithuania. The acquisition was closed on 28 May 2010. Neste Oil strengthens its position on the retail market in Lithuania, as the acquisition complements the company's existing network of 37 stations in the country.

The profit of UAB Alexela Oil included in the Neste Oil consolidated income statement 1 January - 31 December 2010 is immaterial. Also, the management estimates that UAB Alexela Oil's effect on Neste Oil's consolidated revenue or profit for the period would have been immaterial as at 31 December 2010, had the acquisition taken place on 1 January 2010.

The company was merged into UAB Neste Lietuva on 1 November 2010.

Assets and liabilities of UAB Alexela Oil

MEUR	Acquired fair value	Acquired book value
Intangible and tangible assets	7	5
Current assets	3	3
Cash and cash equivalents	0	0
Total assets	10	8
Trade and other payables	2	1
Total liabilities	2	1
Acquired net assets	8	7
Purchase consideration		8
Goodwill		0
Purchase consideration settled in cash		8
Cash and cash equivalents in UAB Alexela Oil		0
Cash outflow on acquisition		8

During the financial period 2010, the Group sold its 100% interest in its subsidiary Neste Oil Portugal S.A. The sale was completed on 30 June 2010 and a capital gain amounting to EUR 5 million resulting from the transaction has been included in the consolidated financial statements.

Assets and liabilities of Neste Oil Portugal S.A.

MEUR	**Neste Oil Portugal S.A. 30 June 2010**
Property, plant and equipment	0
Shares in subsidiaries and associates	0
Inventories	0
Trade and other receivables	1
Cash and cash equivalents	0
Total assets	1
Trade and other payables	0
Total liabilities	0
Sold net assets	1
Gain on disposal	5
Total consideration	6
Cash consideration received	6
Cash and cash equivalents disposed of	0
Cash inflow arising from disposal	6

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 2010**	31 Dec 2009
Opening balance	**3,283**	2,726
Depreciation, amortization and impairments	**-259**	-234
Capital expenditure	**932**	820
Disposals	**-14**	-21
Reclassifications	**63**	-
Increases through business combinations	**7**	0
Translation differences	**10**	-8
Closing balance	**4,022**	3,283

The Accounting treatment of Bahrain Lube Base Oil Company B.S.C (Closed) has been changed in 2010 from joint venture to jointly controlled assets. Accordingly the assets have been reclassified from investments in joint ventures to property, plant and equipment.

CAPITAL COMMITMENTS MEUR	**30 Dec 2010**	31 Dec 2009
Commitments to purchase property, plant and equipment	**76**	431
Total	**76**	431

6. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate and currency derivative contracts and share forward contracts MEUR	31 Dec 2010 Nominal value	31 Dec 2010 Net fair value	31 Dec 2009 Nominal value	31 Dec 2009 Net fair value
Interest rate swaps	**723**	**-9**	723	-13
Forward foreign exchange contracts	**1,474**	**10**	1,759	-7
Currency options				
Purchased	**43**	**0**	115	-1
Written	**36**	**1**	114	2
Share forward contracts	**-**	**-**	9	-4

Commodity derivative contracts	Volume million bbl	Net fair value Meur	Volume million bbl	Net fair value Meur
Sales contracts	**19**	**-4**	18	-32
Purchase contracts	**12**	**5**	7	10
Purchased options	**1**	**-1**	1	-8
Written options	**1**	**1**	1	8

Commodity derivative contracts include oil, freight and palmoil derivative contracts.

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. RELATED PARTY TRANSACTIONS

The group has a related party relationship with its subsidiaries, associates, joint ventures and with the members of the Board of Directors, the President and CEO and other members of the Neste Executive Board (key management persons), close members of the families of the mentioned key management persons and entities controlled or jointly controlled by the mentioned key management persons or close members of those persons' families. The group has also related party relationship with its' pension fund.

Transactions carried out with associates and joint ventures	1-12/2010	1-12/2009
Sales of goods and services	**93**	71
Purchases of goods and services	**63**	66
Receivables	**5**	23
Financial income and expenses	**0**	0
Liabilities	**2**	3

8. CONTINGENT LIABILITIES

MEUR	31 Dec 2010	31 Dec 2009
Contingent liabilities		
On own behalf for commitments		
Real estate mortgages	**26**	26
Pledged assets	**2**	2
Other contingent liabilities	**43**	48
Total	**71**	76
On behalf of associates and joint ventures		
Guarantees	**3**	4
Other contingent liabilities	**-**	2
Total	**3**	6
On behalf of others		
Guarantees	**14**	18
Total	**14**	18
Total	**88**	100

MEUR	31 Dec 2010	31 Dec 2009
Operating lease liabilities		
Due within one year	**76**	82
Due between one and five years	**164**	166
Due later than five years	**108**	120
Total	**348**	368

The Group's operating lease commitments primarily relate to time charter vessels, land and office space.

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 profit (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. Inventory gains/losses include the change in fair value of all trading inventories.
Return on equity, (ROE)%	=	100 x	$\frac{\text{Profit before taxes - taxes}}{\text{Total equity average}}$
Return on capital employed, pre-tax (ROCE) %	=	100 x	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Capital employed average}}$
Return on average capital employed, after-tax (ROACE) %	=	100 x	$\frac{\text{Profit for the period (adjusted for inventory gains/losses, gains/loss from sale of shares and non-financial assets and unrealized gains/losses on oil and freight derivative contracts, net of tax) + non-controlling interests + interest expenses and other financial expenses related to interest-bearing liabilities (net of tax)}}{\text{Capital employed average}}$
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	$\frac{\text{Interest-bearing net debt}}{\text{Interest bearing net debt + total equity}}$
Gearing, %	=	100 x	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$
Equity-to-assets ratio, %	=	100 x	$\frac{\text{Total equity}}{\text{Total assets - advances received}}$
Return on net assets, %	=	100 x	$\frac{\text{Segment operating profit}}{\text{Average segment net assets}}$
Comparable return on net assets, %	=	100 x	$\frac{\text{Segment comparable operating profit}}{\text{Average segment net assets}}$
Segment net assets	=		Property, plant and equipment, intangible assets, investment in associates and joint ventures including shareholder loans, 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 business areas of the Group, as well as research and technology expenses incurred in business areas, 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 share-related indicators

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

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