

New-generation biodiesel technology

Press conference 16 March 2007

- Opening address, Risto Rinne, CEO, Neste Oil
 - Presentation of the joint venture and the partners' roles
 - Biofuel markets and their challenges
- Presentation of the demonstration plant, Jukka Härmälä, CEO, Stora Enso
 - Process
 - Feedstock procurement
- Q&A


Fruitful partnership

A 50/50 joint venture between Neste Oil and Stora Enso to develop a new-generation biofuel

- Will bring together cutting-edge expertise and research from the oil and forest products industries
- VTT Technical Research Centre of Finland will bring additional, complementary know-how
- Goal to produce diesel from forest-derived biomass
- Stora Enso's role: supplying wood biomass and utilising heat generated
 - Wood biomass supplied from forests according to ecological preconditions
- Neste Oil's role will be to refine the product into an end-product and market it

Phases of the joint venture

- Phase 1
 - Build a pilot plant at Stora Enso's Varkaus Mill (estimated cost €14 million)
 - Develop new gas purification technology
 - other tried and tested technology already exists (Fischer-Tropsch)
 - Commission the pilot plant in 2008
 - Millions of euros will be invested in R&D of the project over the coming years
- Phase 2
 - Build a commercial, full-scale production plant
- Phase 3

A close-up, low-angle shot of a cornfield. The green stalks of the corn plants are the dominant feature, filling most of the frame. The background shows a clear blue sky with some light clouds. The text is centered over the middle of the image.

**Neste Oil aims to be
a leading producer of cleaner
traffic fuels**

Neste Oil's strategic foundation

Supplying premium-quality
petroleum products for
cleaner traffic

Broadening the
feedstock base

Leveraging
refining expertise



Why do we need biofuels on the road?

- To combat climate change
 - Renewable feedstocks
- To secure fuel supplies
 - Reduce our dependency on crude oil
 - European crude oil production is declining, and traffic fuel consumption increasing
- To support regional development
 - New opportunities for raw material producers



Requirements of a good biofuel

Usability

- Easy to use, reliable, capable of delivering good performance

Compatibility

- High quality
- Suitable for existing vehicles and logistics systems

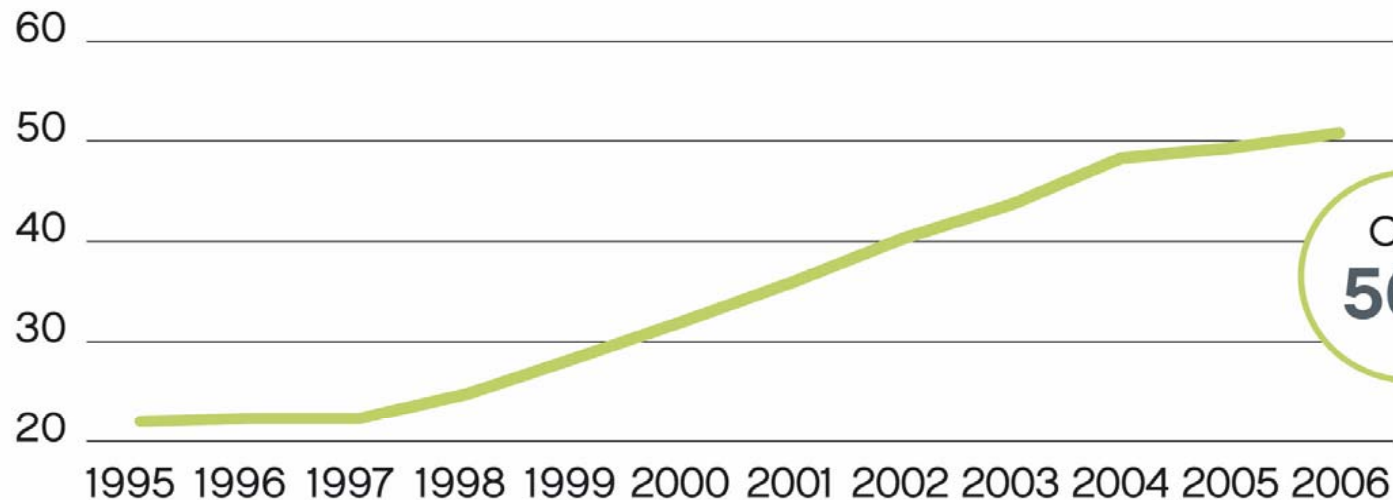
Cost efficiency

- Industrial-scale production



Diesel is becoming Europe's favourite fuel

Popularity of diesel cars on the increase in Europe %



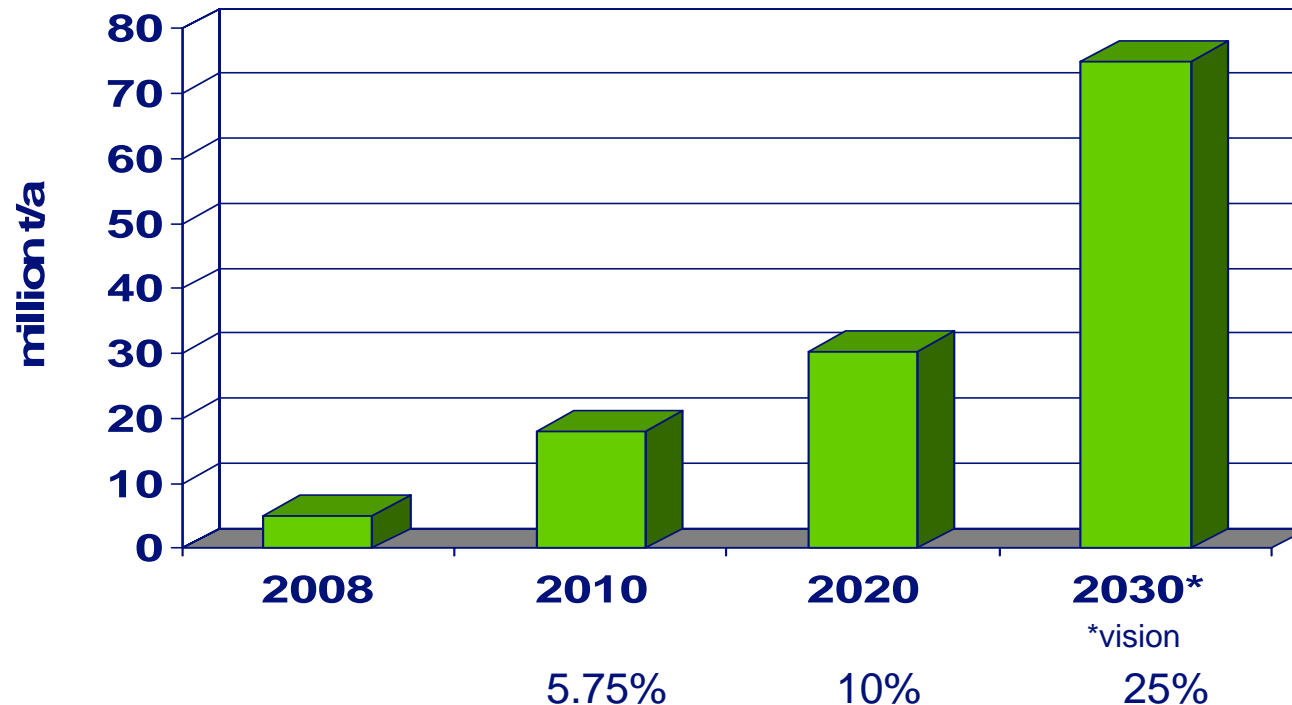
Over
50%

● Number of diesel vehicles as a proportion of new cars in Western Europe (EU-15 + Iceland, Switzerland, and Norway)

Source: European Automobile Manufacturers Association



EU targets for traffic biofuel usage



Achieving these targets will require the feedstock base to be extended beyond conventional farming sources.

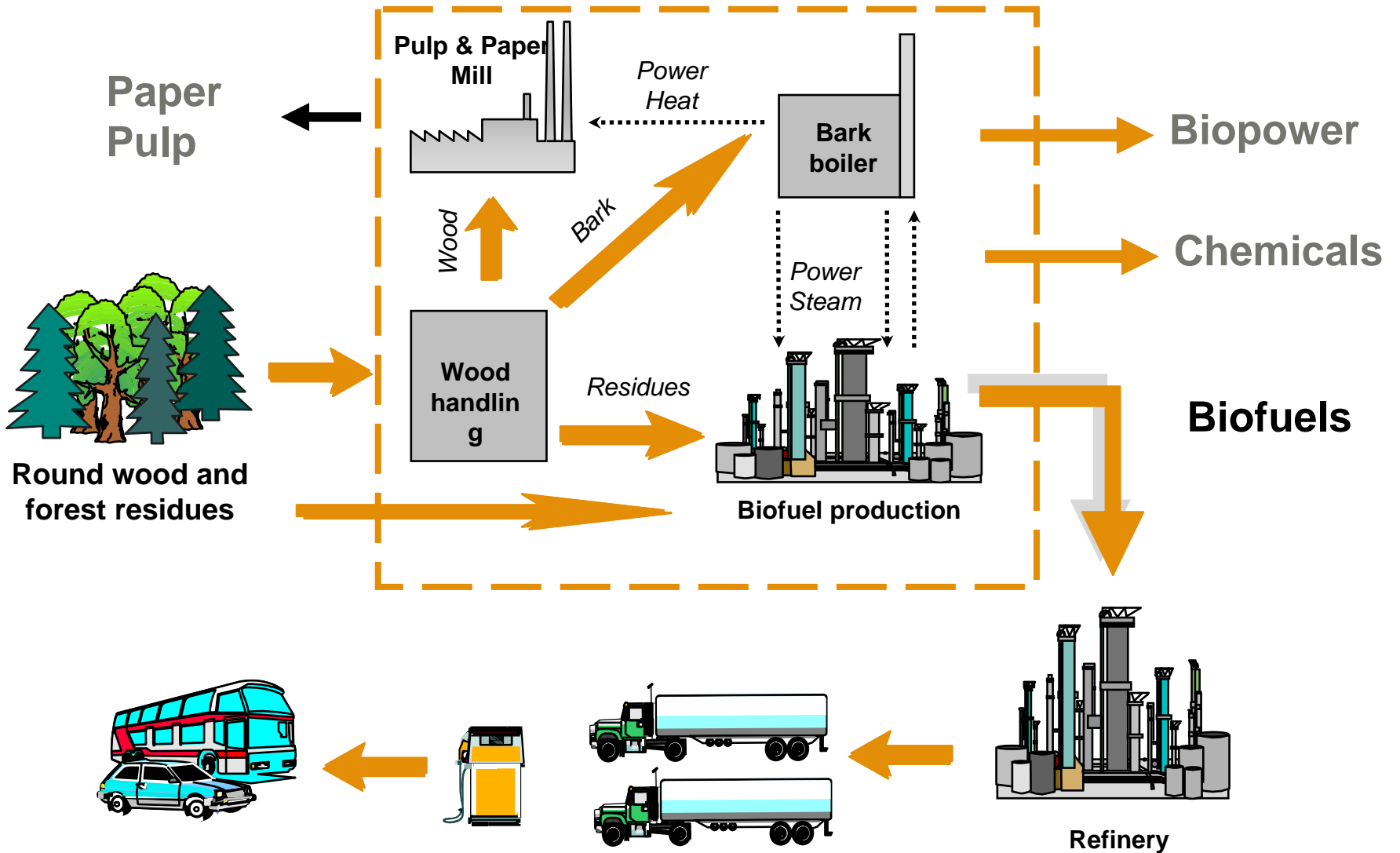


Stora Enso's fibre strategy

The Group's wood supply units

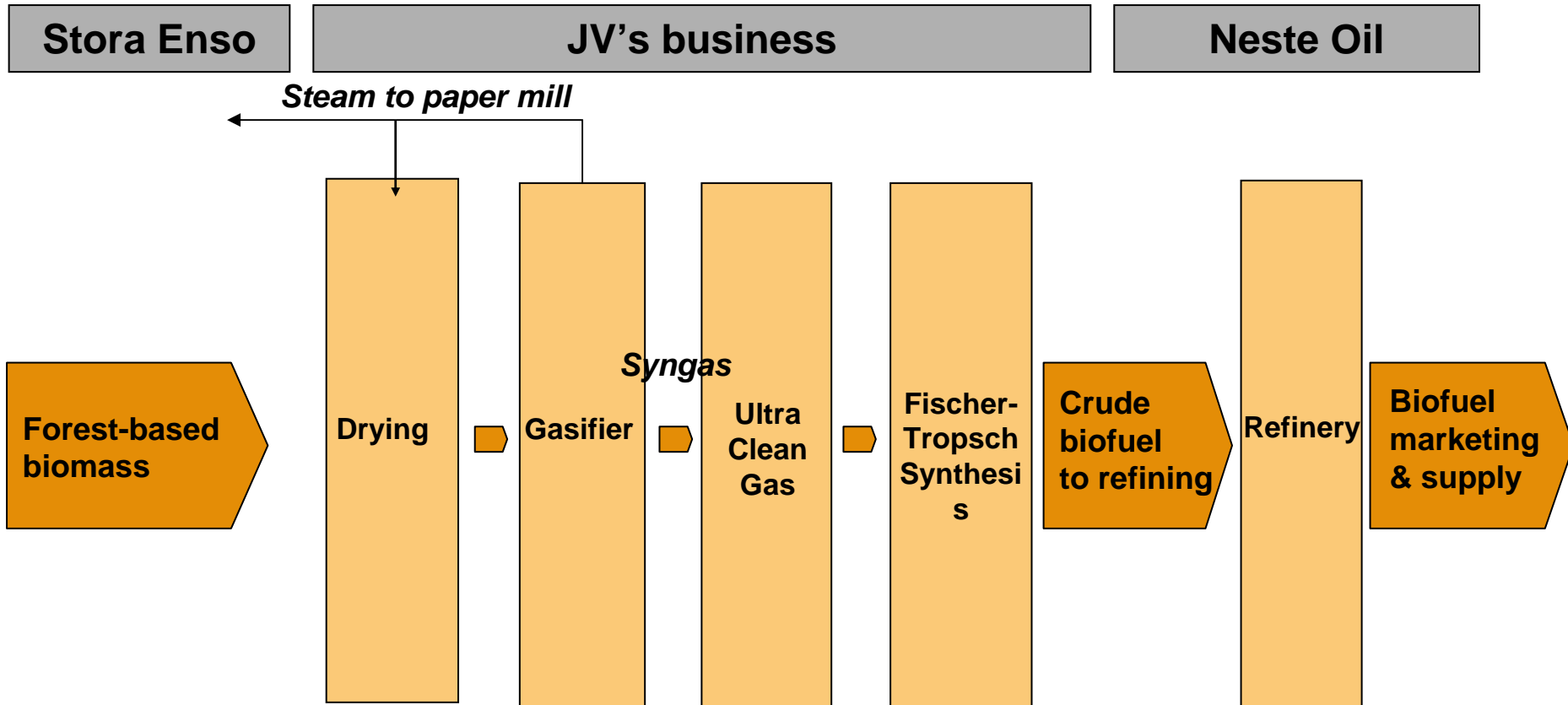


Biofuel Production



Source: VTT

Joint venture's business



Total availability of Forest-based Biomass in Varkaus Area

- residues, stumps, small trees
(forest chip raw materials)
- 80 km radius: 1 025 000 m³
- 120 km radius: 3 040 000 m³

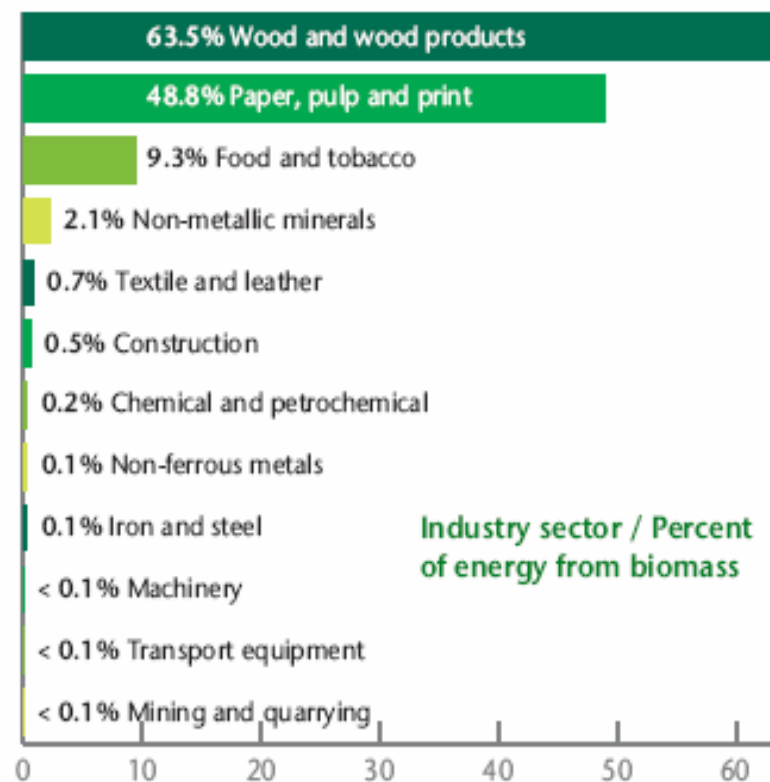


Enhancing Sustainability with Renewable, Carbon-neutral Materials

- Emissions from biofuels are carbon-neutral
 - carbon dioxide is recycled through the atmosphere and stored by growing forests
- A "non-food" alternative
 - Forest-based raw materials do not intervene with food-chains

High Share of Bioenergy

- Paper industry is the world's largest producer and user of bioenergy
 - Biomass fuels are a by-product of the pulp and paper industry
 - A long value chain of wood and fibre products adds value, and is resource, energy and carbon efficient
- The forest-based industry derives a greater fraction of its energy requirements from biomass than any other industry.
 - 50% in OECD countries



Source: WBCSD. The Sustainable Forest Products Industry, Carbon and Climate Change: Key Messages for Policy-Makers. 2005.

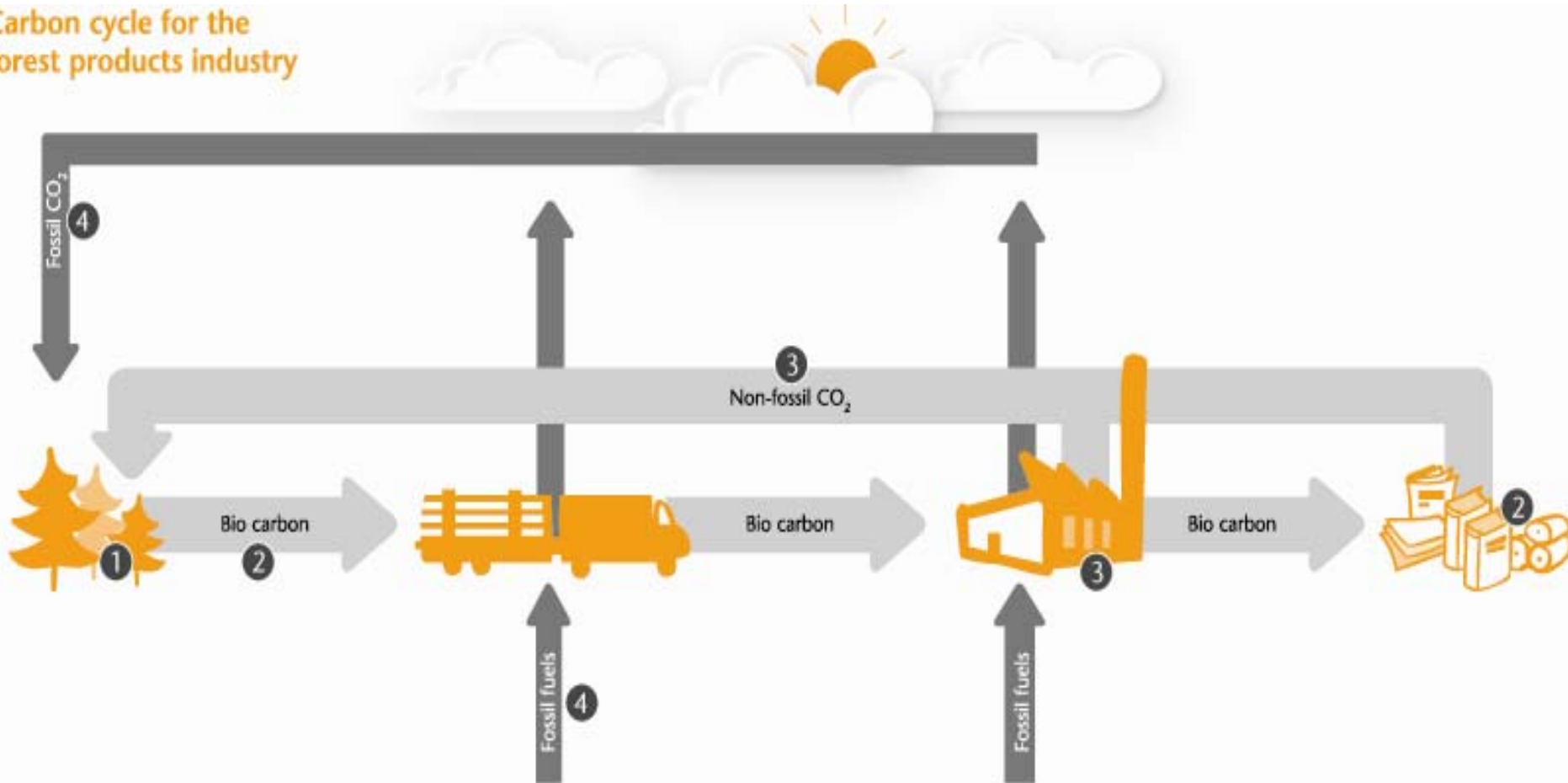
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Paper, packaging & forest products

Appendix

Forest Industry Carbon Cycle

Carbon cycle for the forest products industry



1) Trees absorb CO₂ (both fossil and non-fossil) from the atmosphere. 2) Trees store carbon in their woody tissue. This carbon is transferred and stored also in wood products. 3) Use of biofuels and recycling of these products release non-fossil CO₂ which is again absorbed by the trees. Emissions from biofuels are considered to be carbon-neutral because CO₂ is recycled through the atmosphere and stored by growing forests. 4) Use of fossil fuels introduces "new" carbon to the atmosphere in the form of fossil CO₂.