

*Environmentally adapted transportation of climate-smart fuel***Hector Rail signs agreement with SCA**

Hector Rail has signed an agreement with SCA Skog AB – Norrbränsle concerning the transportation of forest-based biofuel from terminals in Norrland to various recipients in Sweden. The annual volume is initially estimated at approximately 200,000 tons, although system capacity may be further expanded. The fuel will be transported in special containers from Austrian company Innofreight GmbH. In addition to railway engines and drivers, Hector Rail will also be responsible for the fully equipped freight cars.

Because biofuel is carbon-dioxide neutral, it does not contribute to global warming. Nor will the transports contribute to any negative climate impact since electric trains will be used. Biofuel is still in the early stages of development as an energy source and is expected to undergo substantial growth, particularly considering the price trend for oil-based fuel. In most cases, the recipients will be heating plants, where the biofuel will be converted into district heating.

This agreement is an expansion of the cooperation between Hector Rail and SCA Skog that was initiated in January 2007, when Hector Rail took over transportation of 1.8 million tons of round timber (known as the Töva system) in central Norrland.

“We are delighted that SCA Skog has placed greater confidence in us and are extremely pleased to have proven ourselves to be competitive in the expansive biofuel segment,” says Mats Nyblom, Managing Director of Hector Rail AB. “Diesel-powered tank trucks carrying oil will be replaced by electric trains carrying biofuel – an improvement that will contribute to a sustainable society.”

“Forest fuel will be an important resource if Sweden and Europe are to increase their consumption of renewable energy,” says Bertil Leijding, head of Norrbränsle. “At the same time, efficient transports are required if we are to better utilize this resource, which, as a rule, is not located near major cities. The agreement with Hector Rail is a key step in our efforts to establish an efficient transport system for this crucial energy resource.”

“To protect the environment and improve rail transports are two important missions for our company,” says Gerald Petschner, manager – business development Scandinavia at Innofreight. “In SCA and Hector Rail we have two professional partners in the introduction of our innovative concept in Sweden. We are sure that this project will attract attention on the Swedish market.”

The system will employ one locomotive, 23 freight cars and four drivers. Because this is a new service, no previous transport system has been replaced.

Hector Rail AB is an independent line-haul provider in Scandinavia and Germany. Because the company is independent, Hector Rail is not linked to the state or any other transport company. By remaining an independent company and focusing on meeting customer needs through its own leading-edge railway technology, Hector Rail offers tangible added value to its customers. Forwarding agents, major product owners and other railway companies are Hector Rail's principal customer groups. Hector Rail currently operates about 10,000 train kilometers daily.

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