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27 October 2016

SCA ANNOUNCES CONSENT SOLICITATION



SVENSKA CELLULOSA AKTIEBOLAGET SCA (PUBL)

(incorporated with limited liability in Sweden with registered number 556012-6293)

Svenska Cellulosa Aktiebolaget SCA (publ) (the "**Issuer**") hereby announces an invitation to eligible holders of its outstanding notes listed in the table below (each a "**Series**" and together, the "**Notes**") to consider and, if thought fit, approve the Proposals, being certain modifications of the terms and conditions (the "**Conditions**") of the relevant Series and related programme documents and to waive any and all potential events of default in connection with the proposed division of the Issuer's hygiene and forest businesses by means of an extraordinary resolution of Noteholders (an "**Extraordinary Resolution**"), all as further described in the consent solicitation memorandum dated 27 October 2016 prepared by the Issuer (the "**Consent Solicitation Memorandum**", and the invitation to eligible holders of the Notes set out therein, the "**Consent Solicitation**"). Capitalised terms used in this notice and not otherwise defined shall have the meanings given to them in the Consent Solicitation Memorandum.

Background to the Consent Solicitation

On 28 August 2015, the Issuer announced that, in order to grow the group's operations, the Issuer would develop a proposal to divide the group into two divisions: a hygiene division and a forest products division.

The proposal is for the division of the group's operations to be achieved by transferring the hygiene business to a subsidiary of the Issuer, SCA Hygiene AB, then distributing the share capital in this company by way of dividend to the Issuer's current shareholders. The shares of SCA Hygiene AB would then be listed. This proposal aims to optimise shareholder value while incurring relatively low transactional risk and transaction costs.

Following this distribution and listing, there would be two listed companies:

- SCA Hygiene AB - a hygiene business focused company made up of the Issuer's current business areas of Personal Care and Tissue. SCA Hygiene AB is registered in Stockholm; and
- SCA AB - a forest products business focused company made up of all of SCA's forest products operations and all the forest land owned by the current "SCA AB" group (the forest business will retain the current SCA name). It is intended to be registered in Sundsvall.

The shareholders of the Issuer need to approve the proposal to divide the group's operations. The Issuer's board of directors currently intend to propose the distribution of shares in SCA Hygiene AB and the subsequent listing of the company to the Issuer's shareholders at the annual general meeting in April 2017.

In order to achieve the division of the businesses as described above, on 27 October 2016 the Issuer announced a proposal to transfer all of the assets and liabilities (including the Notes) pertaining to the hygiene business to SCA Hygiene AB (the "**Transfer**").

The purpose of the Transfer is to prepare for the proposed distribution as a dividend in kind of all share in SCA Hygiene AB to the then existing shareholders of the Issuer (the "**Demerger**").

If the Extraordinary Resolution is approved by Noteholders, the Issuer's obligations in respect of the Notes will be transferred to the New Issuer as soon as practicable following the Meeting. The transfer of the other assets and liabilities of the Issuer will be carried out and completed prior to the Demerger.

After the Transfer and Demerger have been completed the hygiene and forest businesses will be vested in separate corporate groups.

Key Terms and Conditions of the Consent Solicitation

Proposed Amendments

The purpose of the Consent Solicitation is to invite Noteholders to consider and, if thought fit, approve certain modifications to the Conditions and the related Programme documents of each Series, and to provide that the Noteholders (i) acknowledge and accept the terms of the substitution in place of the Issuer of SCA Hygiene AB (the "**New Issuer**") as issuer of the Notes and agree to release and waive all rights, claims or entitlements against the Issuer in its capacity as issuer of the relevant Notes; (ii) acknowledge and accept the terms of the SCA Guarantee that is being given to Noteholders by the Issuer and that the SCA Guarantee will terminate on the Completion Date; and (iii) waive any and all Events of Default, Potential Events of Default and any other breach of the Conditions of the Notes, the Agency Agreement or the Deed of Covenant that have been, are or may be, triggered by or in connection with the Transfer or Demerger (together, the "**Proposals**"). The background to the Proposals is more fully described in the section entitled "*Background to the Proposals*" in the Consent Solicitation Memorandum.

If the Proposals are approved, the New Issuer will agree to assume all of the obligations of the Issuer as primary obligor in respect of the relevant Notes pursuant to the Deed Poll (attaching the amended Conditions) from the date of the substitution of the New Issuer in place of the Issuer, such date referred to herein as the "**Implementation Date**". In addition, on the Implementation Date, the Issuer will enter into the SCA Guarantee in favour of the Noteholders to guarantee payments of principal and interest under the Notes during the period from and including the Implementation Date to the Completion Date. The Issuer has taken this step to ensure the interests of Noteholders are adequately protected until the Demerger takes place. The SCA Guarantee will terminate on the Completion Date, which shall be when the shares of the New Issuer are distributed to shareholders of the Issuer in accordance with the Demerger, which is expected to occur in the second half of 2017.

Consent Fee

Pursuant to the Consent Solicitation, each Noteholder who is (a) located and resident outside the United States and not a U.S. person (as defined in Regulation S under the Securities Act) and (b) otherwise a person to whom the Consent Solicitation can be lawfully made and that may lawfully participate in the Consent Solicitation (each an "**Eligible Noteholder**"), and from whom a valid Consent Instruction in favour of the Extraordinary Resolution is received by the Tabulation Agent by 5.00 p.m. (Central European time) on 10 November 2016 (as the same may be extended, the "**Early Instruction Deadline**") will be eligible to receive payment of an amount equal to 0.25 per cent. of the principal amount of the Notes that are the subject of such Consent Instruction (the "**Consent Fee**"). Only Eligible Noteholders may, subject to the conditions described in the Consent Solicitation Memorandum, be entitled to receive the Consent Fee.

Eligible Noteholders may continue to submit Consent Instructions after the Early Instruction Deadline and up to the Expiration Deadline but such Noteholders will not be eligible to receive the Consent Fee in respect of those Consent Instructions.

Payment of the Consent Fee is conditional on the satisfaction of the Consent Conditions.

Consent Conditions

The implementation of the Proposals will be conditional on:

- (a) the passing of the Extraordinary Resolution; and

- (b) the quorum required for, and the requisite majority of votes cast at, the Meeting being satisfied by Eligible Noteholders, irrespective of any participation at the Meeting by Ineligible Noteholders (including the satisfaction of such condition at an adjourned Meeting as described in "Meetings" below) (the "**Eligibility Condition**"),

(together, the "**Consent Conditions**").

The Issuer will announce (i) the results of the Meeting and (ii) if the Extraordinary Resolution is passed, the satisfaction (or otherwise) of the other Consent Condition relating to the Extraordinary Resolution, as soon as reasonably practicable after the Meeting and following such satisfaction (or otherwise).

Meetings

A notice (the "**Notice**") convening the Meeting to be held at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ at 10.30 a.m. (Central European Time) on 25 November 2016 has been given to Noteholders in accordance with the Conditions on the date of the Consent Solicitation Memorandum.

General

The Issuer may, at its option and in its sole discretion, extend, or waive the condition of, the Consent Solicitation at any time and may amend or terminate the Consent Solicitation at any time (subject in each case to applicable law and the Meeting Provisions and as provided in the Consent Solicitation Memorandum, and provided that no amendment may be made to the terms of the Extraordinary Resolution). Details of any such extension, waiver, amendment or termination will be announced as provided in the Consent Solicitation Memorandum as promptly as practicable after the relevant decision is made.

Set out below is an indicative timetable showing one possible outcome for the timing of the Consent Solicitation, which will depend, among other things, on timely receipt (and non-revocation) of instructions, the rights of the Issuer (where applicable) to extend, waive any condition of, amend and/or terminate the Consent Solicitation (other than the terms of the Extraordinary Resolution) as described in the Consent Solicitation Memorandum and the passing of the Extraordinary Resolution at the initial Meeting. Accordingly, the actual timetable may differ significantly from the timetable below.

Event

Announcement of Consent Solicitation

Announcement of Consent Solicitation and the Notice delivered to the Clearing Systems for communication to Direct Participants 27 October 2016

The Consent Solicitation Memorandum and documents referred to under "*General*" in the Notice available from the Tabulation Agent and from the specified office of the Issuing and Principal Paying Agent

Early Instruction Deadline

Deadline for receipt by the Tabulation Agent of valid Consent Instructions from Eligible Noteholders for such Noteholders to be eligible to receive the Consent Fee. Such Consent Instructions must be in favour of the Extraordinary Resolution in order for the relevant Noteholder to be so eligible for the Consent Fee 5.00 p.m. (Central European Time) on 10 November 2016

Expiration Deadline

Final deadline for receipt by the Tabulation Agent of valid Consent Instructions from Noteholders for such Noteholders to be represented at the Meeting 10.30 a.m. (Central European Time) on 23 November 2016

This will also be the deadline for making any other arrangements to attend or be represented or to vote at the Meeting, however, Noteholders making such other arrangements or submitting Consent Instructions after the Early Instruction Deadline will not be eligible to receive the Consent Fee

Meeting

Meeting to be held at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ 10.30 a.m. (Central European Time) on 25 November 2016

Announcement of results of Meeting and satisfaction of Consent Conditions

Announcement of the results of the Meeting and, if the Extraordinary Resolution passed, satisfaction of all of the other Consent Conditions As soon as reasonably practicable after the Meeting

Payment Date

Payment of the Consent Fee No later than the second Business Day immediately following the Meeting at which the Extraordinary Resolution is passed

Implementation Date

The date on which the Deed Poll, SCA Guarantee and related documentation will be executed if the Proposals are approved by Noteholders As soon as reasonably practicable after the Meeting subject to the passing of the Extraordinary Resolution and the Consent Conditions being satisfied

Completion Date

The date on which the shares of the New Issuer are distributed to the shareholders of the Issuer, in accordance with the Demerger Expected to be the second half of 2017

Noteholders are advised to check with any bank, securities broker or other intermediary through which they hold their Notes when such intermediary would need to receive instructions from a Noteholder in order for such Noteholder to participate in, or (in the limited circumstances in which revocation is permitted) to validly revoke their instruction to participate in, the Consent Solicitation and/or the Meeting by the deadlines specified above. **The deadlines set by any such intermediary and each Clearing System for the submission and (where permitted) revocation of Consent Instructions will be earlier than the relevant deadlines above.**

The Notes

ISIN	Description	Outstanding principal amount
XS1280199529	SEK 1,500,000,000 Floating Rate Note due August 2018	SEK 1,500,000,000
XS1050940516	SEK 1,000,000,000 Green Bond Floating Rate Notes due April 2019	SEK 1,000,000,000
XS1051134556	SEK 500,000,000 2.50 per cent. Green Bond Fixed Rate	SEK 500,000,000

ISIN	Description	Outstanding principal amount
	Notes due April 2019	
XS1243997852	SEK 600,000,000 Floating Rate Notes due June 2019	SEK 600,000,000
XS1243996706	SEK 900,000,000 0.75 per cent. Fixed Rate Notes due June 2019	SEK 900,000,000
XS1198115898	EUR 300,000,000 0.500 per cent. Senior Fixed Rate Notes due March 2020	EUR 300,000,000
XS1419636862	EUR 500,000,000 0.500 per cent. Senior Fixed Rate Notes due May 2021	EUR 500,000,000
XS1312891978	SEK 1,400,000,000 Floating Rate Notes due October 2022	SEK1,400,000,000
XS0942094805	EUR 500,000,000 2.500 per cent. Fixed Rate Notes due June 2023	EUR 500,000,000
XS1198117670	EUR 300,000,000 1.125 per cent. Senior Fixed Rate Notes due March 2025	EUR 300,000,000

Further Information

A complete description of the terms and conditions of the Consent Solicitation is set out in the Consent Solicitation Memorandum. A copy of the Consent Solicitation Memorandum is available to eligible persons upon request from the Tabulation Agent.

Before making a decision with respect to the Consent Solicitation, Noteholders should carefully consider all of the information in the Consent Solicitation Memorandum and, in particular, the risk factors described in the section entitled "*Certain Considerations relating to the Consent Solicitation*".

Further details about the transaction can be obtained from:

The Solicitation Agent

Citigroup Global Markets Limited

Citigroup Centre, Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Telephone: +44 20 7986 8969
E-mail: liabilitymanagement.europe@citi.com
Attention: Liability Management Group

The Co-Solicitation Agent

Nordea Bank Danmark A/S

Strandgade 3
1401 København K
Denmark

Telephone: +45 5547 4253
E-mail: NordeaLiabilityManagement@nordea.com
Attention: Nordea Liability Management

Tabulation Agent

Citibank, N.A., London Branch

13th Floor, Citigroup Centre
Canada Square, London E14 5LB
United Kingdom

Telephone: +44 207 508 3867
Email: exchange.gats@citi.com
Attention: Exchange Team – Agency and Trust

The Issuer

Svenska Cellulosa Aktiebolaget SCA (publ)

Telephone: +46 8 788 51 34
Email: johan.rydin@sca.com
Attention: Johan Ryden – Vice President & Group Treasurer

The Solicitation Agents and the Tabulation Agent do not take responsibility for the contents of this announcement and none of the Issuer, the New Issuer, the Solicitation Agents, the Tabulation Agent, or any of their respective directors, employees or affiliates makes any representation or recommendation whatsoever regarding the Consent Solicitation. This announcement must be read in conjunction with the Consent Solicitation Memorandum. No offer to acquire any Notes is being made pursuant to this notice. This announcement and the Consent Solicitation Memorandum contain important information, which should be read carefully before any decision is made with respect to the Consent Solicitation. If any holder of the Notes is in any doubt as to the action it should take, it is recommended to seek its own advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent adviser.

Distribution Restrictions

This announcement and the Consent Solicitation Memorandum do not constitute an offer or an invitation to participate in the Consent Solicitation in any jurisdiction in or from which, or to or from any person to or from whom, it is unlawful to make such offer or invitation under applicable securities laws. The distribution of the Consent Solicitation Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession the Consent Solicitation Memorandum comes are required by each of the Issuer, the New Issuer, the Solicitation Agents and the Tabulation Agent to inform themselves about, and to observe, any such restrictions.

No action has been or will be taken in any jurisdiction by the Issuer, the New Issuer, the Solicitation Agents or the Tabulation Agent in relation to the Consent Solicitation that would permit a public offering of securities.

Any materials relating to the Consent Solicitation do not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offer or solicitation is not permitted by law. If a jurisdiction requires that the Consent Solicitation be made by a licensed broker or dealer and the Solicitation Agents or their affiliates are such licensed brokers or dealers in that jurisdiction, the Consent Solicitation shall be deemed to be made by the Solicitation Agents or such affiliates (as the case may be) on behalf of the Issuer and the New Issuer in such jurisdiction.

United States

The Consent Solicitation is only being made outside the United States, to persons other than "U.S. persons" (as defined in Regulation S under the Securities Act). Any purported participation in the Consent Solicitation resulting directly or indirectly from a violation of these restrictions will be invalid and any participation in the Consent Solicitation by a person that is located or resident in the United States or that is a U.S. person or by any agent, fiduciary or other intermediary acting on a non-discretionary basis for a beneficial owner that is giving instructions from within the United States or that is any U.S. person will not be accepted.

Neither this announcement nor the Consent Solicitation Memorandum is an offer of securities for sale in the United States or to any U.S. person. Securities may not be offered or sold in the United States absent registration or an exemption from registration. The Notes have not been, and will not be, registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons, unless an exemption from the registration requirements of the Securities Act is available.

Each Noteholder participating in the Consent Solicitation will represent that it is not a U.S. person (as defined in Regulation S under the Securities Act), and is not acting for the account or benefit of any U.S. person, and that it is not located or resident in the United States.

"United States" means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.