

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-2224

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Svenska Cellulosa Aktiebolaget SCA (publ)		2 Issuer's employer identification number (EIN) N/A	
3 Name of contact for additional information Jan Friman		4 Telephone No. of contact +46 8 788 51 64	5 Email address of contact jan.friman@sca.com
6 Number and street (or P.O. box if mail is not delivered to street address) of contact Klarabergsviadukten 63, Box 200, SE-101 23		7 City, town, or post office, state, and Zip code of contact Stockholm, Sweden	
8 Date of action June 15, 2017		9 Classification and description Distribution of common stock of Essity Aktiebolag (publ)	
10 CUSIP number	11 Serial number(s) SE0000171886 / SE0000112724	12 Ticker symbol SCA A / SCA B	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **See attachment.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **See attachment.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **See attachment.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment.

Blank lined area for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ See attachment.

Blank lined area for providing information on recognizing resulting loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attachment.

Blank lined area for providing other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *Jan Friman*

Date ▶ 26.07.2017

Print your name ▶ Jan Friman

Title ▶ Vice President of Taxes

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check if self-employed PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Any capitalized terms not otherwise defined herein will be defined in accordance with Essity's Prospectus (the "Prospectus") published on June 7, 2017, and available at <http://www.essity.com/Documents/en/Investor/Essity/Essity-prospekt-EN.PDF?epslanguage=en>.

Form 8937, Part II

Question 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

On April 5, 2017 the Annual General Meeting of SCA resolved to distribute all of the shares in SCA's wholly-owned subsidiary Essity, pro-rata to SCA's shareholders of record as of June 13, 2017 (the "Record Date"). On June 15, 2017 (the "Distribution Date"), SCA completed the spin-off of 100% of the outstanding Essity shares (the "Distribution"); each SCA shareholder who held a Class A share of SCA (an "SCA Class A Share") on the Record Date received one Class A share of Essity (an "Essity Class A Share"), and each shareholder who held a Class B share of SCA (an "SCA Class B Share") on the Record Date received one Class B share of Essity (an "Essity Class B Share"). The last day on which the SCA shares traded on NASDAQ Stockholm including the right to receive Essity shares in the Distribution was June 9, 2017 and the first day on which SCA shares traded excluding the right to receive Essity shares in the Distribution was June 12, 2017. In addition, a holder of SCA's ADSs received one Essity ADS for each SCA ADS held by the holder.

Question 15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

A holder's basis in each SCA share (or ADS) held prior to the Distribution should be allocated between that SCA share (or ADS) and the Essity share (or ADS) received in respect thereof pursuant to the Distribution in proportion to their relative fair market values.

U.S. federal income tax law does not prescribe how holders should determine the fair market value of a share (or ADS) on the Distribution Date and there are several possible methods for doing so; for example, holders could use the market opening, closing or volume weighted average trading prices for the shares on the Distribution Date as an indication of their fair market values. For Swedish tax purposes, as set forth in the notice issued by the Swedish Tax Agency to SCA dated July 10, 2017 (the "Notice"), the relative fair market values of SCA shares and Essity shares are based on the lowest daily trading prices on NASDAQ Stockholm on June 9, 2017 and June 12, 2017. Under the methodology endorsed by the Notice:

- Class A Shares: Because the lowest trading price of an SCA Class A Share on June 12, 2017 was SEK 64.10 and the lowest trading price of an SCA Class A Share on June 9, 2017 was SEK 303.70, a holder would allocate approximately 21% (*i.e.*, $64.10/303.70$) of its tax-basis in an SCA Class A Share held immediately before the Distribution to that SCA Class A Share and approximately 79% to the Essity Class A Share received in respect thereof.

- Class B Shares: Because the lowest trading price of an SCA Class B Share on June 12, 2017 was SEK 60.25 and the lowest trading price of an SCA Class B Share on June 9, 2017 was SEK 300, a holder would allocate approximately 20% (*i.e.*, 60.25/300) of its tax-basis in an SCA Class B Share held immediately before the Distribution to that SCA Class B Share and approximately 80% to the Essity Class B Share received in respect thereof.

If a holder were to determine the fair market values of the shares by reference to their opening trading prices on NASDAQ Stockholm on the Distribution Date, the holder would similarly allocate approximately 21% (*i.e.*, 69.55/328.75) of its tax-basis to its SCA Class A Share and approximately 79% (*i.e.*, 259.20/328.75) to an Essity Class A Share received in respect thereof, and approximately 20% (*i.e.*, 63.25/311.15) of its tax-basis to its SCA Class B Share and approximately 80% (*i.e.*, 247.90/311.15) to an Essity Class B Share received in respect thereof.

As described in the Prospectus, a holder of an SCA ADS or an Essity ADS will be treated for U.S. federal income tax purposes as the beneficial owner of the underlying SCA Class B Share or Essity Class B Share, as applicable, that is represented by the ADS. Accordingly, like holders of Class B Shares, a holder that received an Essity ADS pursuant to the Distribution may follow one of the approaches described above and allocate approximately 20% of its basis in an SCA ADS held immediately before the Distribution to that SCA ADS and approximately 80% to the Essity ADS received in respect thereof.

The approaches described above are illustrative and holders of SCA and Essity shares or ADSs are not obligated to follow these approaches. Holders are urged to consult their tax advisors regarding whether a different approach should be used to determine the relative fair market values of any SCA or Essity shares or ADSs held after the Distribution.

Question 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

Based on the values described in response to Question 15, the following is an illustrative example of the manner in which a holder may allocate its basis in an SCA Class A Share and SCA Class B Share (or SCA ADS), as applicable, to an Essity Share (or Essity ADS) received in respect thereof pursuant to the Distribution:

Assumed tax basis in one SCA Class A Share prior to the Distribution:	U.S. \$35.00
Percentage of total fair market value allocated to SCA Class A Share:	~21%
Percentage of total fair market value allocated Essity Class A Share:	~79%
Basis allocated to SCA Class A Share after the Distribution:	~U.S. \$7.35
Basis allocated to Essity Class A Share after the Distribution:	~U.S. \$27.65

Assumed tax basis in one SCA Class B Share or SCA ADS prior to the Distribution:	U.S. \$35.00
Percentage of total fair market value allocated to SCA Class B Share or SCA ADS:	~20%
Percentage of total fair market value allocated Essity Class B Share or Essity ADS:	~80%
Basis allocated to SCA Class B Share or SCA ADS after the Distribution:	~U.S. \$7.00
Basis allocated to Essity Class B Share or Essity ADS after the Distribution:	~U.S. \$28.00

Question 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

Sections 355(a) and 358(c) of the Code and related Treasury Regulations.

Question 18. Can any resulting loss be recognized?

SCA shareholders or ADS holders will not recognize any loss for U.S. federal income tax purposes as a result of the Distribution.

Question 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

For a holder whose taxable year is the calendar year, the reportable year is 2017.