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17 January 2012
For immediate release

DS SMITH PLC
PROPOSED ACQUISITION OF SCA PACKAGING AND RIGHTS ISSUE

CREATION OF A LEADING PAN-EUROPEAN RECYCLED PACKAGING BUSINESS

DS Smith Plc ("**DS Smith**" or "**the Company**") today announces the proposed acquisition of the packaging division of Svenska Cellulosa Aktiebolaget SCA (publ) excluding the kraftliner assets ("**SCA Packaging**" or **"the SCA Packaging Group"**) for a net consideration of approximately €1.6 billion (c. £1.3 billion[1]) ("**the Acquisition**"). The gross price will be €1.7 billion on a cash, debt and, to the extent legally possible and commercially practicable, pension free basis and approximately €1.6 billion on a net basis after taking into account a pension price adjustment. DS Smith proposes to finance the Acquisition with existing and additional debt and a fully underwritten Rights Issue of 9 New Ordinary Shares for every 8 Existing Ordinary Shares at 95 pence each to raise a total of approximately £466 million.

SCA Packaging is the second largest packaging business in Europe and the Acquisition represents a significant opportunity for DS Smith to achieve its stated strategic aim of becoming the leading supplier of recycled packaging for consumer goods in Europe.

The Board of DS Smith (**"the Board"**) believes that the Acquisition, if completed, will add value for DS Smith Shareholders by:

• providing access to new geographical markets across continental Europe that better matches the location and scale of key pan-European FMCG customers, given the complementary geographic business and customer fit between the two businesses;

• developing broader relationships with existing customers as well as the potential to win new customers through increased ability to supply and innovate new products and improve service levels;

• driving further benefits from the Enlarged Group's operational structure, utilising the strengthened resource in key commercial and operational functions of DS Smith's business;

• delivering estimated annualised pre-tax cost synergies from procurement and operational efficiencies of at least €75 million per annum and cumulative capital expenditure and working capital benefits of at least €40 million by the end of the third full financial year following Completion;

• offering an expected return on capital above DS Smith's weighted average cost of capital for the first full financial year of ownership with further improvement in the second and third full financial years;

• substantially enhancing DS Smith's EPS[2]; and

1 Based on an exchange rate of €1.00 to £0.8263 on 16 January 2012.

2 This should not be construed as a profit forecast or interpreted to mean that the future earnings per share, profits, margins or cash flows of the DS Smith Group will necessarily be greater than the historic published figures.

• utilising a prudent financial structure for the Acquisition with net debt to EBITDA targeted to be back at 2.0x by the end of the first full financial year following Completion.

The Rights Issue is fully underwritten and will raise approximately £466 million (gross). Shareholders have already committed to sub-underwrite more than 50.0% of the Rights Issue. Shareholders have shown DS Smith their support for the Acquisition and Standard Life Investments Ltd, the Company's largest shareholder, has confirmed that it is fully supportive of the Acquisition and the accompanying Rights Issue. Standard Life Investments Ltd currently holds 63,796,896 shares in the Company representing 14.6% of the issued share capital.

Owing to its size, the Acquisition constitutes a reverse takeover under the Listing Rules and upon Completion the listing of the Ordinary Shares will be cancelled pursuant to the Listing Rules. Application will be made to the UKLA and the London Stock Exchange for the Ordinary Shares in the Enlarged Group to be re-admitted to listing on the premium segment of the Official List and to trading on the main market of the London Stock Exchange, respectively. The Acquisition requires approval from Shareholders, and accordingly a General Meeting will be convened for 3 February 2012. The Acquisition will also require, amongst other matters, certain regulatory clearances. It is currently expected that the Acquisition will complete during the second quarter of calendar 2012.

The Acquisition includes a formal offer to acquire the French Business which may be accepted following Works Council consultation.

Commenting on the Acquisition, DS Smith's Group Chief Executive, Miles Roberts said:

"This Acquisition builds on DS Smith's proven strategy and the successful acquisition of Otor. This is an exceptional opportunity to create value for shareholders by becoming the leading recycled packaging company across Europe – a company that will be better positioned to deliver even better service and innovation to our strong and growing FMCG customer base. SCA Packaging is a well invested business with long positions in recycling and packaging and short paper capacity that is very complementary to our strengths. It is a great step in DS Smith's development and I look forward to working together with the team at SCA Packaging to create an outstanding supplier for our customers and making it a fulfilling place for our staff to work to deliver substantial value for our customers and Shareholders."

DS Smith's Chairman, Gareth Davis said:

"This Acquisition is a unique opportunity, offering the combination of a clear strategic rationale, potentially excellent financial returns and a step change in DS Smith's capabilities to deliver the recycled packaging service that our customers increasingly want on a pan-European basis. We recognise both the opportunities and the challenges that the Acquisition will bring and we have planned and invested accordingly. We are focussed and determined to integrate, develop and grow these two excellent businesses as the platform for delivering superior returns for our investors over the years to come. "

This preceding summary should be read in conjunction with the full text of the following announcement and its appendices, including the announcement published by DS Smith simultaneously with this announcement which includes, amongst other matters, financial information on SCA Packaging.

A meeting for analysts and institutional investors will be held today at J.P. Morgan Cazenove, 20 Moorgate, London at 9.15 a.m., accessible at +44 207 162 0125 and the conference id 910304.

A recorded interview with Miles Roberts, Group Chief Executive and Steve Dryden, Group Finance Director, regarding the transaction is available on the Company's website www.dssmith.uk.com

Indicative timetable

Publication and posting of the Prospectus, the Notice of General Meeting and Form of Proxy	17 January 2012
Rights Issue Record Date	close of business on 1 February 2012
General Meeting	9.30 a.m. on 3 February 2012
Existing Ordinary Shares marked “ex” by the London Stock Exchange	8.00 a.m. on 6 February 2012
Latest time and date for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters	11.00 a.m. on 21 February 2012
Dealings in New Ordinary Shares, fully paid, commence on the London Stock Exchange	by 8.00 a.m. on 22 February 2012

The Company expects to publish a supplementary prospectus prior to the General Meeting to reflect certain unaudited combined financial information for SCA Packaging for the year ended 31 December 2011.

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Neither the content of the Company's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

This announcement contains (or may contain) certain forward-looking statements with respect to certain of DS Smith's current expectations and projections about future events. These statements, which sometimes use words such as "anticipate", "believe", "intend", "estimate", "expect", "will", "shall", "may", "aim", "predict", "should", "continue" and words of similar meaning and/or other similar expressions that are predictions of or indicate future events and/or future trends, reflect the directors' beliefs and expectations at the date of this announcement and involve a number of risks, uncertainties and assumptions that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement.

Statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The information contained in this announcement is subject to change without notice and, except as required by applicable law, neither DS Smith nor either of the Banks assumes any responsibility or obligation to update publicly or review any of the forward-looking statements contained herein. You should not place undue reliance on forward-looking statements, which speak only as of the date of this announcement.

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ADDITIONAL INFORMATION REGARDING THE TRANSACTION

DS SMITH PLC
PROPOSED ACQUISITION OF SCA PACKAGING AND RIGHTS ISSUE

CREATION OF A LEADING PAN-EUROPEAN RECYCLED PACKAGING BUSINESS

1. INTRODUCTION

DS Smith Plc ("**DS Smith**" or "**the Company**") today announces the proposed acquisition of the packaging division of Svenska Cellulosa Aktiebolaget SCA (publ) excluding the kraftliner assets ("**SCA Packaging**" or **"the SCA Packaging Group"**) for a net consideration of approximately €1.6 billion (c. £1.3 billion[1]) ("**the Acquisition**"). The gross price will be €1.7 billion on a cash, debt and, to the extent legally possible and commercially practicable, pension free basis and approximately €1.6 billion on a net basis after taking into account a pension price adjustment. DS Smith proposes to finance the Acquisition with existing and additional debt and a fully underwritten Rights Issue of 9 New Ordinary Shares for every 8 Existing Ordinary Shares at 95 pence each to raise a total of approximately £466 million.

SCA Packaging is the second largest packaging business in Europe and the Acquisition would represent a significant opportunity for DS Smith to achieve its stated strategic aim of becoming the leading supplier of recycled packaging for consumer goods in Europe.

As at 30 September 2011, the SCA Packaging Group (excluding locations of certain joint ventures) owned facilities in 21 countries, which included 110 corrugated manufacturing locations (109 corrugated manufacturing locations in 20 countries after a subsequent disposal). In the year ended 31 December 2010, SCA Packaging (including the effect of certain joint ventures and discontinued operations) sold 3,621 kilotonnes of recycled fibre, sold 1,383 kilotonnes of CCM; and had corrugated sales volume of 3,428 million square metres (approximately 1,783 kilotonnes). Like DS Smith, SCA Packaging manufactures less paper than it uses, resulting in a short position in paper. SCA Packaging had 12,598 employees as at 30 September 2011 (including discontinued operations now sold). For the 9 months ended 30 September 2011, SCA Packaging reported adjusted operating profit[2] of €118.7 million and net revenues of €2,065.5 million.

DS Smith proposes to finance the Acquisition with existing and additional debt and a Rights Issue to raise a total of approximately £456 million, net of underwriting commissions. The Rights Issue is on the basis of 9 New Ordinary Shares for every 8 Existing Ordinary Shares, at 95 pence each.

2. STRATEGY

DS Smith's strategy was announced in December 2010 following the appointment of Miles Roberts as Group Chief Executive in May 2010. As set out in the "Review of Business Strategy" at the half year results in December 2010, DS Smith's stated strategic aim is to be the leading supplier of recycled packaging for consumer goods in Europe. In order to achieve this DS Smith intends to focus on its packaging business, particularly building on its FMCG customer base, to expand its recycling business that supports and is integral to its recycled packaging business and to reduce its exposure to paper manufacturing. DS Smith also intends to realise significant cost and capital efficiencies through changing its structure and ways of operation. The Board aims to improve DS Smith's return on sales and consistently earn returns above the DS Smith Group's cost of capital with reduced cyclicality, which together will produce superior returns for Shareholders and drive DS Smith's progressive dividend policy.

The Directors believe the Acquisition should achieve DS Smith's stated medium-term financial return criteria, as set out in DS Smith's 2010 strategy presentation and amended following the announcement in July 2011 of the proposed disposal of Spicers. These are:

1 Using an exchange rate of €1.00 to £0.8263 on 16 January 2012.

2 Calculated as operating profit before exceptional items and amortisation.

- Volume growth from packaging at GDP +1%
- Return on sales target of 7% - 9%;
- Return on average capital employed of 12% - 15%;
- Operating cash flow (before growth capital expenditure) of over 120% of operating profit; and
- Net debt/EBITDA ratio of less than 2.0x.

The Directors do not plan to change these targets as a result of the Acquisition.

The acquisition of the Otor Group in 2010 allowed the DS Smith Group to consolidate its position in France, creating a leading recycled corrugated packaging company with a focus on the FMCG customer base in that market. The acquisition of the Otor Group has already produced excellent returns for Shareholders, with a return on investment in the 12 months to 31 October 2011 of 14.8% and annualised cost synergies equal to 4% of revenues in the same period. This has been possible as DS Smith has focused on delivering high standards of service, quality and innovation for its FMCG customer base across its corrugated packaging operations, which has enabled it to outperform the relevant markets. At the same time, the DS Smith Group has also taken other significant strategic actions, including:

• streamlining the DS Smith Group through the disposal of Spicers, its Office Products Wholesaling business, for an enterprise value of £200 million, which is a multiple of 6.9x EBITDA for the division in the financial year ended 30 April 2011;

• reducing exposure to the more cyclical paper manufacturing operations through the disposal of Higher Kings Mill paper mill and the proposed closure in 2012 of Hollins paper mill thereby reducing the DS Smith Group's annual capacity by approximately 129 kilotonnes;

• strengthening the DS Smith Group's operational structure, adding additional resources in key commercial and operational functions of the business, with the objective of improving key processes for managing a growing business with pan-European operations and customers;

• rebranding all parts of the business as DS Smith, reinforcing the breadth of its activities with its customers, suppliers and employees;

• commencing trading for DS Smith Recycling in Poland working with its existing customer base in these new markets;

• focusing capital investment on areas and products to support recycled packaging to FMCG customers; and

• being on track to deliver a series of savings, including: £10 million run-rate in efficiency savings from the UK business by April 2014; €13 million run-rate in synergies from the integration of Otor by April 2013, and £10 million run-rate in procurement savings (split between operating and capital expenditure) by April 2012.

3. RATIONALE FOR THE ACQUISITION

The Board believes that the Acquisition represents an exceptional opportunity to accelerate DS Smith's strategy to become the leading supplier of recycled packaging for consumer goods in Europe. SCA Packaging is the second largest packaging business in Europe with strong positions in recycled consumer packaging. The assets of SCA Packaging are situated in geographies highly complementary to those of DS Smith. In combination, the Enlarged Group will be in a leading position in the main European markets.

The Board believes that the Acquisition will drive growth in the business and add value for Shareholders by:

• providing access to new geographical markets across continental Europe with a combined network of 223 manufacturing locations (including CCM mills and recycling facilities) that better matches the location and scale of key pan-European FMCG customers, allowing the Enlarged Group to meet these customers' increasing requirements to be supplied on a pan-European basis;

• developing broader relationships with the existing customer bases of both DS Smith and SCA Packaging as well as the potential to win new customers;

• driving further benefits from the Enlarged Group's operational structure, utilising the strengthened resource in key commercial and operational functions of DS Smith's business;

• delivering estimated annualised pre-tax cost synergies from procurement and operational efficiencies at an annual run-rate of at least €75 million by the end of the third full financial year following Completion and cumulative capital expenditure and working capital benefits of at least €40 million by the end of the third full financial year following Completion, with the expected one-off cash costs to implement the integration and deliver the synergies estimated at €80 million over the first three full financial years after Completion;

• offering an expected return on capital above DS Smith's weighted average cost of capital for the first full financial year of ownership with further improvement in the second and third full financial years; and

• substantially enhancing DS Smith's EPS.[3]

Overall, SCA Packaging will strengthen DS Smith's existing business model and underpin its growth objectives. Whilst the Enlarged Group will remain subject to a certain degree of cyclicality and cyclical margin pressure, the Board believes that the Shareholders should see a substantial enhancement of financial returns over the medium-term.

Access to new geographical markets to supply existing key FMCG customers

As at 30 September 2011, the SCA Packaging Group (excluding locations of certain joint ventures) owned facilities in 21 countries which included 110 corrugated manufacturing locations (109 corrugated manufacturing locations in 20 countries after a subsequent disposal). With the Acquisition, the DS Smith Group will transform the scale and breadth of its operations, becoming the second largest packaging business in Europe, with 223 manufacturing locations (including CCM mills and recycling facilities) in 20 countries, giving it true pan-European coverage. DS Smith will be entering 15 countries, including Germany and the Netherlands, for the first time, and will be able to offer existing FMCG customers supply from the Enlarged Group's local manufacturing facilities across Europe; meeting these pan-European customers' increasing requirements to be supplied on a pan-European basis. As a result, the Enlarged Group will substantially broaden its exposure to economies outside its current core UK and French markets.

Develop broader relationships and win new customers

The Board believes that there is considerable potential to drive revenue growth through the development of broader relationships with the existing customer bases of both DS Smith and SCA Packaging and also to win new customers. There will be an increased industrial component in the Enlarged Group's customer base given SCA Packaging's business. The Board believes that the Enlarged Group will benefit from the increased scope and scale of its customer base, while over time the focus on growing the core resilient FMCG customer base should reduce this proportional contribution from industrial customers. Furthermore, there is a clear opportunity to work more closely with a number of DS Smith's existing FMCG customers in countries where SCA Packaging has existing operations.

Enhanced customer offering through improved innovation and a wider range of products

SCA Packaging shares DS Smith's strong emphasis on design and innovation, with a dedicated innovation centre and 15 design centres across Europe. For the financial year ended 30 April 2011, DS Smith spent a total of £3.8 million on research and development. DS Smith's strategy to focus on value-added technology and new products has enabled DS Smith to reduce its customers' supply chain costs, increasing the value of DS Smith's products to customers, and therefore assisting the recovery of raw material inflation. On a combined basis, the Enlarged Group has the opportunity to lead innovation in corrugated packaging.

3 This should not be construed as a profit forecast or interpreted to mean that the future earnings per share, profits, margins or cash flows of the DS Smith Group will necessarily be greater than the historic published figures.

Drive benefits from DS Smith's proven operational structure

The Board believes that it can drive further benefits from the Enlarged Group's operational structure, utilising the strengthened resource in key commercial and operational functions of the DS Smith business. This will be further enhanced by the addition of key SCA Packaging personnel. The attractive returns already being delivered by Otor demonstrate the benefit accruing from functional disciplines (including commercial, procurement, human resources and finance) operating across a broader business, and this provides the framework to execute a successful combination of DS Smith and SCA Packaging. While SCA Packaging has significant integrated paper production capacity, DS Smith is not acquiring SCA's kraftliner assets and the Enlarged Group will, consistent with DS Smith's stated strategy to be short in paper, be a net purchaser of paper to supply its packaging operations. The Board remains committed to owning paper manufacturing assets only where strategically necessary to support the packaging business, in line with its stated strategy, and will appraise the Enlarged Group's paper requirements on a commercial basis.

Delivering significant synergies

The Board believes the Enlarged Group will be, with a broader geographical presence, well positioned to benefit from enhanced growth prospects. In addition, the Board believes that the Enlarged Group will be able to deliver annualised pre-tax cost synergies from procurement and operational efficiencies at an annual run-rate of at least €75 million by the end of the third full financial year following Completion. Total capital expenditure and working capital benefits of at least €40 million are also anticipated by the end of the third full financial year following Completion. In addition, DS Smith will be focused on improving returns of SCA Packaging in some under-performing markets, where the Board sees opportunity to improve sales and marketing performance.

Returns above DS Smith's cost of capital and enhancement of DS Smith's EPS[4]

The Board believes that the Acquisition will be financially beneficial to Shareholders taking into account the terms of the Acquisition and the expected cost synergies before exceptional items. The Directors believe that the Acquisition will deliver a return on capital by the end of the first full financial year following Completion greater than DS Smith's cost of capital and, taking into account the Acquisition, the Directors believe the Enlarged Group will also benefit in time from increased scale and diversity that will enable it to further reduce its weighted average cost of capital.

The Acquisition is expected to be substantially EPS enhancing in the first full financial year with further improvement expected in the second and third full financial years following Completion.[4]

In light of the scale and size of the proposed Acquisition, the Board believes that it has taken a prudent approach to financing the Acquisition and associated expenses, through a mixture of equity and debt, approximately: £466 million (€564 million[5]) from the Rights Issue; €700 million from the Acquisition Facilities Agreement; and €414 million from the Revolving Credit Facility, balancing a conservative financing structure and returns for Shareholders. Taking into account the cyclicality of the industry in which the Enlarged Group will operate, the Board believes it is prudent to create a diverse funding structure that builds on the existing debt, the Acquisition Facilities Agreement and the Rights Issue and provides the flexibility both to acquire SCA Packaging and to retain financial strength and flexibility given the current macroeconomic climate.

The Board expects leverage on completion of the Acquisition to be moderately above its stated target of 2.0x net debt/EBITDA, but to reduce to the targeted level by the end of the first full financial year after Completion. The Board believes that synergy benefits will arise from the following areas:

- procurement efficiencies: margin benefits are anticipated through sourcing opportunities in both direct and indirect spend categories and through product harmonisation;

4 This should not be construed as a profit forecast or interpreted to mean that the future earnings per share, profits, margins or cash flows of the DS Smith Group will necessarily be greater than the historic published figures.

5 Based on an exchange rate of €1.00 to £0.8263 on 16 January 2012.

• operational efficiencies: cost savings are anticipated from optimising paper usage by corrugated factories and other operational efficiencies; and

• capital expenditure and working capital: it is recognised that there are opportunities to optimise capital expenditure and working capital given the combined capabilities of the manufacturing and operational infrastructure of the Group.

The expected one-off cash costs to implement the integration and deliver the synergies are estimated at €80 million over the first three full financial years after Completion.

The Board believes that if the French Transaction (as described in Section 7.2 below) does not proceed the impact on the synergy benefits otherwise expected to arise from the Enlarged Group will be to reduce the annualised pre-tax cost synergies from procurement efficiencies by €7 million per annum by the end of the third full financial year following Completion and to reduce total capital expenditure and working capital benefits anticipated by the end of the third full financial year following Completion by €14 million.

The expected cost synergies have been calculated on the basis of the existing procurement and operational structures of DS Smith and SCA Packaging. In assessing the estimate of cost synergies, the Board and management have been aided by their integration experience, including the integration of Otor in 2010 and 2011. The figures as set out in the preceding paragraphs are unaudited numbers based on management estimates.

4. SUMMARY INFORMATION ON DS SMITH

DS Smith is a leading international supplier of recycled packaging for consumer goods through its recycling, packaging, paper and plastics operations. As at 31 October 2011, DS Smith (excluding its Office Products Wholesaling business now sold) employed over 10,000 people at 94 manufacturing locations. DS Smith operates three core divisions: UK Packaging, Continental European Corrugated Packaging and Plastic Packaging. For the financial year ended 30 April 2011, UK Packaging's customer base for its corrugated box products was approximately 75% FMCG, with no UK Packaging customer accounting for more than 3% of the segment's total external revenues.

For the financial year ended 30 April 2011, DS Smith reported revenue of £2,474.5 million, adjusted operating profit of £136.1 million, operating profit of £129.4 million and profit before income tax of £102.2 million. In July 2010, the DS Smith Group acquired the Otor Group, which has increased the focus on FMCG customers. In July 2011 the DS Smith Group announced the proposed disposal of Spicers, its Office Products Wholesaling business. The sale completed on 29 December 2011.

DS Smith is listed on the main market of the London Stock Exchange and is a member of the FTSE 250 index. As at 16 January 2012, DS Smith had a market capitalisation of approximately £888 million. In the financial year ended 30 April 2011, DS Smith's production volumes included 890 kilotonnes of CCM; 1,310 kilotonnes of corrugated board on an annualised basis; and 1,800 kilotonnes of recycled fibre. Through its operations in the United Kingdom, DS Smith produced approximately 1.125 billion square metres of corrugated packaging and board for which approximately 50% of the paper required was supplied by DS Smith's own mills. Its operations in continental Europe produced approximately 120 kilotonnes of CCM and 1.3 billion square metres of corrugated board, on an annualised basis, during the same period.

5. SUMMARY INFORMATION ON SCA PACKAGING

SCA Packaging comprises all of the assets contained within SCA's packaging division, with the exception of two kraftliner mills in Sweden. SCA is incorporated in Sweden and is listed on the Stockholm Stock Exchange with a market capitalisation as at 16 January 2012 of SEK73.3 billion (approximately £6.9 billion[6]).

SCA Packaging is the second largest packaging business in Europe. As at 30 September 2011, the SCA Packaging Group (excluding locations of certain joint ventures) owned facilities in 21 countries which included 110 corrugated manufacturing locations. Currently the SCA Packaging Group operates in 20 countries across Europe with facilities

6 Based on an exchange rate of SEK10.7016 to £1 on 16 January 2012.

including 109 corrugated manufacturing locations (following the disposal of operations in Russia). In the financial year ended 31 December 2010, SCA Packaging (including the effects of certain joint ventures and discontinued operations) sold 3,621 kilotonnes of recycled fibre; sold 1,383 kilotonnes of CCM; and had corrugated sales volumes of 3,428 million square metres (approximately 1,783 kilotonnes). SCA Packaging's level of integration of providing containerboard supply for corrugated production (including through swap activity) was approximately 70% for the same period. SCA Packaging had 12,598 employees as at 30 September 2011 (including discontinued operations now sold). SCA Packaging operates across the entire packaging chain including recycling, design, packaging manufacture and customer logistics.

In terms of external revenue, customers in Germany, Italy and France accounted for 19.7%, 16.5% and 12.7% of external revenue in the 9 months ended 30 September 2011 respectively, with no other country accounting for more than 8% of total external revenue. SCA Packaging's customer base for its corrugated box products is 49% FMCG customers and 51% industrial customers.

There is a strong emphasis on design and innovation, with a dedicated innovation centre in Brussels and 15 design centres across Europe. For the financial year ended 31 December 2010, SCA Packaging generated revenue of €2,542.3 million, adjusted operating profit of €112.4 million, operating profit of €82.0 million, profit before income tax of €98.4 million and profit from operations of €76.2 million. As of that date, SCA Packaging had total assets of €4,160.8 million.

6. THE ACQUISITION STRUCTURE

The Acquisition comprises the packaging division of SCA, excluding the kraftliner assets. This may include the French Companies, which account for a small proportion of the overall packaging assets (0.8% of SCA Packaging Group profit before tax for the financial year ended 31 December 2010, 5.8% of SCA Packaging Group gross assets as at 30 September 2011 and 5.9% of the overall Acquisition value).

Before SCA takes any definitive decision to proceed with the French Transaction, French law requires it to consult with the Works Councils with the view to obtaining their opinions on the French Transaction in such a way as to ensure the effectiveness of the consultations. Taking a prudent approach in this respect, the Acquisition has been structured as two separate transactions. Accordingly:

- DS Smith and DS Smith Luxco have entered into an Acquisition Agreement to purchase the non-French Business; and

- DS Smith Dutchco has made a formal offer to acquire the French Business. Until such time as SCA and the French Group Parent accept DS Smith Dutchco's offer for the French Business, SCA and the French Group Parent are under no legal obligation to proceed with the French Transaction.

This structure enables SCA to comply with the legal requirements in France for mandatory works council consultations and give the Works Councils time to fully consider the French Transaction before any decision by SCA is taken.

The consultation procedure in France could last for several months, in particular if the Works Councils' members are not satisfied with the information provided, including any information relating to DS Smith's contemplated business plan after the French Transaction is completed.

The Offer Letter is conditional on the acquisition of the non-French Business completing. SCA is expected to accept the formal offer for the French Business and execute a binding sale and purchase agreement in relation to the French Business (the **French Acquisition Agreement**) once the consultation procedures with the Works Councils are completed. Although DS Smith does not believe it to be a likely scenario, it is possible that the French Transaction may be delayed or will not proceed. The acquisition of the non-French Business is not conditional on the French Transaction completing.

In any event, given the operational autonomy of each of the non-French Business and the French Business, including their own dedicated management teams, independent customer base, and ability to source paper from each other or from the open market on similar terms and conditions, there is expected to be little or no impact on the non-French Business, should the French Acquisition not proceed.

7. SUMMARY OF THE KEY TERMS OF THE ACQUISITION

In order to implement the Acquisition, members of the DS Smith Group have entered into the Principal Transaction Agreements detailed below with members of the SCA Group. The total price of the Acquisition is €1.7 billion of which €1.6 billion is payable for the non-French Business, and the remaining €100 million is payable for the French Business. Net consideration will be approximately €1.6 billion after taking into account a pension price adjustment. In addition, there will also be customary post-Completion adjustments.

7.1 Acquisition Agreement

Under the terms of the Acquisition Agreement, and subject to the relevant conditions being satisfied, DS Smith Luxco has conditionally agreed to acquire the non-French Business from SCA Dutchco for €1.6 billion on a cash, debt and, to the extent legally possible and commercially practicable, pension free basis.

Completion of the acquisition of the non-French Business is conditional, amongst other things, on the following: (a) anti-trust clearance having been obtained from the European Commission; (b) the Shareholders approving the Resolutions; (c) completion of the Reorganisation; (d) the Underwriting Agreement not having been terminated before Admission and Admission occurring; and (e) SCA entering into a scheme apportionment arrangement with SCA Packaging and the trustees of the SCA UK pension plan.

7.2 Offer Letter and French Acquisition Agreement

Under the terms of the Offer Letter, and subject to the relevant conditions being satisfied, DS Smith Dutchco has offered to acquire the French Business from the French Group Parent for €100 million on a cash, debt and, to the extent legally possible and commercially practicable, pension free basis.

Should the offer be accepted by the French Group Parent and SCA, and the French Acquisition Agreement be entered into, completion of the French Transaction is conditional on the acquisition of the non-French Business completing.

7.3 Transitional Services Agreement

DS Smith and SCA has entered into the Transitional Services Agreement on the date of the Acquisition Agreement.

7.4 Supply Agreements

SCA and DS Smith have agreed to enter into three long-term supply agreements as of Completion:

(a) the Kraftliner Supply Agreement, pursuant to which the SCA Group will supply certain grades of kraftliner to the DS Smith Group;

(b) the Recovered Paper Supply Agreement, pursuant to which the DS Smith Group will supply recovered paper to the SCA Group; and

(c) the Box Supply Agreement, pursuant to which the DS Smith Group will supply corrugated packaging material to the SCA Group.

7.5 Tax Deeds

A tax deed will be entered into between SCA Dutchco and DS Smith Luxco at Completion. A tax deed in similar terms in relation to the French Companies will be entered into between DS Smith Dutchco and the French Group Parent on completion of the French Acquisition Agreement.

7.6 Approvals

Owing to its size, the Acquisition constitutes a reverse takeover for the purposes of the Listing Rules. Upon Completion, the listing of the Ordinary Shares will be cancelled pursuant to the Listing Rules. Application will be made to the UKLA and the London Stock Exchange for the Ordinary Shares of the Enlarged Group to be re-admitted to listing on the premium segment of the Official List and to trading on the main market of the London Stock Exchange.

The Acquisition requires approval from Shareholders, and accordingly a General Meeting will be convened for 3 February 2012. The Acquisition will also require regulatory clearances.

7.7 Break Fees

Under the Acquisition Agreement, a break fee of £8.8 million is payable by DS Smith Luxco to SCA Dutchco in certain circumstances, including if Shareholder approval or anti-trust clearance is not obtained. In respect of the French Offer, a break fee of €7 million is payable by SCA to DS Smith Dutchco on a breach of exclusivity under the Offer Letter. In addition, a break fee of €3 million is also payable by the French Group Parent to DS Smith Dutchco in certain circumstances.

8. FINANCING THE ACQUISITION

The Acquisition and associated expenses will be funded through a mixture of equity and debt, approximately: £466 million (€564 million[7]) from the Rights Issue; €700 million from the Acquisition Facilities Agreement; and €414 million from the Revolving Credit Facility. The earliest date for repayment of any principal under the Acquisition Facilities Agreement is three years from the date of signing of the Acquisition Facilities Agreement; however, DS Smith intends to refinance a portion of this debt at an earlier date subject to market conditions.

The Board expects leverage on completion of the Acquisition to be moderately above its stated target of 2.0x net debt/EBITDA, but to reduce to the targeted level by the end of the first full financial year after Completion.[8]

Notwithstanding the scale and broader geographic coverage of the Enlarged Group, particularly with the increased exposure to the more robust economies of Northern Europe, the Board believes that it is prudent to fund the acquisition in part through the Rights Issue. As a result, the Board believes the Enlarged Group’s level of indebtedness is appropriate taking into account both the current macroeconomic situation and market conditions, whilst offering the prospect of attractive returns for Shareholders.

9. MANAGEMENT AND EMPLOYEES

The Board will be unchanged following the Acquisition, comprising the Chairman, two Executive Directors (the Group Chief Executive and the Group Finance Director) and three independent non-Executive Directors. Following the decision of Peter Johnson to step down from the Board on 4 January 2012, the Board intends to appoint a further non-Executive Director in due course. Following Completion, the Board will continue to adhere to the UK Corporate Governance Code.

In terms of the management team of the Enlarged Group, the combined business will be organised in such a way as to ensure that the significant synergies and benefits resulting from the Acquisition are captured for the benefit of Shareholders. An Integration Programme Office will be established to support the executive management team which will run the Enlarged Group.

SCA Packaging has high quality employees and an experienced management team which is expected to contribute further to the success of the Enlarged Group. Upon Completion, the Board intends to fully respect the existing rights of all SCA Packaging employees.

7 Based on an exchange rate of €1.00 to £0.8263 on 16 January 2012.

8 This should not be construed as a profit forecast or interpreted to mean that the future earnings per share, profits, margins or cash flows of the DS Smith Group will necessarily be greater than the historic published figures.

10. PRINCIPAL TERMS OF THE RIGHTS ISSUE

The Company is proposing to raise approximately £456 million (net of underwriting commissions), by way of the Rights Issue of up to 490,752,526 New Ordinary Shares. The Rights Issue Price of 95 pence per New Ordinary Share, which is payable in full on acceptance by not later than 11.00 a.m. on 21 February 2012, represents a 53.3% discount to the Closing Price of 203.6 pence per Existing Ordinary Share on 16 January 2012 (being the last trading day prior to the announcement of the Rights Issue) and a 35.0% discount to the theoretical ex-rights price of 146.1 pence per New Ordinary Share calculated by reference to the Closing Price. If a Qualifying Shareholder does not take up any of his entitlement to New Ordinary Shares, his proportionate shareholding will be diluted by 52.9%. However, if a Qualifying Shareholder takes up his Rights in full, he will, after the Rights Issue has been completed and ignoring any fraction of an Ordinary Share, have the same proportionate voting rights and entitlements to dividends as he had on the Record Date.

If a Qualifying Shareholder does not subscribe for the New Ordinary Shares to which he is entitled, such Shareholder can instead sell his rights to those New Ordinary Shares and receive the net proceeds in cash. This is referred to as dealing in the rights "nil paid" and subject to the fulfilment of certain conditions, dealings on the London Stock Exchange in the Nil Paid Rights are expected to commence at 8.00 a.m. on 6 February 2012.

Subject to the fulfilment of, amongst others, the conditions set out below, the Company proposes to offer New Ordinary Shares, by way of the Rights Issue to Qualifying Shareholders on the following basis:

9 New Ordinary Shares at 95 pence each for every 8 Existing Ordinary Shares

held by Qualifying Shareholders on the Record Date. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue. Fractional entitlements to New Ordinary Shares will not be allotted and, where necessary, entitlements will be rounded down to the nearest whole number of New Ordinary Shares.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive in full all dividends and other distributions declared, made or paid by reference to a record date after the date of their issue.

The Rights Issue is conditional upon, amongst other things:

(a) the Acquisition Agreement remaining in full force and effect, not having lapsed or been terminated prior to Admission, and no event having arisen at any time prior to Admission which gives any party to the Acquisition Agreement a right to terminate it which right has not been waived;

(b) the Acquisition Facilities Agreement remaining in full force and effect, not having lapsed or been terminated prior to Admission, and no event having arisen at any time prior to Admission which has not been waived or remedied which gives any party to the Acquisition Facilities Agreement a right to terminate it which right has not been waived;

(c) the Resolutions being passed at the General Meeting;

(d) the fulfilment by the Company of its obligations under the Underwriting Agreement including the delivery of certain documents to the Sponsor and the Underwriters, by the times and dates specified in the Underwriting Agreement;

(e) in the opinion of each of the Sponsor and J.P. Morgan Securities Ltd acting in good faith, there having been no material adverse effect relating to DS Smith or SCA Packaging at any time prior to Admission; and

(f) Admission having occurred by not later than 8.00 a.m. on 6 February 2012 (or such later time and/or date, being not later than13 February 2012) as the parties to the Underwriting Agreement may agree.

The Rights Issue has been fully underwritten on the basis set out in the Underwriting Agreement.

The results of the Rights Issue, including the aggregate number of New Ordinary Shares issued and the aggregate amount raised, net of expenses, is expected to be announced by DS Smith to a Regulatory Information Service by no later than 8.00 a.m. on 22 February 2012.

Assuming Completion takes place, the Rights Issue proceeds of approximately £456 million (net of underwriting commissions) will be applied to partially satisfy the consideration to be paid to SCA.

However, Shareholders should note that the Rights Issue is not conditional upon completion of the Acquisition and that, subsequent to the Rights Issue becoming wholly unconditional, the Acquisition could fail to complete. In the event that the Rights Issue settles but Completion does not take place, the Directors' current intention is that the proceeds of the Rights Issue will be invested on a short term basis while the Directors evaluate other acquisition opportunities and, if no acquisitions can be found on acceptable terms, the Directors will consider how best to return surplus capital to Shareholders. Such a return could carry fiscal costs for certain Shareholders and will have costs for the Company.

Applications will be made to the UKLA for the New Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the main market of the London Stock Exchange. It is expected that Admission will become effective and dealings (for normal settlement) in the New Ordinary Shares will commence, nil paid, at 8.00 a.m. on 6 February 2012.

JPMSL, as agent for the Company, has agreed under the terms of the Underwriting Agreement to procure subscribers or, failing which, the Underwriters shall subscribe for the New Ordinary Shares not taken up in the Rights Issue at a price of 95 pence per New Ordinary Share.

It is expected that the Provisional Allotment Letters will be despatched on 3 February 2012, after the General Meeting.

11. DIVIDEND POLICY OF THE ENLARGED GROUP

The Board considers the dividend to be an important component of the Enlarged Group Shareholders' returns. It is the Board's intention to continue DS Smith's current dividend policy for the Enlarged Group, taking into account the Enlarged Group's leverage, earnings growth potential and future expansion plans. The amount of the dividend will be set so that dividends are progressive and the Board anticipates that dividend cover should be, on average, 2.0 to 2.5x throughout the cycle.

12. CURRENT TRADING AND PROSPECTS

12.1 Interim Management Statement for DS SMITH

In the period since 1 November 2011, performance has been good, with volume growth for the year to date remaining in DS Smith's stated "GDP +1%" range, at around 3%. This has been driven by a particularly strong performance across the continental European business, where DS Smith continues to gain market share due to the packaging solutions tailored to its FMCG customers. DS Smith remains focused on growing margins and the plastics business also continues to perform well.

DS Smith remains confident in the trading outlook for the remainder of this financial year, due to its resilient, growing customer base and short paper position, despite the uncertain macroeconomic environment. The actions that DS Smith are taking to develop the packaging business and to drive efficiency improvements, will position the DS Smith Group well in the more challenging trading environment. DS Smith's continuing investment in the packaging business underpins its confidence that the DS Smith Group will continue to develop positively in the medium term.

12.2 Current trading for SCA Packaging

In the period since 30 September 2011, SCA Packaging has seen broadly the same market conditions as the first nine months of the year. Corrugated board prices have stabilised in the fourth quarter and volumes have remained subdued in some markets in light of the macroeconomic situation. SCA Packaging continues to make progress with slightly lower raw material costs and cost savings.

13. GENERAL MEETING

A General Meeting is to be held at the offices of Allen & Overy LLP, One Bishop's Square, London E1 6AD at 9.30 a.m. on 3 February 2012 at which the Resolutions will be proposed and shareholder approval for the transaction will be sought. The Acquisition and Rights Issue are conditional and dependent upon the Resolutions being passed (there are also additional conditions which must be satisfied before the Acquisition and Rights Issue can be completed).

14. FURTHER INFORMATION

Further details in relation to the Acquisition and Rights Issue will be set out in the combined prospectus and circular to be published in relation to the application to the UKLA and the London Stock Exchange for the Ordinary Shares in the Enlarged Group to be re-admitted to listing on the premium segment of the Official List and to trading on the main market of the London Stock Exchange, respectively. . Shareholders' attention is drawn, in particular, to the risk factors to be included in such combined prospectus and circular.

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APPENDIX 1
EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change.[1]

Announcement of the Acquisition and Rights Issue	17 January 2012
Publication and posting of the Prospectus, and the Notice of General Meeting and the Form of Proxy	17 January 2012
Rights Issue Record Date	close of business on 1 February 2012
Latest time and date for receipt of Forms of Proxy	9.30 a.m. on 1 February 2012
General Meeting	**9.30 a.m. on 3 February2012**
Despatch of Provisional Allotment Letters (to Qualifying non-CREST Shareholders only)[2]	3 February 2012
Publication of notice in the London Gazette	6 February 2012
Existing Ordinary Shares marked "ex" by the London Stock Exchange	8.00 a.m. on 6 February 2012
Dealings in New Ordinary Shares, nil paid, commence on the London Stock Exchange	8.00 a.m. on 6 February 2012
Nil Paid Rights credited to stock accounts in CREST (Qualifying CREST Shareholders only)[2]	as soon as practicable after 8.00 a.m. on 6 February 2012
Nil Paid Rights and Fully Paid Rights enabled in CREST	as soon as practicable after 8.00 a.m. on 6 February 2012
Recommended latest time for requesting withdrawal of Nil Paid Rights and Fully Paid Rights from CREST (i.e., if your Nil Paid Rights and Fully Paid Rights are in CREST and you wish to convert them to certificated form)	4.30 p.m. on 15 February 2012
Latest time for depositing renounced Provisional Allotment Letters, nil or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e., if your Nil Paid Rights and Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them to uncertificated form)	3.00 p.m. on 16 February 2012
Latest time and date for splitting Provisional Allotment Letters, nil or fully paid	3.00 p.m. on 17 February 2012
Latest time and date for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters	**11.00 a.m. on 21 February 2012**
Results of Rights Issue to be announced through a Regulatory Information Service	by 8.00 a.m. on 22 February 2012
Dealings in New Ordinary Shares, fully paid, commence on the London Stock Exchange	**by 8.00 a.m. on 22 February 2012**

New Ordinary Shares credited to CREST accounts	as soon as practicable after 8.00 a.m. on 22 February 2012
Despatch of definitive share certificates for the New Ordinary Shares in certificated form	by no later than 29 February 2012
Expected date of Completion of the acquisition and expected date of re-admission of the Existing Ordinary Shares and New Ordinary Shares	**no later than 31 July 2012**

The Company expects to publish a supplementary prospectus prior to the General Meeting to reflect certain unaudited combined financial information for SCA Packaging for the year ended 31 December 2011.

Notes:

1. The times and dates set out in the expected timetable of principal events above and mentioned throughout this document may be adjusted by DS Smith in consultation with J.P. Morgan in which event details of the new times. and dates will be notified to the UKLA, the London Stock Exchange and where appropriate Qualifying Shareholders.
2. Subject to certain restrictions relating to Qualifying Shareholders with registered addresses outside the United Kingdom.

APPENDIX 2

Definitions and Glossary of Technical Terms

The following definitions and technical terms apply throughout this document unless the context requires otherwise:

Acquisition	the proposed acquisition of the non-French Business (pursuant to the Acquisition Agreement) and the French Business (pursuant to the Offer Letter and the French Acquisition Agreement);
Acquisition Agreement	the agreement dated 17 January 2012 between DS Smith, DS Smith Luxco, SCA and SCA Dutchco pursuant to which DS Smith Luxco conditionally agreed to acquire the SCA Packaging Shares;
Acquisition Facilities	each of Facility A and Facility B of the Acquisition Facilities Agreement;
Acquisition Facilities Agreement	the €700 million facility agreement between HSBC Bank plc, J.P. Morgan Limited, Lloyds TSB Bank plc, The Royal Bank of Scotland plc and DS Smith, dated 17 January 2012 under which the Acquisition Facilities are made available to DS Smith on the terms therein;
Admission	the proposed admission of the New Ordinary Shares by the UKLA to listing on the premium segment of the Official List and by the London Stock Exchange to trading nil paid on the main market of the London Stock Exchange;
Board	the board of Directors of the Company;
Box Supply Agreement	the supply agreement relating to corrugated packaging material to be entered upon Completion between DS Smith and SCA pursuant to which the DS Smith Group has agreed to purchase and the SCA Group has agreed to sell certain corrugated packaging material;
Business Day	a day (excluding Saturdays, Sundays and public holidays in England and Wales) on which banks are generally open for business in London;
CCM	corrugated case material, which is the generic term used to describe certain grades of paperboard, mainly liner and medium, which are used principally for the production of corrugated sheet;
certificated	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in certificated form (that is, not in CREST);
Closing Price	the closing middle market price of a relevant share as derived of SEDOL on any particular day;
Completion	completion of the acquisition of the non-French Business;
Continental European Corrugated Packaging	The DS Smith Group's continental European corrugated packaging segment, comprised of, amongst others, DS Smith Kaysersberg SAS and DS Smith Packaging France SAS;
CREST or **CREST system**	the paperless settlement procedure operated by Euroclear enabling system securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument;
Directors	the directors of DS Smith;
DS Smith or **the Company**	DS Smith Plc;

DS Smith Dutchco	David S Smith (Netherlands) BV;
DS Smith Group or Group	DS Smith and its subsidiary undertakings from time to time;
DS Smith Luxco	DS Smith Luxembourg S.à.r.l.;
DS Smith Recycling	DS Smith Paper, trading as DS Smith Recycling;
Enlarged Group	the DS Smith Group as enlarged by the Acquisition and the Rights Issue proceeds (following completion of the Acquisition and completion of the Rights Issue, respectively);
EPS	earnings per share before goodwill, amortisation and exceptional items (including one-off costs associated with the integration of SCA Packaging);
EU	the member states of the European Union;
Europe	the EU, Switzerland and Norway;
ex-rights date	the date on which the Company's Ordinary Shares begin trading without giving the holders of those Ordinary Shares the right to participate in the Rights Issue (being 8.00 a.m. on6 February 2012);
Excluded Territories	Australia, Canada, Japan and South Africa and any other jurisdictions where the extension and availability the Rights Issue would breach any applicable law;
Existing Ordinary Shares	the Ordinary Shares of 10 pence each in the capital of DS Smith in issue immediately prior to the Rights Issue;
FMCG	fast moving consumer goods;
Form of Proxy	the form of proxy enclosed with the Prospectus for use in connection with the General Meeting
French Acquisition Agreement	the agreement which may be entered into between DS Smith Dutchco, DS Smith, the French Group Parent and SCA pursuant to which DS Smith Dutcho will conditionally agree to acquire the French Shares;
French Business	the business carried on by the French Companies;
French Companies	any company in the French Group;
French Group	Cartonnages Industriels Mehunois CIM SAS, SCA Packaging Auneuil SAS, SCA Emballage France SAS, SCA Display & Services SAS, Packaging Service SAS, SCA Packaging Nicollet SAS and SCA Packaging Fegersheim SAS;
French Group Parent	SCA Packaging France SAS;
French Offer	the formal offer by DS Smith Dutchco to the French Group Parent and SCA to acquire the French Shares from the French Group Parent on the terms of the French Acquisition Agreement;
French Shares	the entire issued share capital in SCA Packaging Nicollet SAS;
French Tax Deed	the French tax deed to be entered into between DS Smith Dutchco and the French Group Parent on completion of the French Acquisition Agreement;
French Transaction	the proposed sale by the French Group Parent of the French Shares to DS Smith Dutchco pursuant to the terms of the French

	Acquisition Agreement;
FSA	the Financial Services Authority;
FSMA	the Financial Services and Markets Act 2000, as amended;
Fully Paid Rights	rights to acquire the New Ordinary Shares, fully paid;
GDP	gross Domestic Product;
General Meeting	the general meeting of the Company proposed to be held at the offices of Allen & Overy LLP, One Bishops Square, London E1 6AD at 9.30 a.m. on 3 February 2012 to approve the Resolutions;
HSBC	HSBC Bank plc;
J.P. Morgan	both J.P. Morgan Cazenove and JPMSL;
J.P. Morgan Cazenove	J.P. Morgan Limited (which conducts its UK investment banking activities as J.P. Morgan Cazenove);
JPMSL	J.P. Morgan Securities Ltd;
kraftliner	the strongest form of liner. It is manufactured primarily from virgin fibre;
Kraftliner Supply Agreement	the supply agreement relating to kraftliner to be entered into upon Completion between DS Smith and SCA pursuant to which the DS Smith Group has agreed to purchase and the SCA Group has agreed to sell certain kraftliner products;
Listing Rules	the listing rules made by the FSA under section 73A of the Financial Services and Markets Act 2000, as amended;
London Gazette	the official newspaper of the Crown;
London Stock Exchange or LSE	London Stock Exchange plc;
New Ordinary Shares	the Ordinary Shares of 10 pence each proposed to be issued by DS Smith pursuant to the Rights Issue;
Nil Paid Rights	New Ordinary Shares in nil paid form provisionally allotted to Qualifying Shareholders pursuant to the Rights Issue;
non-French Business	the business carried on by the SCA Packaging Holding B.V. and its subsidiaries and associated companies;
Offer Letter	the offer letter dated 17 January 2012 between DS Smith Dutchco, DS Smith, the French Group Parent and SCA pursuant to which DS Smith Dutchco, conditionally offered to acquire the French Business
Office Products Wholesaling	previously DS Smith's pan-European provider of office products wholesaling solutions, otherwise known as Spicers;
Official List	the official list of the UKLA;
Ordinary Shares	the ordinary shares with a nominal value of 10 pence each in the capital of DS Smith;
Otor	Otor S.A. (now DS Smith Packaging France);
Otor Group	Otor Finance S.A. and its subsidiary undertakings;
Overseas Shareholders	Qualifying Shareholders who are resident in, or citizens of, countries other than the United Kingdom;

Plastic Packaging	the DS Smith Group's plastic packaging segment, comprised of, amongst others, DS Smith Plastics Limited;
pounds sterling, sterling or **£**	the lawful currency of the United Kingdom;
Principal Transaction Agreements	the Acquisition Agreement, the Offer Letter, the French Acquisition Agreement, the Tax Deed, the French Tax Deed, the Supply Agreements and the Transitional Services Agreement;
Prospectus	the combined prospectus and circular to be published today by the Company;
Provisional Allotment Letter(s) or **PAL(s)**	the renounceable provisional allotment letters relating to the Rights Issue to be issued to Qualifying non-CREST Shareholders other than certain Overseas Shareholders;
Qualifying CREST Shareholders	Qualifying Shareholders holding Ordinary Shares in uncertificated form;
Qualifying non-CREST Shareholders	Qualifying Shareholders holding Ordinary Shares in certificated form;
Qualifying Shareholder(s)	Shareholder(s) on the register of members of the Company at the Record Date;
RBS	the Royal Bank of Scotland plc (trading as RBS Hoare Govett);
Record Date	close of business on 1 February 2012;
Recovered Paper Supply Agreement	the supply agreement relating to recovered paper to be entered into upon Completion between DS Smith and SCA pursuant to which the DS Smith Group has agreed to supply recovered paper to the SCA Group;
regulatory authority	any central bank, ministry, governmental, quasi governmental (including the European Union), supranational, statutory, regulatory or investigative body or authority (including any national or supranational anti-trust or merger control authority), national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof), private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction, including for the avoidance of doubt, the takeover panel, the FSA, the UKLA and the London Stock Exchange;
Regulatory Information Service	one of the regulatory information services authorised by the UKLA to receive, process and disseminate regulatory information from listed companies;
Reorganisation	the reorganisation of SCA's packaging business, in order to (a) remove certain SCA entities from the SCA Packaging Group that currently sit within it but are not part of the SCA Packaging business; and (b) transfer certain entities into the SCA Packaging Group that are currently outside the SCA Packaging Group but are operating as part of the SCA Packaging business and are intended to be included as part of the Acquisition;
Resolutions	the resolutions numbered 1, 2 and 3 set out in the Notice of General Meeting;

reverse takeover	has the meaning given to such term by the Listing Rules;
Revolving Credit Facility	the £610 million syndicated revolving credit facility dated 23 September 2011 between the Company and Abbey National Treasury Services PLC (trading as Santander Global Banking and Markets), Citibank N.A. London Branch, Commerzbank Aktiengesellschaft, London Branch, Crédit Industriel et Commercial, London Branch, DNB NOR Bank ASA, London Branch, HSBC Bank PLC, JPMorgan Chase Bank, N.A., KBC Bank NV, London Branch, Lloyds TSB Bank plc, Natixis, and The Royal Bank of Scotland plc;
Rights	the Nil Paid Rights and/or the Fully Paid Rights;
Rights Issue	the proposed issue of the New Ordinary Shares to Qualifying Shareholders by way of Rights on the terms and subject to the conditions set out in the Prospectus and, in the case of Qualifying non-CREST Shareholders only, the Provisional Allotment Letters;
Rights Issue Price	95 pence per New Ordinary Share;
SCA	Svenska Cellulosa Aktiebolaget SCA (publ);
SCA Dutchco	SCA Group Holding B.V.;
SCA Group	SCA and its subsidiaries and associated companies;
SCA Packaging or **SCA Packaging Group**	the packaging division of SCA,, (comprising the non-French Business and the French Business) excluding the kraftliner assets;
SCA Packaging Shares	the entire issued and allotted share capital of SCA Packaging Holding B.V., being the holding company of the non-French Business;
SEK	the lawful currency of the Kingdom of Sweden;
Shareholder	any holder of Ordinary Shares;
Spicers	Spicers Ltd, Spicers (Ireland) Ltd, Spicers Belgium NV and Spicers France SAS, and each of their respective subsidiaries;
Sponsor	J.P. Morgan Cazenove;
Supply Agreements	the Box Supply Agreement, Kraftliner Supply Agreement and Recovered Paper Supply Agreement;
Tax Deed	the tax deed to be entered into upon Completion between SCA Dutchco and DS Smith Luxco;
Transitional Services Agreement	the transitional services agreement dated the date of the Acquisition Agreement between DS Smith and SCA under which the parties agree to provide certain transitional services post-Completion;
UK Corporate Governance Code	the combined code on corporate governance issued by the Financial Reporting Council in the United Kingdom from time to time to be known in future as the UK Corporate Governance Code
UK Packaging	the DS Smith Group's UK packaging segment comprised of, amongst others, DS Smith Packaging Limited, DS Smith Logistics Limited and DS Smith Paper;
UKLA	the Financial Services Authority in its capacity as competent authority under FSMA;

uncertificated or in uncertificated form	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST;
Underwriters	JPMSL, HSBC and RBS ;
Underwriting Agreement	the agreement dated 17 January 2012 between DS Smith, J.P. Morgan Cazenove and the Underwriters pursuant to which the Underwriters have conditionally agreed to underwrite the Rights Issue;
United Kingdom or **UK**	the United Kingdom of Great Britain and Northern Ireland;
United States or **US**	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction; and
Works Councils	the relevant works councils for each of the French Companies.

Reference to a **company** in this document shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.