



Energía y Celulosa

REPORT PREPARED BY THE BOARD OF DIRECTORS OF ENCE ENERGÍA Y CELULOSA, S.A., RELATING TO THE MODIFICATION OF THE BYLAWS IMPLIED BY THE FIFTH POINT OF THE AGENDA OF THE ANNUAL SHAREHOLDERS' MEETING TO BE HOLD IN THE HOTEL INTERCONTINENTAL, PASEO DE LA CASTELLANA No. 49 IN MADRID, AT 12:30 PM ON 21 MARCH 2013, ON FIRST CALL, OR ON 22 MARCH 2013, AT THE SAME TIME AND IN THE SAME LOCATION, ON SECOND CALL

1. PURPOSE OF REPORT

This report has been prepared by the board of directors of Ence Energía y Celulosa, S.A. (the "**Company**") to justify the proposal for the modification of the bylaws submitted for approval at the general shareholders' meeting, scheduled to be held on 21 March 2013 at 12:30 PM in the Hotel Intercontinental, Paseo de la Castellana n. 49, Madrid on first call or the following day, 22 March 2013 at the same time and in the same location, on second call.

2. ANALYSIS AND JUSTIFICATION OF THE PROPOSED MODIFICATIONS

The proposed modification of Article 57 of the corporate bylaws is intended to allow the Company's board of directors to decide the distribution of interim dividends not only in cash but also in kind to provide an additional form of remuneration for the shareholder, all within the limits of what Article 277 of the Companies Act establishes regarding the distribution of interim dividends.

If the proposed modification is accepted, Article 57 will be written in the following manner:

Current state	Proposed version
<p>Article 57. Distribution of dividends</p> <p><i>1. After the reserves stipulated by law or in the Bylaws have been covered, dividends may only be distributed with a charge to profits for that fiscal year, or to unrestricted reserves, if the value of the net worth per books is not, or, as a consequence of the distribution, will not be lower than the capital stock. If there are losses from previous years that would make that value of the Company's net assets be lower than the amount of capital stock, profits will be used to offset these losses.</i></p> <p><i>The General Meeting will set, in its resolution on the distribution of dividends, the time and form and payment. The determination of these issues can be delegated to the board of directors, as well as any others that may be necessary or appropriate to carry out the resolution.</i></p>	<p>Article 57. Distribution of dividends</p> <p><i>1. After the reserves stipulated by law or in the Bylaws have been covered, dividends may only be distributed with a charge to profits for that fiscal year, or to unrestricted reserves, if the value of the net worth per books is not, or, as a consequence of the distribution, will not be lower than the capital stock. If there are losses from previous years that would make that value of the Company's net assets be lower than the amount of capital stock, profits will be used to offset these losses.</i></p> <p><i>The General Meeting will set, in its resolution on the distribution of dividends, the time and form and payment. The determination of these issues can be delegated to the board of directors, as well as any others that may be necessary or appropriate to carry out the resolution.</i></p>
<p><i>2. The Board may decide to distribute dividends (whether from annual profits or</i></p>	<p><i>2. The Board may decide to distribute dividends (whether from annual profits or</i></p>

<p>unrestricted reserves) or from share premium, in kind, provided that (i) the assets or securities to be distributed are homogeneous, (ii) they are admitted to trading on an official market (on the effective date of the resolution) or whose liquidity is duly guaranteed by the Company in a period not to exceed one year, and (iii) they are not distributed at a lower value than what appears on Company's balance sheet.</p>	<p>unrestricted reserves) or from share premium, in kind, provided that (i) the assets or securities to be distributed are homogeneous, (ii) they are admitted to trading on an official market (on the effective date of the resolution) or whose liquidity is duly guaranteed by the Company in a period not to exceed one year, and (iii) they are not distributed at a lower value than what appears on Company's balance sheet.</p> <p><u>In any case, the distribution of interim dividends to shareholders shall be governed by the provisions of the Law, with the Board of Directors able to decide that the distribution is made in kind under the conditions provided in the preceding paragraph.</u></p>
<p>3. If distributable profits exist and non-voting shares have been issued, the General Meeting shall be obliged to resolve a preferred dividend payment as recognized in Article 9 of these Bylaws.</p>	<p>3. If distributable profits exist and non-voting shares have been issued, the General Meeting shall be obliged to resolve a preferred dividend payment as recognized in Article 9 of these Bylaws.</p>

Madrid, 19 February 2013