

CAPITAL REDUCTION

ENCE ENERGÍA Y CELULOSA, S.A.

Pursuant to article 319 of the Securities Market Act, the Company announces that the Board of Directors of **Ence Energía y Celulosa, S.A.**, at its meeting held on 26 of April of 2017, agreed to implement the agreement approved by the Ordinary General Shareholders' Meeting held on March 30, 2017 to reduce the share capital in €3,600,000, through the amortization of 4,000,000 treasury shares. Consequently, the share capital of the Company is €221,645,250.

As a result of the capital reduction, Articles 5 and 6 of the bylaws of Ence Energía y Celulosa, S.A. have been redrafted in relation to the share capital, which has been fixed at 221,645,250 euros, consisting of 246,272,500 shares with a par value of 0.90 euros each, which will be represented by book entries and belong to the same class.

To this effect, the reduction in capital has been made against the unrestricted reserves through the provision of a reserve in amortized capital of €3,600,000 (amount equal to the nominal value of the amortized shares), which will only be available under the same requirements applicable for share capital reduction, pursuant to article 335 c) of the Corporate Enterprises Act.

Consequently, and in keeping with the provisions therein, the creditors of the Company will not be entitled to challenge insofar as the agreed capital reduction as stipulated in article 334 of the Corporate Enterprises Act. Given that the purpose of the reduction is to amortize treasury shares of which the Company is proprietor, the reduction will entail no return of contributions to partners.

In addition, the Company has agreed the exclusion of trading of the redeemed shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Stock Market Interconnection System (Continuous Market) and the cancellation of the accounting records of the redeemed shares of the "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" (IBERCLEAR).

Madrid, 26 April 2017.- Secretary of the Board of Directors of Ence Energía y Celulosa, S.A.-
José Antonio Escalona de Molina.