



Grupo Empresarial Ence, S.A., as provided in article 82 of the Spanish Securities Market Act (*Ley del Mercado de Valores*) hereby reports the following

### **RELEVANT FACT**

On 14 October 2010, ENCE has signed a new long term corporate financing agreement for a total sum of 298 million euros with twenty one financial institutions, by means of the signing of two syndicated loans amounting to 121 and 177 million euros, respectively.

These two loans replace the syndicated loan for a current amount of 163 million euros granted on 2 April 2008, and the 198 million euros of short term bilateral lines. The agreement implies using 93 million euros from the capital increase carried out in March 2010 for debt repayments, in line with the targets announced in the prospectus, of which 30 million euros remain available for funding biomass projects.

The main terms and conditions shared by the two syndicated loans are as follows:

- Maturity of 14 January 2014 (term of 3.25 years).
- Quarterly repayments for the sum of 6 million euros, with an 18-month grace period on the principal.
- Margin of 300 basis points.
- Availability of two "revolving" tranches, each amounting to 30 million euros, to be applied for financing working capital requirements and funding biomass projects, respectively.
- Combined covenant: Net Financial Debt / EBITDA below 4x (lower than 3x in the current syndication) and Weighted Production Cost of the Navia and Pontevedra mills below 310 euros per ton.

This agreement helps the company to build a more stable financial profile by extending the terms of maturity for its obligations in a setting of low liquidity in credit markets, guarantees funding for its working capital requirements associated with the company's future operating activity, and facilitates the execution of the Group's growth projects, particularly in the field of biomass-fuelled energy generation.

At the date of the agreement, the company's Net Financial Debt stands at 209 million euros, and its liquidity availability amounts to 114 million euros, combining cash and the revolving tranches of the financing.

Madrid, 15 October, 2010