



FULL TEXT OF THE PROPOSED AGREEMENTS DRAWN UP BY THE BOARD OF DIRECTORS OF ENCE ENERGÍA Y CELULOSA, S.A., FOR 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

One.- Examination and approval, if applicable, of the annual accounts and management report, for both ENCE ENERGÍA Y CELULOSA, S.A. and its consolidated group, pertaining to the 2012 fiscal year, and of the managerial performance of its board of directors during such year.

Proposal:

To approve the annual accounts and management report of ENCE ENERGÍA Y CELULOSA, S.A. and its consolidated group, pertaining to the fiscal year ending 31 December 2012, as prepared by the board of directors of the Company at its meeting held the 19th of February 2013, as well as the corporate management carried out by the ENCE ENERGÍA Y CELULOSA, S.A. board of directors during such year.

Two.- Examination and approval, if applicable, of the proposed appropriation of earnings of ENCE ENERGÍA Y CELULOSA, S.A.

Proposal:

To approve the appropriation of earnings from fiscal 2012, in the amount of 29,883,000 euros, in the manner below:

Balance:

Earnings 29,883,000 euros

Appropriation:

- a) To statutory reserve: 2,173,000 euros
- b) To voluntary reserves 11,566,000 euros
- c) To distribution of dividends: 16,144,000 euros

The dividend shall be paid out in cash on day 3rd of April 2013, at a rate of 0.007 gross euros for each currently existing share. Entitlement to dividends shall pertain to those parties who appear as shareholders of ENCE ENERGÍA Y CELULOSA, S.A. after market close on the 2nd of April 2013 in the accounting records kept by the participants in the Managing Company for Securities Registration, Clearing and Settlement of Stock Exchange Trades (IBERCLEAR). All legally applicable tax withholdings shall be made on any gross sums paid out, if appropriate.



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Three.- Approval of a compensation for shareholders to supplement the dividend payment for fiscal 2012, consisting of a distribution in kind from the share premium reserve made by the delivery of treasury shares to the shareholders from the treasury.

Proposal:

To approve shareholder remuneration to supplement the dividend payment for 2012, as referred to in agreement two above, consisting of a distribution in kind from the share premium reserve through the delivery to the shareholders of ENCE ENERGÍA Y CELULOSA, S.A. of shares representative of the Company's share capital from treasury stock, by a proportion of 1 share per every 25 outstanding share.

The maximum number of shares to be delivered shall therefore comprise the sum of 9,225,098 treasury shares of ENCE ENERGÍA Y CELULOSA, S.A.

The share premium arises from the increase of share capital approved by the Board of Directors, acting by virtue of the authority vested in them by the General Shareholders' Meeting held on 25 June 2008, dated 3 March 2010, for the amount of 74,801,601 euros par value and 55,270,071.85 euros of share premium.

The above assumes that a charge will be made against the share premium reserve for an amount equivalent to the assessed value of each share to be delivered, at the weighted average price of ENCE ENERGÍA Y CELULOSA, S.A. stock in the Spanish Stock Market Interconnection System (Continuous Market) on the trading day immediately preceding the General Shareholders Meeting that approves this agreement, with a maximum equivalent to the appropriate price so that the charge against the share premium reserve would in no case exceed the total amount of the balance of the indicated account.

The distribution in kind shall be made in favour those who, after market closing on the 2nd of April 2013 (the "**Certification Date**"), appear as ENCE ENERGÍA Y CELULOSA, S.A. stockholders in the accounting records kept by the participants in the Managing Company for Securities Registration, Clearing and Settlement of Stock Exchange Trades (IBERCLEAR), with the exception of the treasury shares of which the Company itself is the holder, on the date the board presents this proposed agreement.

The shares shall be delivered prospectively between the seventh business day following the Certification Date, that is, the 11th of April 2013, and the eight business day following the Certification Date, that is, the 12th of April 2013, through the systems and mechanisms in place established by IBERCLEAR.

In order to the facilitate the adequate execution of the operation, it shall fall to the financial institution to be designated for such purposes by the Company (hereinafter the "**Agent Entity**"), to coordinate and carry out with IBERCLEAR and its Participants all steps and operations necessary or merely convenient to implement the distribution and settlement of the compensation in kind referred to herewith.

Additionally, it is agreed to establish a mechanism geared toward facilitating the execution of the distribution in relation to those



shareholders that, on the Certification Date, are holders of a number of shares that exceeds a multiple of 25 or not rising to the cited figure of 25:

1. The Company shall place at the Agent Entity's disposal the total number of treasury shares to distribute as per the provisions established in this agreement.
2. The Agent Entity, acting on behalf and for account of the Company, shall deliver to the Company's shareholders determined as being so entitled, the full number of shares in the Company that corresponds to them, by virtue of the exchange ratio of 1 share per each 25 shares held by the shareholder.
3. In regards to those shareholders in the Company whose number of shares held exceeds a multiple of 25 or do not rise to the cited figure of 25, and given that with respect to the odd lots resulting from the above they are not entitled to receive a share in the Company, the Agent Entity shall pay in its stead cash money in the amount equivalent to such odd lots of shares as should properly be delivered to the indicated shareholders. The Agent Entity shall adopt the aggregate number of treasury shares delivered by the Company that would have been meant for delivery to shareholders for the indicated odd lots, and may in its case dispose of them once the operation is completed.
4. The value of the compensation for odd lots shall be determined based on the arithmetic mean of the average weighted exchange of the Company's shares in the Spanish Stock Market Interconnection System (Continuous Market) over the 3 trading days prior to the Certification Date.

The shareholder shall defray any fees or expenses that, in accordance and compliance with current legislation in force, could affect their respective participants in IBERCLEAR or the depository entities in relation to the operation.

It is agreed moreover to grant the Company's Board of Directors and its chief executive officer, in both cases the authority as legally necessary for the full execution and effectiveness of this agreement, and may to that end clarify, correct, rectify, complete or develop same where it should become necessary, modify any questions that should be imposed for legal, fiscal or operative requirements, designate the Agent Entity, execute any documents, public or private, and overall, carry out the necessary or convenient actions to complete any and all steps or processes that are required for the operation to be cleared.

Four.- Re-election and appointment of directors.

- Four A: Proposed re-election of Mr. Fernando Abril-Martorell Hernandez.
- Four B: Proposed re-election of Mr. Gustavo Matias Clavero.
- Four C: Proposed re-election of Mr. Jose Guillermo Zubia Guinea.
- Four D: Proposed appointment of Ms Isabel Tocino Biscarolasaga, as director in the Company.



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Proposal:

Four A:

Re-elect as director, for the term established in the bylaws of three years counting from the date of approval of this agreement, of Mr. Fernando Abril-Martorell Hernandez, in the role of non-exclusive director.

Four B:

Re-elect as director, for the term established in the bylaws of three years counting from the date of approval of this agreement, of Mr. Gustavo Matias Clavero, in the role of independent member of the board.

Four C:

Re-elect as director, for the term established in the bylaws of three years counting from the date of approval of this agreement, of Mr. Jose Guillermo Zubia Guinea, in the role of independent member of the board.

Four D:

To appoint as a member of the board of directors, for the term established in the bylaws of three years counting from the date of approval of this agreement, Ms Isabel Tocino Biscarolasaga, in the role of independent director.

Five.- Amendment of Article 57 (Distribution of Dividends) of the corporate bylaws.

Proposal:

It is proposed to amend Article 57 (Distribution of Dividends) of the company bylaws such that it reads as below:

"Article 57.-Distribution of Dividends

1. After attending to any business provided by Law or the Bylaws, dividends may only be distributed when charged to the year's profit, or the unrestricted reserves, if the value of the book shareholders' equity is not, or as a result of the distribution will not end up being less than the equity capital. If any losses from previous years exist which might make that shareholders' equity in the company less than the equity capital figure, then the profit shall be used to offset these losses.

The General Shareholders' Meeting shall set, in accordance with the distribution of dividends, the time and method of payment. The determination of those points may be delegated to the administrative body, as well as any others that may be necessary or convenient for the effectiveness of the agreement.

2. The Meeting may make an agreement as to the distribution of dividends (either charged to the year's profits or the unrestricted reserves) or the share premium, in kind, provided that (i) the assets or securities for distribution are homogeneous, (ii) they are listed on an official market (at the time of effectiveness of the agreement), or the Company duly guarantees liquidity within a maximum period of one year, and (iii) they are distributed for a value greater than the Company has on its balance sheet.



In any case, the distribution of interim dividends among the shareholders shall be governed by the provisions set forth by Law, with the Board of Directors able to agree to make the distribution in kind on the conditions set out in the foregoing paragraph.

3. If there are distributable profits and non-voting shares have been issued, the General Shareholders' Meeting shall be required to agree to the preferred dividend distribution recognized in Article 9 of these Bylaws."

Six.-

Authorisation of the Board of Directors, with express substitution rights, for the period of five years, to issue simple fixed income marketable securities or debt instruments of a similar nature, including preferred stocks, as well as fixed income securities exchangeable or convertible into shares, with the power in the latter case to exclude preferential subscription rights. Authorisation for the Company to guarantee, within the previously described limits, the new securities issues that its affiliates make. Revocation, in the unused amount, of the authorization conferred to that end by the general shareholders' meeting of 22 June 2010.

Proposal:

It is agreed to authorise the Board of Directors, in keeping with the general regime on debt issuance, to issue simple fixed income marketable securities or debt instruments of a similar nature, including preferred stocks, as well as fixed income securities exchangeable or convertible into shares, with the power in the latter case to exclude preferential subscription rights, including authorisation for the Company to provide guarantees on issuances of such securities by the Groups companies in keeping with the following conditions:

1. Securities for issuance. The marketable securities referred to in this devolution may be debts, bonds and all other fixed income securities of a similar nature, both simple and exchangeable for outstanding shares in the Company or convertible into shares of new issuance in the Company. This devolution may also be used to issue promissory notes and preferred stocks.
2. Term. The issuance of securities may be made on one or several occasions, at any moment, within the maximum time period of five years counting from the date of adoption of this agreement.
3. Maximum Amount. The total maximum amount of the securities issuance(s) that are agreed under this devolution shall be 350 million euros, or its equivalent in another currency.

In the case of the promissory notes, for purposes of the above limit, the outstanding balance of those issued under the devolution shall be computed.

4. Scope of the Devolution. For each issuance, it will be up to the Board of Directors to determine, for example and without limitation, its amount (respecting at all times the applicable quantitative limits), the place of issuance – domestic or abroad– the currency, and in the case of issuance abroad, its equivalency in euros; the mode, be it bonds or debentures – including subordinates – or any others admissible by



Law; the date or dates of issuance; the number of securities and their nominal value; the interest rate, procedures and dates of coupon payments; their character as redeemable or perpetual, and if the former, the term of redemption and expiration date; the guarantees, reimbursement rate and batches and premiums; the form of representation, either through certificates or book entries; and in its case, preferential subscription rights and subscription regime; applicable legislation; if appropriate, to request admission to trading in official secondary markets or not, organised or not, domestic or foreign, of the securities to be issued with the requirements in each case set forth by current legislation, and in general, any other terms of the issuance (including their amendment later on), as well as, if appropriate, to designate the Commissioner and to approve the basic rules that are to govern the legal relations between the Company and the syndicate of holders of the securities that are issued.

5. Bases and modes of conversion or exchange. For the case of issuance of debentures or bonds convertible into new shares in the Company or exchangeable for outstanding shares in the Company, and for purposes of the determination of the bases and modes of conversion or exchange, it is agreed to set the following criteria:
- (i) The securities shall be convertible into new shares in the Company or exchangeable for outstanding shares in it, adhering to a conversion or exchange rate to be necessarily fixed, with the Board of Directors being authorized to determine whether they are convertible or exchangeable, as well as to established if they are voluntarily or necessarily convertible or exchangeable, and being voluntary, if the option belongs to the holder or the issuer, the frequency and during what time period, which shall be established in the issuance agreement and is not to exceed fifteen days from the date of issuance.
 - (ii) In the event that the issuance is convertible and exchangeable, the Board of Directors may agree that the issuer reserves the right to opt at any moment between conversion into new shares or exchange for outstanding shares, specifying the nature of the shares to deliver at the time of making the conversion or exchange, and may moreover deliver a combination of shares of new issuance and pre-existing shares. In all cases, the issuer shall show equal treatment among all of the holders of fixed income securities converting or exchanging on a same date.
 - (iii) For purposes of the conversion or exchange, the fixed income securities shall be valued at their nominal amount, and the shares at the fixed exchange rate as established by the Board in the agreement made in exercise of this devolution, or at the rate determinable upon the date or dates that are indicated in such agreement, and according to the Market listing value of the Company's shares on the date(s) or period(s) used as reference in such agreement, with or without a discount, and in all cases, with a minimum of the greater of the two below: (i) the average exchange rate of shares in the Continuous Market of the Spanish Stock Markets, according to the closing quotes,



during the period to be determined by the Board of Directors, no greater than three months nor lesser than fifteen days, prior to the date of the Board of Directors' adoption of the issuance agreement for fixed income securities, and (ii) the rate for shares in the Continuous Market according to the closing quote on the day prior to the adoption of the said issuance agreement.

- (iv) In the process of conversion or exchange, any partial shares to which the holder of the fixed income securities may be entitled shall be rounded down by default to the immediately lesser whole number, and each holder shall receive in cash any difference that may in that case result.
- (v) In keeping with the provisions in Article 415 of the Companies Act, the value of the share for purposes of the conversion rate of debts into shares may in no case be less than its conversion.

At the time of agreeing to an issuance of convertible debts under the authorisation conferred by the Meeting, the Board shall issue a report that spells out, in light of the criteria that were just detailed, the bases and modes of conversion specifically applicable to the cited issuance. This report shall be accompanied by the appropriate auditors' report provided in Articles 414 and 511 of the Companies Act.

- 6. Rights of the holders of convertible securities. Whenever conversion/exchange of convertible securities into shares is possible, their convertible shall enjoy all of the rights recognized under current rules and regulations.
- 7. Increase of capital and exclusion of rights of preferential subscription into convertible securities. The devolution to the Board of Directors also comprises, though is not limited to, the following powers:
 - (i) The power for the Board of Directors to exclude, in full or in part, the shareholders' preferential subscription rights where it would be required to bring in financial resources in the national or international markets, to employ techniques for prospecting demand or where in any other way it is justified by the Company's interest. In this case, the Board shall issue, at the time of adopting the issuance agreement, a report explaining the specific reasons of company interest that justify this measure, which shall be covered in the mandatory auditors' report under the provisions of Articles 414 and 511 of the Companies Act. Both reports shall be made available to the shareholders, and communicated to the first General Meeting held after the adoption of the issuance agreement.
 - (ii) The power to increase the capital by the amount necessary to meet the requests for conversion into newly issued shares. This power may only be exercised to the extent that the Board adding the capital increased to meet the issuance of convertible debentures or bonds and any other capital increases agreed under the authorisations conferred by the Meeting, does not exceed limit of half the equity capital figure provided in Article 297.1.b) of the Companies Act. This authorisation to increase



the capital includes issuing and floating, on one or various occasions, the shares necessary to carry out the conversion, as well as amending the Company Bylaws concerning the equity capital figure, and if appropriate, to void the part of such increase that turns out unnecessary to meet the conversion.

- (iii) In keeping with the criteria established in number 5 above, the power to develop and specify the bases and modes of conversion or exchange, and overall, the power to determine what points and conditions will be necessary or convenient for the issuance.

The Board of Directors shall report on its use to date of the devolutions to which this agreement refers at the General Meetings held by the Company.

- 8. Admission to trading. By virtue of the devolution, the Board of Directors is authorized to, if appropriate, request admission to trading in official or unofficial secondary markets, organised or not, domestic or foreign, of the debts, bonds, preferred stocks, promissory notes and any other securities that the Company issues by virtue of this devolution, completing in this case all processes and actions necessary for admission to listing before the competent bodies of the different domestic or foreign stock markets.
- 9. Guarantee on issuances by companies in the Group: The Board of Directors is furthermore authorized to guarantee, on behalf of the Company, the issuance of the securities indicated in point 1 above, issued by companies belonging to its Group.
- 10. Substitution to the Executive Committee. The Board of Directors is authorised to delegate, in turn, in favour of the Executive Committee its delegated powers as covered in this agreement.

This agreement renders nullified, to the unused amount, the authorisation for the issuance of bonds or simple debt and other fixed income securities of a similar nature conferred to this end upon the Board of Directors by the General Shareholders' Meeting held on 22 June 2010, in item seven on the agenda.

Seven.- Approval, if appropriate, of the long term Incentive Plan for years 2013 through 2015.

To approve a long term incentive plan for years 2013 through 2015, whose basic terms are as follows:

1.- Description:

The “**Incentive Plan**” is a plan for monetary compensation over multiple years whose purpose is to incentivize its beneficiaries to meet the strategic plans below:

- (i) to reinforce the management team's orientation towards meeting its business goals as set in the Company's Strategic Plan;
- (ii) commitment by the upper management levels to the shareholders' interests; and
- (iii) to retain the key directors.



2.- Beneficiaries:

Beneficiaries of the Incentive Plan will be the chief executive officer, the chief directors of the Company to be determined by the board of directors at the proposal of the appointments and remuneration committee, according to their ability to directly influence the success of the strategic plans.

3.- Effective Period and Consolidation Date:

The effective period for the long term incentive begins on 1 January 2013 and ends on 31 December 2015.

4.- Amount of the Incentive:

The amount of the long term incentive shall be as determined by the board of directors according to the level of goal achievement by the Company and the level of management occupied by the beneficiary.

In any case, the maximum amount of incentive that beneficiaries may receive shall never exceed 120% of a yearly payment of average compensation over years 2013, 2014 and 2015 for each level of management.

5.- Criteria for awarding of the Incentive:

The criteria for awarding of the incentive, whose consideration will fall to the board of directors, shall be as follows:

- a) The increase in the value of Ence stock (calculated to the baseline mentioned in the preceding section) in the periods, percentages and other terms to be determined by the board of directors;
- b) The increase in the value of Ence stock (calculated to the baseline mentioned in the preceding section) in comparison to the increase in stock value of the companies in the sector on the terms and conditions as established by the board of directors; and
- c) The increase in the value of the Company as to 31 December 2015 calculated on the terms agreed to by the board of directors taking into account the EBITDA achieved and the outstanding debt respect to market value of the Company at 31 December 2012.

6.- Baseline of the Stock:

The baseline of the Ence stock for purposes of calculating the incentive shall be the average value of Ence shares in the last quarter of 2012 in terms of market capitalisation. This baseline shall be taken into account as concerns the criteria identified in sections 5.a) and 5.b) above.

7.- Powers of the board of directors:

The board of directors of the Company is given the authority, with express powers by proxy in the Executive Committee, to adopt any agreements and sign any documents, public or private, as may be necessary or convenient to develop, execute and formalise the Incentive Plan, being particularly able, though not limited to:

- (i) Implement the Incentive Plan as it sees fit and in the specific manner it deems appropriate.



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- (ii) Identify what persons in their role as directors of the company will be designated as beneficiaries of the Incentive Plan, and specify what levels to which each one will be added.
- (iii) Develop and set the specific terms of the Incentive Plan where the agreement does not specify, including particularly but not limited to, the development of the criteria for awarding the incentive, the specific terms of payment of the incentive beneficiaries, the possibility of establishing events that lead to early payment of the Incentive Plan and the power to set the requirements that beneficiaries must meet in order to receive the incentive.

The approval of the new Incentive Plan shall imply void the period of the Long Term Incentive Plan 2010-2015 of the Company, approved for the chief executive officer by virtue of the agreement in item eight of the General Shareholders' Meeting held on 29 April 2011.

Eight.- Delegation of powers to formalise, interpret, rectify and execute the agreements adopted by the general shareholders' meeting.

Proposal:

Without prejudice to the delegations included in the foregoing agreements, it is agreed:

A) To delegate expressly to the board of directors, the full range of powers necessary by Law to:

1.- Rectify, clarify, specify or complete the agreements adopted by the present general shareholders' meeting, or those collected in any deeds or documents executed in exercise thereof, and in particular any omissions defects or errors of form or substance keeping these agreements and their effects from being entered in the commercial register.

2.- Settle any doubts that may arise in relation to the agreements adopted by this general shareholders' meeting.

3.- Carry out any legal business or acts necessary or convenient for the performance of the agreements adopted by this general shareholders' meeting, executing any public or private documents deemed necessary or convenient to these agreements.

4.- Delegate in one or various of its members, jointly or individually, or to the Executive Committee, with powers of proxy, all or part of the powers it sees fit from among those pertaining to the board of directors, and those conferred upon it by the present general shareholders' meeting.

B) Expressly empower, as broadly as the Law requires, the chairman of the board of directors, the chief executive officer, the secretary of the board of directors and the vice secretary of the board of directors, so that any one of them individually of his own accord, and with respect to the agreements adopted in this general shareholders' meeting, may execute as a public deed such agreements, empowering them particularly to do all that is necessary for their development and performance; to sign any public or private documents necessary and to carry out any actions convenient for their best run, including the publication of legal announcements, before any bodies or public or private authorities, to achieve their recording in the commercial register or in other appropriate public registers. They may



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furthermore execute deeds of ratification, rectification, correction and clarification, in view of the verbal suggestions or written assessment of the commercial register –and may also proceed to request the partial recording of the recordable agreements-, of the Spanish Securities Market Commission (CNMV) and any other competent public or private body; to complete any processes that are pertinent before the competent bodies in order to execute and bring about a successful outcome of the agreements approved and for the processing of all manner of files and documentation necessary before the CNMV and other public or private bodies when necessary, and in general for any appropriate actions related to the agreements adopted in this general meeting.

Furthermore, the expressed gentlemen are empowered, also jointly, to make the mandatory deposit of the annual accounts and other documentation in the mercantile register.

Nine.- Consultative vote on the annual report on compensation of the directors pursuant to Article 61 of the Securities Market Act, corresponding to 2012.

There will be a consultative vote on the annual report on compensations, approved by the board of directors, which has been made available to the shareholders along with the rest of the General Meeting documentation since the date of its announcement.