



GRUPO EMPRESARIAL ENCE, S.A., in compliance with the provisions in section 82 of the Spanish Securities Market Law and related provisions, informs the Spanish National Securities Market Commission (CNMV) of the following:

### **SIGNIFICANT EVENT**

The Board of Directors of Grupo Empresarial ENCE, S.A. (the "**Company**"), using the authorisation granted to it by the Ordinary Annual General Meeting of Shareholders on 25 June 2008, resolved at the board meeting held on 3 March 2010 to increase the share capital by a nominal amount of 74,801,601 euros, by means of the issuance and entry into circulation of 83,112,890 new ordinary shares with of 0.90 par value euros each. The new shares will be issued with a share premium of 0.665 euros per each new share, representing a total share premium of 55,270,071.85 euros, and a unit issue price (nominal price plus share premium) of 1.565 euros per share. As a consequence, the total expected amount of the increase will be 130,071,672.85 euros.

The terms and conditions of said capital increase and the subscription procedure for the new shares are set out on the prospectus which is expected to be approved and registered by the Spanish National Securities Market Commission (CNMV).

The purpose of the capital increase is to reduce the Company's leverage and reinforce its equity and financial structure, as well as to develop a number of investment projects.

The consideration for the new shares that will be issued in the capital increase will consist of cash contributions, and the Company's shareholders are granted pre-emptive acquisition rights in respect of the new shares. Each outstanding share will grant one pre-emption right, and 21 of these rights will be required to subscribe 10 new shares. The term for exercising the pre-emption rights will last fifteen calendar days and it will commence the day after the publication of the related notice in the Mercantile Register Official Gazette (BORME).

The core shareholders of the Company, Retos Operativos XXI, S.L., Alcor Holding, S.A., Atalaya Inversiones, S.R.L., Norteña Patrimonial, S.L., and Cantábrica de Inversiones, S.L., have expressly and irrevocably committed to subscribe to the capital increase, subscribing and paying up shares representing approximately 50.88% of the total new shares in issue.

Finally, on this same date a placement and underwriting agreement has been signed between the Company and Banco Santander, S.A., Banco Bilbao Vizcaya Argentaria, S.A. and Caja de Ahorros y Monte de Piedad de Madrid as underwriters, in relation to the underwriting of 40,822,960 new shares, representing 49.12% of the new shares that will be issued in the capital increase. Said agreement is conditional, inter alia, on the approval and registration of the prospectus with the CNMV.

Madrid, 3 March 2010