



Energía y Celulosa

ENCE ENERGÍA Y CELULOSA, S.A. (the “**Company**”), pursuant to article 82 of the Securities Market Law, communicates the following:

RELEVANT EVENT

The Company Board of Directors, in today’s session, has decided to announce the Extraordinary General Assembly of Shareholders of the Company, which will be held in Hotel Intercontinental, Paseo de la Castellana no. 49, Madrid, on 24th July 2012, at 13.00 h at first call, or on the following day, 25th July 2012, at the same time and in the same place, at second call.

Attached to this communication are the text of the aforementioned announcement, including the General Meeting agenda, which will be published in the next few day in the relevant legal and statutory terms, as well as the entire text of the proposed resolutions formulated by the Board of Directors regarding the various points in the aforementioned meeting agenda.

For purposes of exercise on the shareholders’ part of their right to information, the aforementioned documents, as well as the remaining General Meeting documents specified in the announcement, are available to shareholders in the Company registered address and in the Company website (www.ence.es).

Madrid, 21st June 2012.



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**PROPOSED RESOLUTIONS SUBMITTED BY THE ENCE ENERGÍA Y CELULOSA, S.A.
BOARD OF DIRECTORS TO THE EXTRAORDINARY GENERAL SHAREHOLDERS
MEETING ON 24TH JULY 2012**

Point One: Reduction of share capital through amortisation of own shares with exclusion of creditors' right of opposition, providing a new text for articles 5 and 6 of the articles of association.

Reducing Ence Energía y Celulosa, S.A.'s share capital by a total of 6,966,35 euros, through amortization of 7,740,390 own shares in treasury shares purchased on the basis of the authorisation granted by the General Shareholders Meeting, within the limits specified in articles 146 and 509 of the Spanish Corporations Law.

In consequence, once the reduction resolution has been executed, articles 5 and 6 of the articles of association will be modified as regards the share capital figure, and their text will be the following:

"Article 5.- Share capital.

The Company's share capital is 225,245,250 euros and is entirely subscribed and paid."

"Article 6.- Shares.

The share capital comprises 250,272,500 shares with a nominal value of 0.90 euros each, which shall be represented by book entries and belong to one single class.

The 250,272,500 shares that constitute the share capital, represented by book entries, are regarded as securities and are governed by securities market regulations."

The capital reduction will be covered by the voluntary reserves, through provision of an amortized capital reserve for an amount of 6,966,351 euros (an amount equal to the nominal value of the amortized shares), which will only be available under the same



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requirements as required for reduction of share capital, in application of article 335 c) of the Spanish Corporations Law.

In consequence, as stated in said precept, the Company creditors shall not have the right of opposition mentioned in article 334 of the Spanish Corporations Law as regards the capital reduction agreed. This reduction does not entail reimbursement of contributions, as the Company itself is the owner of the amortized shares. Thus, the purpose of the reduction shall be amortization of the Company's own shares.

Point Two. Distribution in kind of the issue premium reserve through delivery to the shareholders of Company treasury shares

It is agreed the distribution in kind of part of the issue premium, through delivery to Ence Energía y Celulosa, S.A. shareholders of treasury shares that represent the Company's share capital, in a proportion of 1 share for every 37 stock options.

The maximum number of shares to be delivered shall therefore consist in a total of 6,559,952 Ence Energía y Celulosa, S.A. own shares.

All the aforementioned entails that a total amount to be covered by the issue premium reserve resulting from valuating each share to be delivered at the weighted average price of the Ence Energía y Celulosa, S.A. share in the Spanish Automated Quotation System (Continuous Market) on the trading day immediately prior to the date of the General Shareholders Meeting that approves this resolution, with a maximum equal to the corresponding price so that under no circumstances the amount covered by the share issue premium reserve surpasses the total balance of the aforementioned account.

Distribution in kind shall be performed in favour of those who, on 2 of August 2012 (the "**Legitimation Date**"), appear as the owners of Ence Energía y Celulosa, S.A. shares in the accounting records of the entities that are part of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR), except for any own shares owned by the Company as of the date in which the Board submits the present proposed resolutions.

The shares will be most possibly delivered on the tenth trading day following the Legitimation Date, that is to say, on 16 August 2012, and no later than the twelve trading day following the Legitimation Date, that is to say, on 20 August by means of the systems and mechanisms established by IBERCLEAR.



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In order to facilitate adequate execution of the operation, the financing entity that will be designated for this purpose by the Company (hereinafter, the **"Agent Entity"**) shall coordinate and perform with IBERCLEAR and its Participating Entities any processes or operations which are necessary or merely convenient to carry out the distribution and liquidation of the retribution in kind that is the object of the present resolution.

In addition, it is agreed that a mechanism will be established to facilitate execution of distribution as regards those shareholders who, as of the Legitimation Date, own a number of actions that is a multiple of 1 which does not reach the aforementioned figure of 37:

1. The Company will make available to the Agent Entity the total number of own shares to be distributed in accordance with this resolution.
2. The Agent Entity, acting on behalf and in representation of the Company, will deliver to legitimised Company shareholders the entire corresponding number of Company shares, in virtue of the swap ratio of 1 share for every 37 shares owned by the shareholder.
3. As regards any Company shareholders who own shares in a number that surpasses a multiple of 37 or which does not surpass the aforementioned figure of 37, and taking into account that any fractions or residues resulting from the aforementioned may not receive a Company share, the Agent Entity shall pay in their stead cash for an amount equal to said fractions or residues which would be delivered to the aforementioned shareholders. The Agent Entity shall appropriate the aggregate number of own shares delivered by the Company which would have been distributed to shareholders for the aforementioned fractions or residues, and which may be disposed of once the operation is completed if relevant.
- 4.- The compensation value of the fractions or residues shall be determined on the basis of the arithmetic mean of the average weighted price of Company shares in the Spanish Automated Quotation System (Continuous Market) in the three trading days prior to the Legitimation Date.

Any commissions or expenses which, pursuant to and in compliance with the legislation in force, might affect their respective entities participating in IBERCLEAR



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or the depository entities with respect to the operation shall be at the shareholders' expense.

It is also agreed that any powers as are legally required for full execution and effectiveness of the present resolution shall be granted to the Company Board of Directors and its CEO, in both cases with explicit powers to substitute. For this purpose, they may clarify, rectify, amend, complete or develop the resolution as necessary, modify any issues imposed by legal, tax, or operational requirements, designate the Agent Entity, grant any public or private documents, and in general execute any necessary or convenient actions in order to carry out as many tasks and transactions as required for the operation to be correctly performed.

Point Three: Board of Directors' authorisation for own shares directly or through Group companies, leaving ineffective, in the unused part, the authorisation granted by the General Meeting of 22nd June 2012 under the Fifth resolution of the agenda.

A) Authorising, pursuant to articles 146ff and 509 of Spanish Corporations Law, the purchase at any times and as many times as deemed suitable, by the Company – either directly or either any subsidiaries in which the Company is the acquiring company – of own shares, by purchase or any other legal onerous title.

The minimum purchase price or consideration shall equal the nominal value of the own shares purchased, and the maximum purchase price or consideration shall equal the market value of the own shares purchased in an secondary market that was official at the time of purchase.

This authorisation is granted for a five-year period, starting on the date when the present meeting is held, and is expressly subject to the limitation that at no time shall the nominal value of the own shares purchased by virtue of this authorisation, added to the value of the own shares already owned by Ence Energía y Celulosa, S.A. and any of its dominated subsidiaries, may exceed the maximum figure allowed by the law at any time.

B) Authorising the Board of Directors to perform the derivative acquisition of Ence Energía y Celulosa, S.A. shares in the aforementioned terms, so that the own actions which have already been purchased and those purchased by virtue of the previous authorisation for their disposal or amortisation or execution of retributive systems which



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consist in or whose object is delivery of shares or options over Ence Energía y Celulosa S.A. shares can be fully or partially allocated to the workers and administrators as established in section 1.a) of article 146 of the Spanish Corporations Law, as well as to dividend reinvestment plans or analogous instruments for shareholder retribution.

C) Making ineffective, in the unused part, the resolution established in this regard by the Company Ordinary General Shareholders Meeting held on 22nd June 2012, with respect to point Five of the meeting agenda.

Point Four: Delegation of powers to enter, interpret, amend and execute the resolutions established by the General Shareholders Meeting.

Without prejudice to the delegations included in prior resolutions, the following are established:

- A) Expressly delegating in the Board of Directors, with all the powers that are legally required, in order to:
1. Amend, clarify, precise or complete the resolutions established by the present General Shareholders Meeting, or any resolutions recorded in any deeds or documents granted in execution of said resolutions, and more specifically any omissions, defaults, or errors in form or substance which might prevent access to these resolutions and their consequences to the Commerce Registry.
 2. Solving any doubts which might arise regarding the resolutions established by the present General Shareholders Meeting. .
 3. Executing as many legal acts or businesses as necessary or convenient to execute the resolutions established by the present General Shareholders Meeting, granting as many public or private documents as they might deem necessary or convenient for the present resolutions.
 4. Delegating in one or several of its members, jointly or severally, or in the executive commission, with powers to substitute, all or part of the powers that they see fit from those which correspond to the Board of Directors and from those which have been attributed to it by the present General Shareholders Meeting.



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B) Expressly empowering, as broadly as required by Law, the Chair of the Board of Directors, the CEO and the Deputy Chair of the Board of Directors, so that they may convert said resolutions into a public deed, empowering them specifically for all that is necessary for its development and fulfilment; to sign as many public or private documents as necessary and to perform as many actions as convenient for optimal execution, including publication of legal notices before any public or private organisations or agencies, until they are registered in the Commercial Registry or in other relevant public registries, even granting deeds for ratification, rectification, amendment and clarification, following verbal or written determination of due form in the Commercial Registry – even proceeding to requesting partial registration of the resolutions which may be registered –, the Spanish Securities Exchange Commission and any other competent public or private organisation; to perform any tasks or transactions that are relevant before the competent organisations in order to execute and correctly execute the resolutions approved and to process all manner of files and documents required by the Spanish Securities Exchange Commission and other public or private organisations as necessary, and in general for any relevant actions relative to the resolutions established in this General Shareholders Meeting.

Point Five: Information for the General Shareholders Meeting on the modifications to the Board of Directors regulations. .

For merely informational purposes, the General Shareholders Meeting is notified that the Board of Directors approved in its session of 26th April 2012 certain modifications to some of the articles in the Board of Directors regulations in the terms specified in the report that has been made available to the shareholders as specified in the Meeting announcement.