

ENCE ENERGÍA Y CELULOSA, S.A. (the “Company”), pursuant to article 228 of the Securities Market Act, proceeds under this letter to communicate the following:

RELEVANT EVENT

As a continuation of the relevant event announced by the Company to the CNMV on March 30, 2017, under registration number 250159, the Company announces that the Board of Directors of the Company has agreed, at its meeting held today, to implement the capital reduction approved by the Ordinary General Shareholders' Meeting held on March 30, 2017 as item Six of the Agenda.

The share capital of the Company has been reduced by €3,600,000 through the amortization of 4,000,000 treasury shares of 0.9 euro nominal value per share. Consequently, the share capital of the Company is €221,645,250 fully subscribed and paid up, which comprises 246,272,500 shares, each pertaining to a single class with a nominal value of €0.90 and represented by book entries.

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

Relevant event

the redeemed shares of the “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR).

In Madrid, on 26 April 2017.