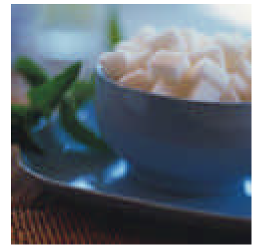
First Reading of the CMO Sugar Reform



24 February 2006

Ebro Puleva

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Description of the Principal Aspects of the Reform

The new CMO, term and stated aims

* On Monday, 20 February, the EU Council of Ministers passed the text of the new CMO Sugar, which will be in force from the marketing year 2006/2007 to the marketing year 2014/2015. The stated aim of this new CMO is to guarantee a stable framework for beet and sugar in the EU that is sustainable in the medium term, taking into account:

  - The foreseeable increase in imports from EBA countries.
  - The reduction and even disappearance of a significant part of the existing EU sugar exports owing to the outcome of the complaints by Australia, Brazil and Thailand and the commitments deriving from the CMO negotiations under way.
  - The need, therefore, to reduce the current production volumes in the EU to maintain a stable balance between sugar supply and demand.
  - The desire to concentrate production in the regions with the best agricultural conditions.

Reductions in beet and sugar prices and creation of the Restructuring Fund

Measures Established I

* Progressive lowering of beet price by 40% on average within the EU between the marketing years 2006/2007 and 2009/2010 (45% in the case of Spain).

* Equivalent reduction of the sugar reference price by 36% over the same period.

* Compensation to growers in a flat payment of 64% of the margin lost through the lowering of beet prices (60% in the first two marketing years).

* Disappearance of the existing Intervention system, maintaining a transitional regime up to the marketing year 2009/2010.

* Creation of a Restructuring Fund to alleviate the economic effects of the foreseeable shrinkage in production and create an incentive to give up quota. The amount of restructuring aid per tonne of renounced quota will be:

  730 €/t in marketing years 06/07 and 07/08
  625 €/t in marketing year 08/09
  520 €/t in marketing year 09/10

  At least 10% of this amount will be made available to beet growers and machinery contractors.

Measures Established II

* The above amounts will be supplemented with aid for diversification, in the following sums:

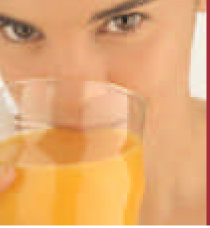
  109.5 € per tonne of sugar quota renounced in 06/07 and 07/08
  93.8 € per tonne of sugar quota renounced in 08/09
  78.0 € per tonne of sugar quota renounced in 09/10

* The aid will be increased by 50%, 75%, 100% in Member States that reduce their initial quotas by 50%, 75% or 100%, respectively.

* If the initial quota is reduced by an amount equal to or greater than 50%, the Commission authorises additional aids for a period of five years in a sum equivalent to 30% of the margin lost due to lowering of the beet price (approx. 6 €/t beet) and additional national aids in a sum to be proposed by the Member State and approved by the Commission.

* The fund will be financed with a temporary structuring amount per marketing year per tonne of quota, payable by manufacturers to which a quota has been allocated, in the following amounts:

  126.4 €/t in marketing year 06/07
  173.8 €/t in marketing year 07/08
  113.3 €/t in marketing year 08/09



Target of reducing quota in Europe

Measures Established III

- The stated aim of the Commission is for approximately 5-6 m. tonnes of sugar quota to be renounced in the EU (reduction of 29-35% of the present quota).

- Creation of approx. 1.1 m. tonnes of new quota assigned by countries (10,000 tonnes for Spain), which can be purchased at the price of 730 €/t in marketing years 06/07 and 07/08.

- At the end of marketing year 2010/11, the Commission will assess the Results of the Restructuring Programme and whether or not there are stable conditions of balanced supply and demand on the market. If necessary, it will apply a linear reduction of the quotas allocated at that time to guarantee that balance.

- The Commission expressly supports the fostering of alternative solutions growing energy crops for the production of biofuels.

Product	Present	06/07	07/08	08/09	09/10	Var.10/Pres.	10/11
Sugar	632	632	632	542	404	-36.1%	404
Beet	48.2	32.9	29.8	27.8	26.3	-45.5%	26.3

The Intervention Mechanism disappears in 09/10

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Calendar

The new CMO, calendar of actions

- In November 2005 a political agreement was reached among Member States on the CMO Sugar Reform.
- In February 2006, the European Parliament informed on the CMO Sugar Reform, which was approved by the Council of Ministers.
- The corresponding regulations should be passed between February and June 2006.
- The new CMO Sugar enters into force in July 2006.
- The quota to be renounced in marketing year 06/07 (at 730 EUR/T) should be notified by 31 July 2006.
- The quota to be renounced in marketing year 07/08 (at 730 EUR/T) should be notified by 31 July 2007.
- The quota to be renounced in marketing year 08/09 (at 625 EUR/T) should be notified by 31 July 2008.
- The quota to be renounced in marketing year 09/10 (at 520 EUR/T) should be notified by 31 July 2009.
- The new CMO Sugar will remain in force up to the end of marketing year 2014/2015 (September 2015).

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Spanish Sugar and Beet Quota

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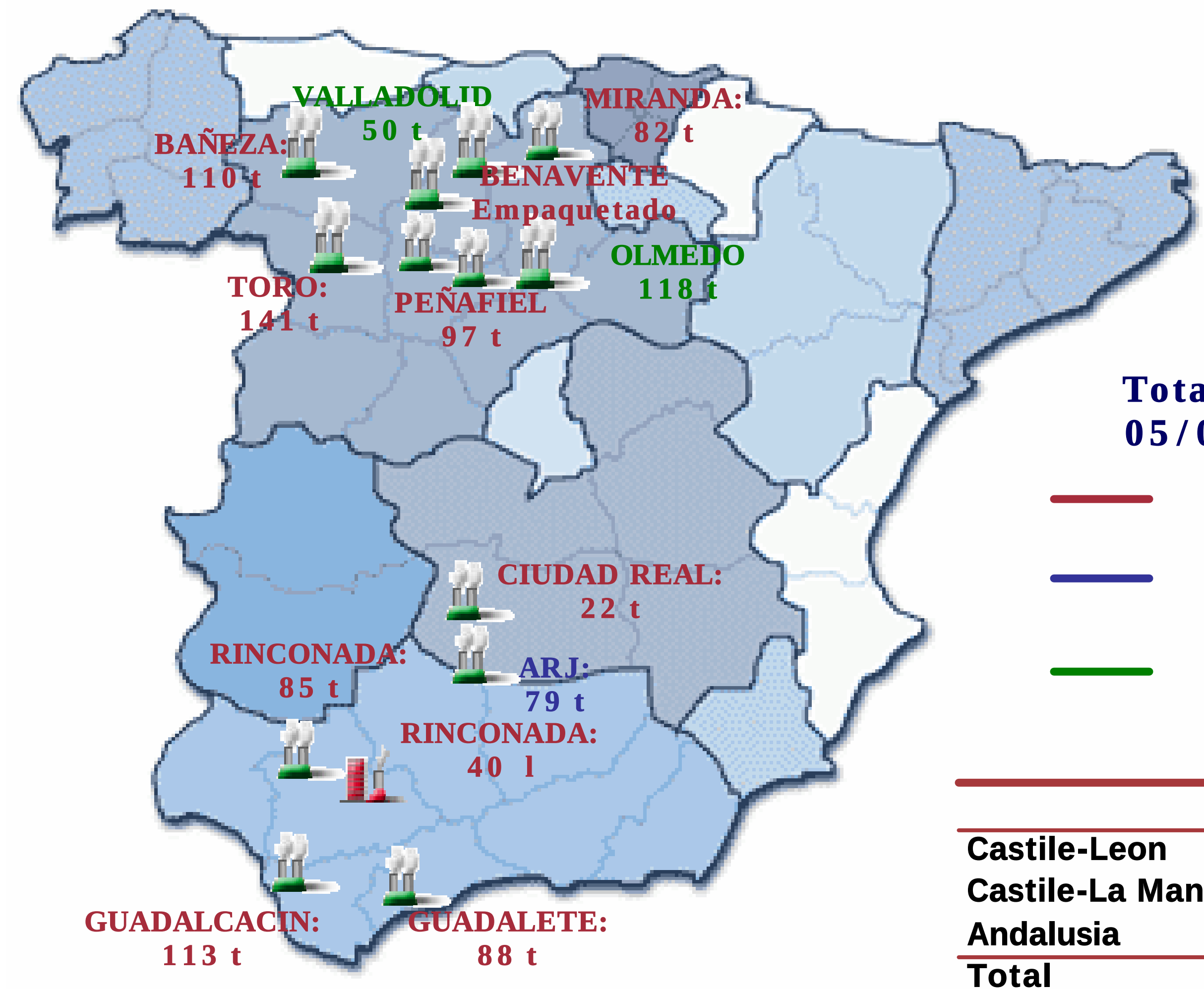

Distilleries

Sugar factories

Total National A+B Quota
05/06 = 989t (Thous) x tonnes

Azucarera Ebro		742
ARJ		79
ACOR		168

	Beet Production
Castile-Leon	4,392,000 tonnes
Castile-La Mancha	469,000 tonnes
Andalusia	2,362,000 tonnes
Total	7,223,000 tonnes

Castile-Leon includes Basque Country and La Rioja

*First Reading of the CMO Sugar Reform

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Assessment

Overall Assessment

- At the time of preparing this Presentation, most of the Regulations that will define the terms of application of the aforesaid agreement are pending. It is, consequently, difficult to make a precise assessment of how it will affect our business. It should be borne in mind that the planned structure of aids, allowances and funds receivable (depending on how they are finally regulated) would largely mitigate the potential impact of restructuring the business.

- The Reform gives incentive to progressively reduce the national beet and sugar production by 50% over the next four marketing years, when the Restructuring Fund will be in force.

- The scope and calendar for this reduction will more than likely be defined during 2006, once the regulations developing the new CMO, the terms of application and the growers' decisions are known.

- Azucarera will largely adapt its decisions according to the interest of the growers in each specific zone in maintaining sufficient production volumes to operate the sugar factories.

- In any case, Azucarera, with its excellent industrial, geographical and market position, will boost its refining activities in the South and we estimate that it will maintain sales of around 500/600 thousand tonnes a year.

- During 2006 we will define the specific actions to be taken with regard to biofuels and raw sugar refining. In both these options we anticipate a significant development of business in the short and medium term.

Assessment II

* On Thursday, 16 February, the Growers' Organisations in the Central Zone announced their decision to give up beet growing with effect from this season (marketing year 06/07). Consequently, we must consider closing the Ciudad Real factory immediately.

* From an economic point of view, the principal figures to be considered are:

  - Assets affected:

Land (440,000 m^2):	EUR 0.7m.
Buildings and Plant:	EUR 3.8m.
Total:	EUR 4.5m.

  - Workforce: 46 permanent employees.

  - Production (Assigned Quota): 22,000 tonnes sugar.

* Since the sugar corresponding to marketing year 05/06 has already been produced at this factory, the shutdown will not adversely affect the Division Operating Profits in 2006. The logistics assets will foreseeably remain in operation for some time. The effective date of renouncing quota is not yet known, pending the final decisions taken by the Commission regarding declassification for marketing year 06/07.

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Clarifications regarding 2006 estimates

* Our market reporting policy does not include giving estimates or projections of our businesses.

* We make an exception this year owing to the special circumstances of the Sugar Division.

* We should, in any case, make it clear that the information contained herein is purely a guideline and should under no circumstances be construed as binding on the company.

* Furthermore, owing to the absence of certain essential information and the fact that certain actions are subject to the position adopted by third parties (growers), the course of events could vary and, as a result, the figures stated herein.

* Bearing all these warnings in mind, our best estimate is an EBITDA of the Sugar Division for 2006 of EUR 70-80m, some 30%-40% down year on year.

* These figures are the result of the considerable instability of selling prices and do not take into account any closing of factories or renounced quota.

Conclusions

- The new CMO Sugar will guarantee a stable, sustainable framework for the medium and long term.

- In the short term (2006), returns will be reduced to EUR 70-80m.

- In the medium term, the earnings of our sugar business will drop. With the renouncing of quota, we anticipate a smaller, though highly profitable business (in terms of ROCE and EBITDA/Sales).

- Also in the medium term, resources will be released, some major balances from the Restructuring Fund will be monetized, working capital and maintenance investment requirements will be reduced and we will have new idle assets to shed, which, together with the generation of business, will produce large sums of free cash flow for the Group.

- The doors are opened for a new business based on biofuels, which will at least partially offset the smaller earnings of the sugar business.

Disclaimer

To the best of our knowledge, the estimates contained in this presentation on the future growth of the different business lines and the overall business, market share, financial results and other aspects of the operations and position of the company are accurate at the date hereof.

All the figures given in this report are calculated according to the International Accounting Standards (IAS).

The contents of this presentation are no guarantee of our future actions and entail certain risks and uncertainties. Owing to the influence of several factors, the real results obtained may differ considerably from those indicated in our estimates.

Analysts and investors should not rely exclusively on these estimates, which are valid only at the date of this presentation. Ebro Puleva is under no obligation to publish the results of any subsequent review of these estimates made to reflect events and circumstances occurring after the date of this presentation, including, though by no means limited to, changes in the businesses of Ebro Puleva or in its acquisitions strategy, or to reflect unforeseeable events. We recommend analysts and investors to consult the company's Annual Report and the documents we submit to the Authorities, especially the National Securities Market Commission (CNMV).