



◀ ANNUAL REPORT

1. AN OVERVIEW OF EBRO PULEVA
2. CHAIRMAN'S STATEMENT
3. EBRO PULEVA TODAY

EBRO PULEVA AT A GLANCE



World leader of the rice sector

Leading food group
IN SPAIN IN TERMS OF TURNOVER, PROFITS,
MARKET CAPITALISATION AND INTERNATIONAL PRESENCE

Second manufacturer
WORLDWIDE IN THE PASTA SECTOR



number one in the marketing
OF HIGH VALUE-ADDED DAIRY PRODUCTS IN SPAIN

more than 60 brands
IN 26 COUNTRIES IN EUROPE, AMERICA, NORTH AFRICA AND ASIA

Leading rice and pasta manufacturer
IN USA AND CANADA



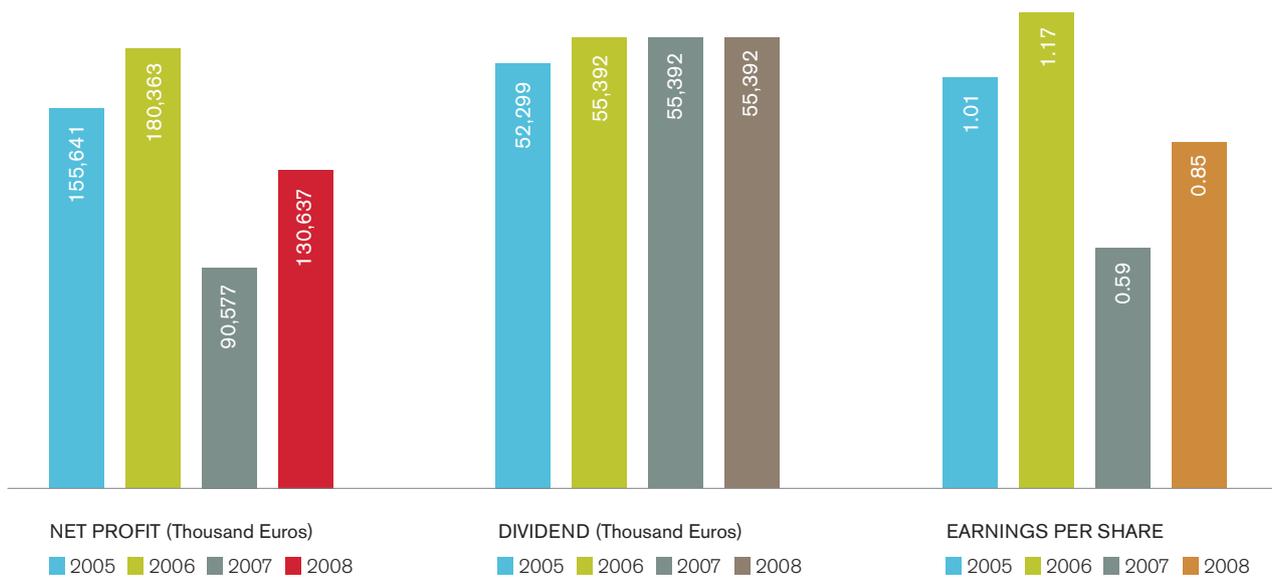
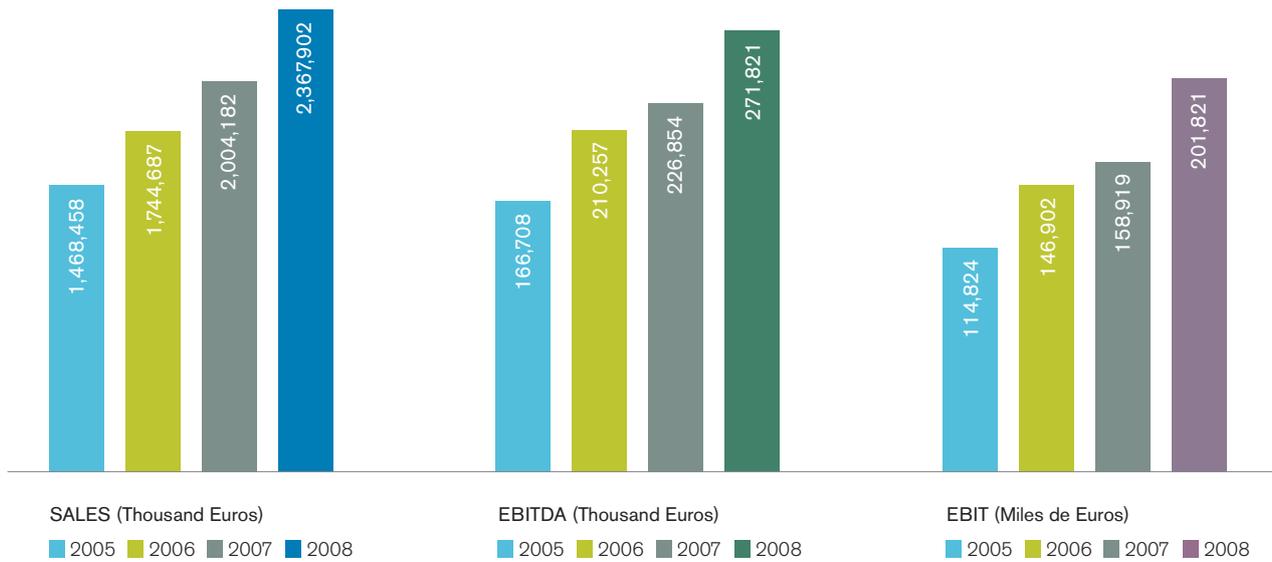
FINANCIAL HIGHLIGHTS



D

evelopment

OVER THE PERIOD 2005-2008 (THOUSAND EURO)



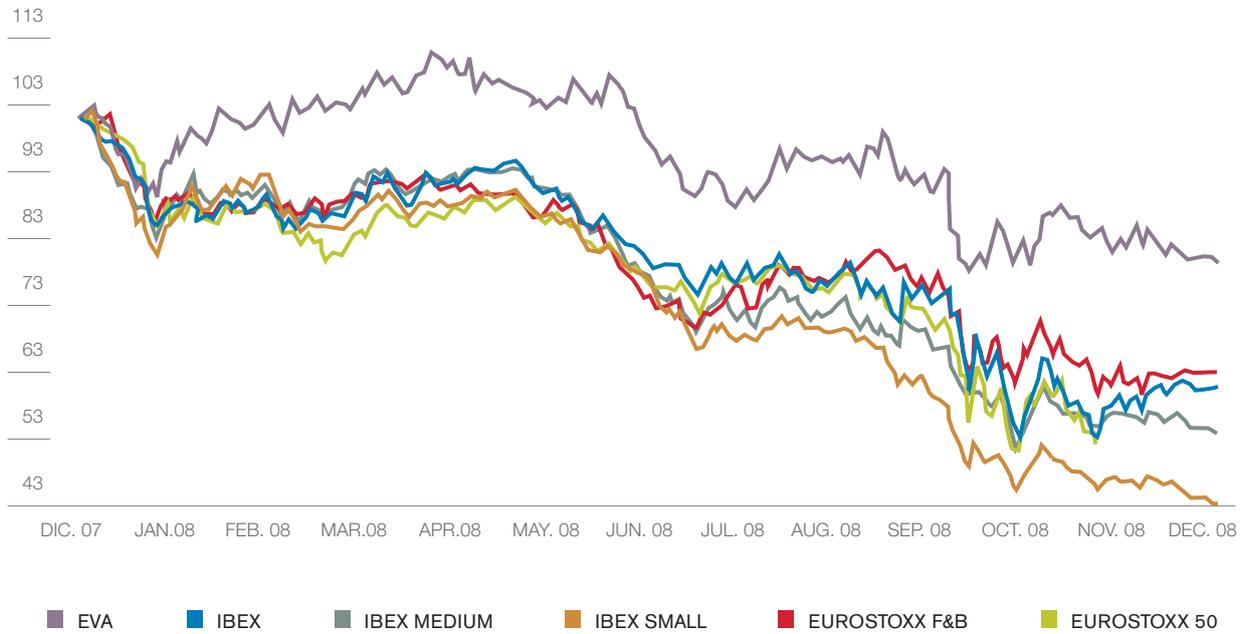
FINANCIAL HIGHLIGHTS



e bro Puleva on the Stock Exchange

JANUARY 2008 – DECEMBER 2008

EVA vs. INDEXES 2008



INTERNATIONAL PRESENCE



a
merica

- 1 CANADA
- 2 USA
- 3 MEXICO
- 4 PUERTO RICO
- 5 URUGUAY

INTERNATIONAL PRESENCE

europe



- 6 GERMANY
- 7 BELGIUM
- 8 CZECH REP.
- 9 DENMARK
- 10 SPAIN
- 11 FINLAND
- 12 FRANCE
- 13 GREECE
- 14 HUNGARY
- 15 ITALY
- 16 POLAND
- 17 PORTUGAL
- 18 UK
- 19 ROMANIA
- 20 UKRAINE

africa

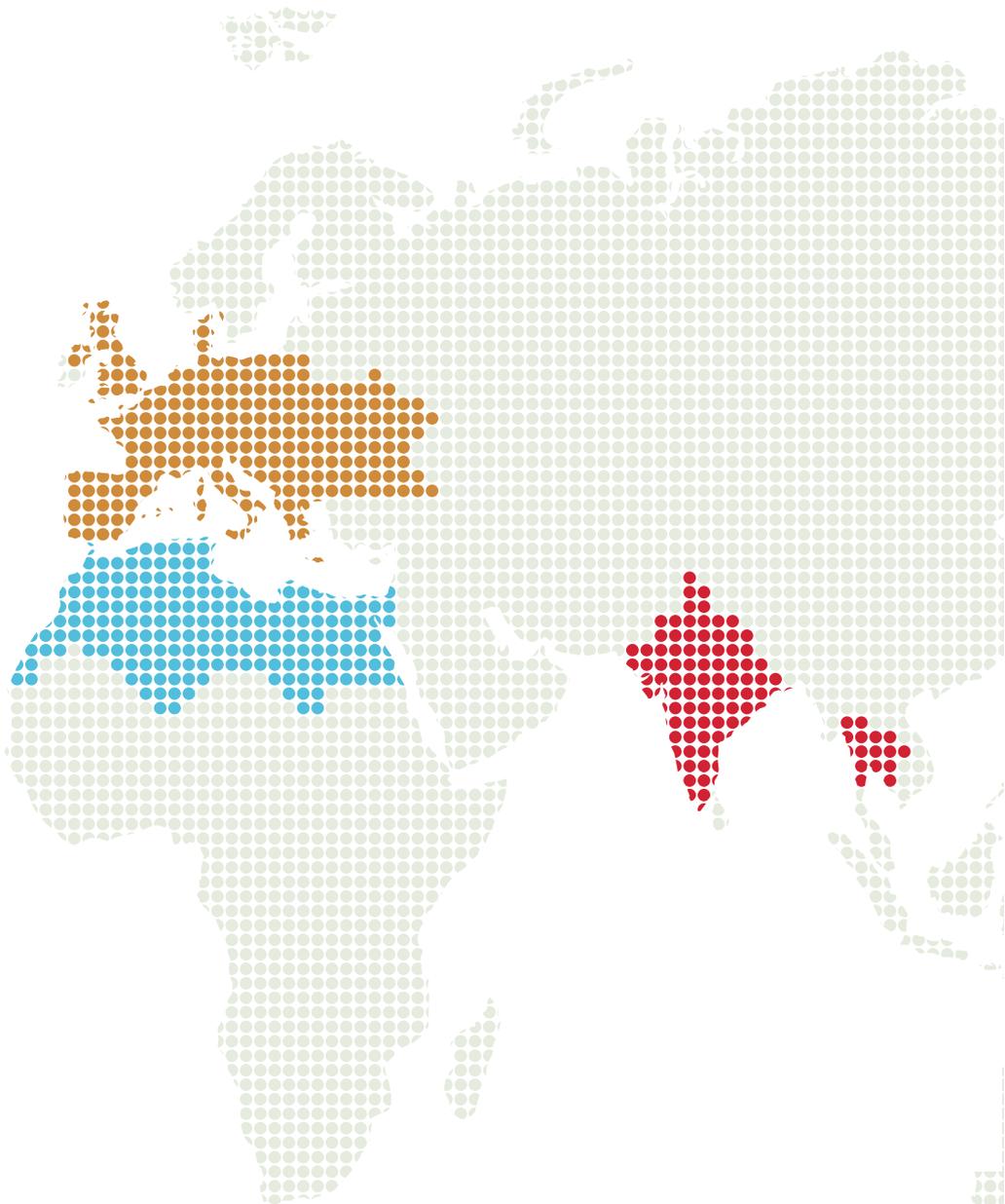


- 21 ALGERIA
- 22 EGYPT
- 23 LIBYA
- 24 MOROCCO
- 25 ISRAEL



asia

- 26 INDIA
- 27 THAILAND



BUSINESS PROFILE



Rice. The Group is world leader in this business. Its origins in Spain go back to 1950, while its international expansion began in 1986 with the acquisition of leading companies and brands in Spain, USA, Canada and northern Africa. This division is now also present on the Asian continent, with an extensive portfolio of brands and leading products in the category, representing 45% of the Group's business.

Principal brands, Brillante®, Cigala®, Nomen®, La Fallera® y Rocío® in Spain. Oryza®, Reis Fit®, Ris-Fix®, Bosto®, Riceland®, Risella®, Riziana®, Gourmet House®, Peacock®, Phoenix®, Miura®, Mahatma®, Success®, Carolina®, Water Maid®, River S&W®, Lustucru®, Taureau Ailé®, Minute®, Herba®, Panzani®, Casi®, etc. in Europe, Morocco, Libya, USA and Canada.



Pasta. This, together with rice, is the most international business of the Ebro Puleva Group. Represented by New World Pasta (leader in USA and Canada), Panzani (no. 1 in France in dry and fresh pasta, sauces, couscous and semolina) and Birkel (no. 1 in Germany), the Group is the second pasta producer worldwide. Apart from these countries, Ebro Puleva also trades under the Panzani and Birkel brands in Belgium, Hungary, UK, Algeria, Czech Republic and Russia. The overall business of the division currently accounts for 38% of the total Group turnover.

Principal brands, Panzani®, Lustucru®, Birkel®, Skinner®, 3 Glocken®, Schuele®, Minuto®, Nudel Up®, Ronzoni®, Ronzoni Smart Taste®, Catelli®, Catelli Smart®, Healthy Harvest®, American Beauty®, Prince®, Saint Giorgio®, Lancia®, Creamette®, Regia® and Ferrero®.



Dairy. The dairy division operates mainly in the manufacturing and marketing of differentiated dairy products with a high value added, bolstered by a powerful research and innovation line and focusing on consumer health. Under the same premises, the division is developing a major business line in the baby foods segment. This focus is complemented by the development of other dairy products geared towards values such as convenience or flavour. This division now accounts for approximately 18% of the Group turnover.

Principal brands, Puleva®, Ram®, El Castillo® and Nadó®.



Biotechnology. This division, run by the Puleva Biotech Group, engages in the research, development, manufacturing and marketing of new products based on natural ingredients, with positive health effects, able to enhance consumers' quality of life.

Principal brands, Eupoly-EPA®, Eupoly-DHA®, Hereditum®, Liposterine®, Olixol®, Genixoy® and Exxenterol®.

EBRO PULEVA IN FIGURES

Thousand of euros

P/L with Azucarera as net earnings of discontinued operations

| CONSOLIDATED FIGURES | 2005 | 2006 | 2007 | 2007-2006 | 2008 | 2008-2007 | CAGR 2008-2005 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|----------------|
| Net turnover | 1,468,458 | 1,744,687 | 2,004,182 | 14.9% | 2,367,902 | 18.1% | 17.3% |
| EBITDA | 166,708 | 210,257 | 226,854 | 7.9% | 271,821 | 19.8% | 17.7% |
| EBIT | 114,824 | 146,902 | 158,919 | 8.2% | 201,821 | 27.0% | 20.7% |
| Operating profit | 167,429 | 219,407 | 162,936 | (25.7%) | 194,790 | 19.6% | 5.2% |
| Consolidated earnings for year (Going concern)) | 101,702 | 113,952 | 62,222 | (45.4%) | 73,905 | 18.8% | (10.1%) |
| Net earnings of discontinued operations | 56,286 | 72,396 | 30,251 | (58.2%) | 57,965 | 91.6% | 1.0% |
| Net profit | 155,641 | 180,363 | 90,577 | (49.8%) | 130,637 | 44.2% | (5.7%) |
| Average current assets (*) | 451,215 | 493,143 | 472,497 | (4.2%) | 587,423 | 24.3% | |
| Capital employed (*) | 1,535,036 | 1,654,931 | 1,675,831 | 1.3% | 1,669,991 | (0.3%) | |
| ROCE (1) (*) | 13.5 | 12.8 | 12.4 | | 13.3 | | |
| Capex (*) | 99,664 | 298,225 | 87,199 | (70.8%) | 96,497 | 10.7% | |
| Average headcount | 4,913 | 5,476 | 6,064 | 10.7% | 5,829 | (3.9%) | |

| STOCK MARKET HIGHLIGHTS | 2005 | 2006 | 2007 | 2007-2006 | 2008 | 2008-2007 |
|-----------------------------------|-------------|-------------|-------------|-----------|-------------|-----------|
| Number of shares | 153,865,392 | 153,865,392 | 153,865,392 | 0.0% | 153,865,392 | 0.0% |
| Market capitalisation at year-end | 2,158,731 | 2,954,216 | 1,929,472 | (34.7%) | 1,507,881 | (21.9%) |
| EPS | 1.01 | 1.17 | 0.59 | (49.8%) | 0.85 | 44.2% |
| Dividend per share | 0.34 | 0.36 | 0.36 | | 0.36 | |
| Theoretical book value per share | 7.00 | 7.72 | 7.79 | 0.9% | 7.82 | 0.4% |
| | 2005 | 2006 | 2007 | 2007-2006 | 2008 | 2008-2007 |
| Equity | 1,076,582 | 1,187,962 | 1,198,245 | 0.9% | 1,203,131 | 0.4% |
| Net Debt (*) | 931,322 | 1,134,894 | 988,249 | (12.9%) | 1,055,853 | 6.8% |
| Average Debt (*) | 841,427 | 1,046,354 | 1,129,254 | | 1,208,078 | |
| Leverage (2) | 0.78 | 0.88 | 0.94 | | 1.00 | |
| Total Assets | 2,988,903 | 3,363,715 | 3,375,496 | 0.4% | 3,422,912 | 1.4% |

(*) To keep these items consistent, they are calculated including both the results and the associated assets and liabilities of the sugar business

(1) ROCE = Operating income CAGR last 12 months / (intangible assets - property, plant & equipment - current assets)

(2) Ratio of average net financial debt with cost to equity (excluding minority interests)

CORE BUSINESSES

Thousand of euros

| RICE BUSINESS (Herba+Riviana) | 2005 | 2006 | 2007 | 2007-2006 | 2008 | 2008-2007 | CAGR 2008-2005 |
|---|---------|---------|---------|-----------|---------|-----------|----------------|
| Net turnover | 667,988 | 672,500 | 741,107 | 10.2% | 890,969 | 20.2% | 10.1% |
| EBITDA | 68,820 | 71,343 | 96,194 | 34.8% | 126,560 | 31.6% | 22.5% |
| EBIT | 49,147 | 51,368 | 75,297 | 46.6% | 105,724 | 40.4% | 29.1% |
| Operating profit | 46,932 | 40,722 | 74,287 | 82.4% | 104,365 | 40.5% | 30.5% |
| Average current assets | 166,035 | 191,208 | 188,294 | (1.5%) | 263,281 | 39.8% | |
| Capital employed | 455,937 | 462,702 | 498,237 | 7.7% | 556,299 | 11.7% | |
| ROCE | 13.1 | 11.1 | 15.1 | | 19.0 | | |
| Capex | 25,727 | 23,098 | 22,046 | (4.6%) | 20,044 | (9.1%) | |

| PASTA BUSINESS (Panzani+NWP+Birkel) | 2005 | 2006 | 2007 | 2007-2006 | 2008 | 2008-2007 | CAGR 2008-2005 |
|---|---------|---------|---------|-----------|---------|-----------|----------------|
| Net turnover | 291,041 | 588,573 | 762,489 | 29.5% | 993,696 | 30.3% | 50.6% |
| EBITDA | 44,416 | 92,093 | 88,450 | (4.0%) | 105,993 | 19.8% | 33.6% |
| EBIT | 31,492 | 66,408 | 58,274 | (12.2%) | 75,581 | 29.7% | 33.9% |
| Operating profit | 33,957 | 63,758 | 56,709 | (11.1%) | 65,312 | 15.2% | 24.4% |
| Average current assets | 28,889 | 57,592 | 69,642 | 20.9% | 121,795 | 74.9% | |
| Capital employed | 217,927 | 361,120 | 441,731 | 22.3% | 511,570 | 15.8% | |
| ROCE | 14.5 | 18.4 | 12.0 | | 14.8 | | |
| Capex | 15,964 | 19,419 | 23,677 | 21.9% | 18,460 | (22.0%) | |

| DAIRY BUSINESS | 2005 | 2006 | 2007 | 2007-2006 | 2008 | 2008-2007 | CAGR 2008-2005 |
|------------------------|---------|---------|---------|-----------|---------|-----------|----------------|
| Net turnover | 518,137 | 504,140 | 527,489 | 4.6% | 506,064 | (4.1%) | (0.8%) |
| EBITDA | 54,121 | 55,460 | 53,033 | (4.4%) | 50,135 | (5.5%) | (2.5%) |
| EBIT | 37,507 | 40,176 | 37,541 | (6.6%) | 34,993 | (6.8%) | (2.3%) |
| Operating profit | 31,473 | 38,097 | 36,379 | (4.5%) | 31,572 | (13.2%) | 0.1% |
| Average current assets | 79,597 | 87,508 | 74,072 | (15.4%) | 60,738 | (18.0%) | |
| Capital employed | 225,904 | 223,511 | 196,938 | (11.9%) | 182,363 | (7.4%) | |
| ROCE | 16.6 | 18.0 | 19.1 | | 19.2 | | |
| Capex | 17,501 | 14,625 | 16,872 | 15.4% | 10,879 | (35.5%) | |

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CHAIRMAN'S STATEMENT

Antonio Hernández Callejas.

DEAR SHAREHOLDERS,

It is a pleasure to share with you the company's excellent achievements in a year marked by the severe world economic crisis. Despite this backdrop, the results posted by the Ebro Puleva Group, up 44% in net profit and 20% in EBITDA, confirm once again the solvency and strength of a model adequately diversified in both businesses and geographical markets, enabling us to face 2009 with optimism.

At a time when consumption is shrinking across the board, our brands have held steady, in some cases even increasing their market shares, preserving their leadership in the different segments and countries in which they operate. This resounding success has been achieved thanks to significant investments, both in our brands, which we have continued to support, investing more than €86 million in advertising, and in the creation of value through research, development and innovation. We strengthened our R+D+I arm during 2008 when Puleva Biotech incorporated Exxentia, European leader in biotechnology applied to the extraction of active principles from plants. We have also invested more than €13 million in this area of research, development and innovation, convinced that the launching of new differentiated products enhances the future development of our company.

Ebro Puleva is in a privileged position to face the current recession, since it operates with defensive, staple, non-cyclical products, in short, products that are very attractive in times of economic difficulties, such as the present.



In this regard, two factors have favoured the strenght of Group even further:

1. The shift of consumption from more expensive products, such as proteins, towards cheaper products, such as carbohydrates.
2. The tendency to eat at home more and go out less, which trend is particularly acute in the United States, causing a loss of custom in the Food Service channel while the rice and pasta segment has grown from strength to strength in the retail channel.

Consequently, our rice and pasta divisions have closed a splendid year, with yield growths of more than 30% and 20%, respectively, despite the surge in raw material costs in the first half of the year. We dealt with this situation by managing supplies as a new strategic management tool in the company, backed by our geographical and business diversification, through which we have acquired enormous experience on the raw materials markets over the years, giving us a clear competitive edge to transform this variable into a new source of value for the company.

In the dairy sector, one of the hardest hit in Spain owing to the shrinking demand and the boom of private label brands, we maintained our commitment to yield rather than volume, which, just as in the rice and pasta businesses, creates value for our shareholders. Accordingly, Puleva has achieved considerable success in the infant milk segment (Peques[®], Max[®] y Batidos[®]), obtaining the largest growth rates in the sector and cornering a further seven points of the market share with Puleva Peques[®], giving us a 46.3% share of the segment.

But the most important event in 2008 was unquestionably the sale of our sugar business, the Group's oldest division, to Associated British Foods (ABF). This was a major turning point for us, but at the same time it assures significant development potential and the beginning of a new growth era for both Azucarera Ebro and Ebro Puleva.

I am convinced that the incorporation of Azucarera in ABF, along with its subsidiary British Sugar, one of the most important players in the world sugar sector, opens up new possibilities for the Spanish company to expand and develop new projects, through which it will reinforce and improve its already excellent competitive position. This is what we have endeavoured to secure over the seven-month duration of the divestment process and I am confident that we have left the business and its professionals in the best possible hands. I should like to take this opportunity to thank all our colleagues in Azucarera for their outstanding work during the years we shared the same path.

As for the Group, we have come a long way in the development of our strategic plan. We have built up a strong brand-based company, in which our brands account for 73% of our turnover, that at the same time has a prominent international profile, as three-quarters of our turnover is generated outside Spain. But we won't stop there, we will continue working towards our goal of becoming a worldwide benchmark in meal solutions, using health and convenience as competition variables and basing our entire strategy on a major commitment to innovation, research and development, with a view to remain in the vanguard, offering consumers the best portfolio of products adapted to their needs.

The debt-free balance sheet that the company will present after concluding the sale of the sugar division, its adequate diversification in both geographical markets and businesses (present in 23 countries worldwide through 19 subsidiaries) and a product portfolio (with more than 60 brands) which, apart from operating in staple food sectors, is perfectly commensurate with the new consumer habits, give the Group an important competitive edge on which to base its future growth.

All these positive aspects have not been adequately reflected on the stock exchange, although they have been appreciated to a certain extent on the market, since against a backdrop of a severe economic and financial crisis, our share fell 22% during the year, while Ibex 35 depreciated by 40%, Ibex Med by 47%, Ibex Small by 57% and Eurostoxx Food and Beverage by 37%. The analyst consensus valuation at year-end indicates a strong upside potential, calculating the value of the share at 14.50 euro, 48% higher than the actual market value of the Group's share at the end of 2008.

In short, the year of the sale of our sugar division can be considered very positive, since we have been able to present a profit and loss account with double-digit growth, a streamlined balance sheet and steady growth in our ratios and yield parameters.

Finally, I should like to thank our shareholders, the management team and our customers and suppliers for their confidence and cooperation and I am sure that Ebro Puleva will continue to report positive achievements in 2009.



◀ ANNUAL REPORT

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2. CHAIRMAN'S STATEMENT

3. EBRO PULEVA TODAY

CULMINATION OF A STRATEGY

THE SOLVENCY OF A GROWING BUSINESS MODEL

CORE BUSINESSES: RICE, PASTA AND DAIRY

OUR R+D+I POTENTIAL

Ever since it embarked on its current Strategic Plan, Ebro Puleva has progressively moved towards the targets it set itself at the beginning of the plan: building up a multinational entirely geared towards consumers and an international benchmark in the meal solutions segment, concentrating efforts and resources in its core businesses, shedding non-strategic businesses and properties not used for the Group's business activities, reducing debt and streamlining overheads.

One by one, it has clinched several major international acquisitions, such as that of New World Pasta (leader in pasta in the USA and Canada), Minute Rice (second largest rice distributor in Canada and fifth in the USA) and Birkel (leader in the pasta and sauces sector in Germany), while divesting in other assets, such as the Puleva Food plant in Leon to optimise its industrial capacity, several properties not used for the company's activities and those concluded this year, such as the sale of the Belgian rice company Herto and the soft wheat business managed by Grands Moulins Laurel, in France.

The sale of Herto, a company 66%-owned by Ebro Puleva and 33% by the Australian company Ricegrowers, generated capital gains of six million euro for the company's profit and loss account. The Grands Moulins Laurel operation was made to focus on the durum wheat segment; cash obtained on the sale, deriving from the working capital, has amounted to approximately 15 million euro.

But the most important operation under the current Strategic Plan was, without a shadow of a doubt, the sale of our sugar business to the British company Associated British Foods (ABF).

This process was begun in May 2008 by the board of directors of Ebro Puleva and ratified a month later by the general meeting, considering it necessary to study the best option to guarantee the viability and development potential of the two business models that coexisted within the company, with radically different needs and objectives: the industrial model (led by Azucarera Ebro) and the brand model (prevailing in the other divisions of the Group).

It was concluded that in order to give both businesses the resources they needed for their consolidation and subsequent growth, the two models inevitably had to be separated. On the other hand, it was essential to guarantee the future development of our sugar company and the consolidation of the sugar beet sector in Spain. Based on these premises, Ebro Puleva reached an agreement in November for the sale of Azucarera Ebro to ABF, the second largest sugar producer in the world through its subsidiary British Sugar. This agreement, ratified a month later, was concluded this year with the approval of the EU antitrust authorities.

The total value of the entire transaction is €526 million, broken down as follows:

- ◁ ABF has purchased the sugar business for €€385 million, debt free.
- ◁ Ebro Puleva will receive an additional sum, yet to be specified and initially estimated at €141 million, corresponding to other compensations, mainly the restructuring funds established in the CMO Sugar Reform.

Ebro Puleva has also incorporated in its real state, through two of its subsidiaries, more than 200 hectares of land with different planning classifications, valued at €42 million.

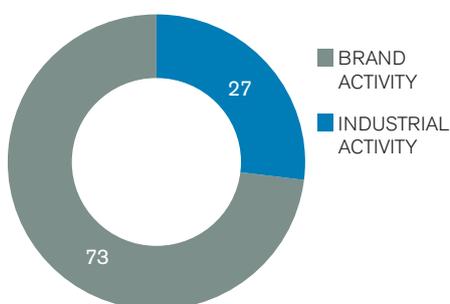
This operation meets the objectives set at the beginning of the process:

On the one hand, it protects and safeguards the interests of beet growers and guarantees the best possible development for Azucarera Ebro, through its incorporation in a major European food enterprise which is the second sugar producer in the world, with a production of seven million tonnes a year, a leading group that operates in nine countries throughout Europe, Africa and China.

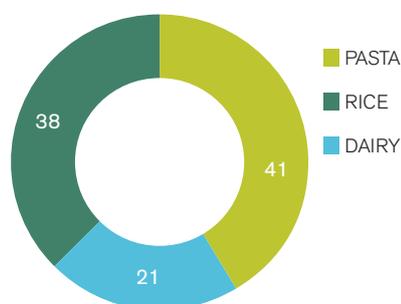
On the other hand, from the point of view of the Ebro Puleva Group, by shedding its sugar business it is able to concentrate on its four core businesses: rice, pasta, milk and functional foods, and begin a new development era, a period in which its principal objective will be to become an international benchmark in the meal solutions segment, by offering a broad portfolio of products based on the concepts of health, pleasure and convenience and developing an advanced R+D+I policy.

Under its new business model, 73% of Ebro Puleva sales revenue is obtained in its brand business and the remaining 27% from its high value-added industrial activity. The distribution of these sales by segments of activity gives 21% for dairy, 38% for the rice division and 41% for the pasta business.

DISTRIBUTION OF SALES BY ACTIVITY (%)



DISTRIBUTION OF SALES BY BUSINESS SEGMENTS (%)





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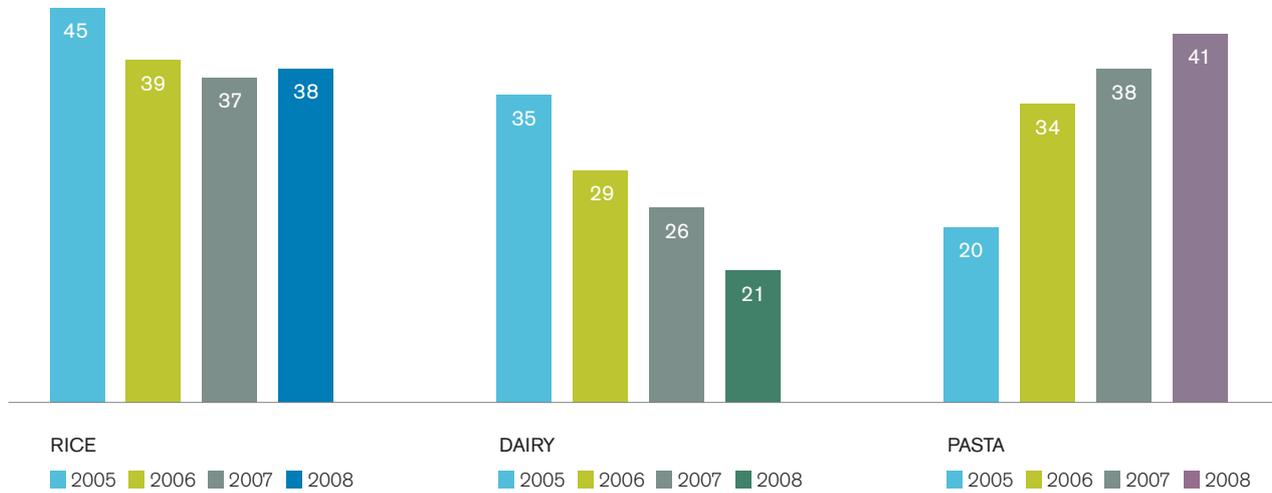
OUR R+D+I POTENTIAL

Over the past few years, Ebro Puleva has built up a multinational enterprise fully geared towards consumers, while at the same time forming a consistent, sound, adequately diversified business structure, which gives it a very balanced source of earnings with enormous capacity to face difficult economic situations and minimise any adverse effect that local crises could have on the Group's consolidated accounts.

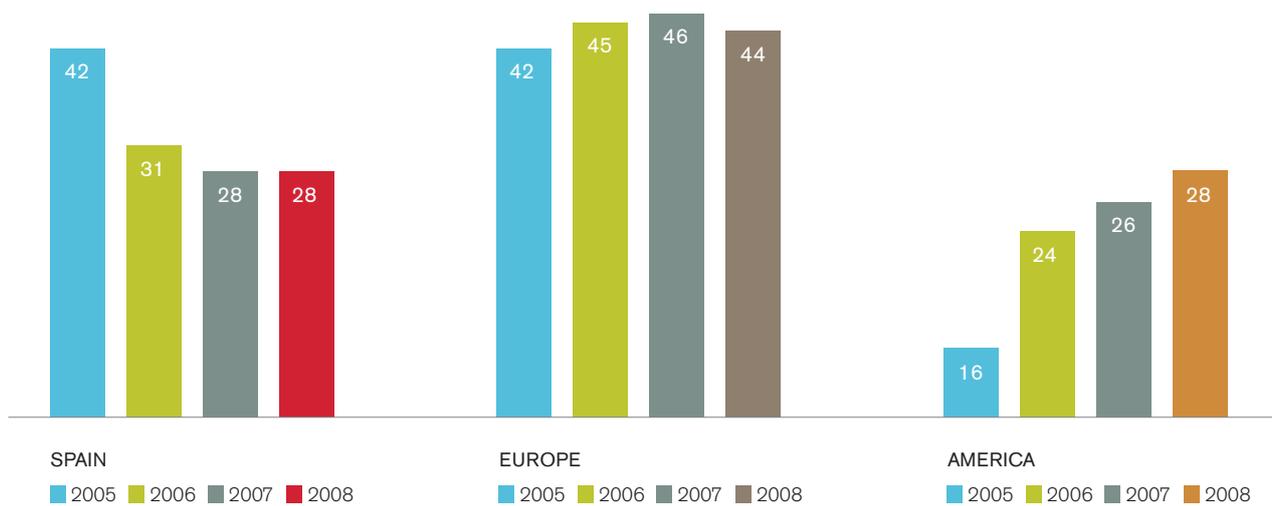
This business model embraces 19 leading companies distributed throughout the world and a portfolio of more than 60 brands which, thanks to our firm commitment to R+D+I and the continuous development of new products, consumers associate with healthy, natural foods that are easy to prepare.

The details of this model, by business activities and geographical regions, are illustrated below:

BUSINESS SEGMENTS (%)



GEOGRAPHICAL REGIONS (%)





With this model, we have posted double-digit growth in our consolidated accounts on a tremendously complex scenario worldwide.

| Thousand Euros | 2006 | 2007 | 2008 | 2008-2007 |
|-------------------|-----------|-----------|-----------|-----------|
| Sales | 1,744,687 | 2,004,182 | 2,367,902 | 18.1% |
| Advertising | 64,646 | 81,169 | 85,913 | 5.8% |
| EBITDA | 210,257 | 226,854 | 271,821 | 19.8% |
| Ebitda Margin | 12.1% | 11.3% | 11.5% | 1.4% |
| EBIT | 146,902 | 158,919 | 201,821 | 27.0% |
| Operating Profit | 219,407 | 162,936 | 194,790 | 19.6% |
| Profit before Tax | 173,031 | 82,851 | 103,454 | 24.9% |
| Net Profit | 180,363 | 90,577 | 130,637 | 44.2% |
| ROCE | 13.1 | 13.0 | 15.1 | |

And we have increased our market shares in the following business areas:

- ◁ From 21.6% to 22% in volume and from 18% to 20% in value on the North American rice market.
- ◁ Increase of 6% in the brown rice category in the USA.
- ◁ Growth in the infant milks segment in Spain, from a market share of 42% in volume to 46.3%.
- ◁ Increase from 53.5% to 57.1% in the growth milks segment in Spain.
- ◁ Two-decimal growth in the dry pasta, sauces and fresh pasta segments in France.

In other words, with this model, based also on a prudent management of resources, we can predict excellent prospects for the future growth of the Group.

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OUR R+D+I POTENTIAL



RICE

In a difficult year, in which the raw materials crisis hit the rice sector particularly hard, this business managed to post extraordinary results, with a 20% growth in turnover and 31.6% in EBITDA.

There were two key factors behind this success: on the one hand, an adequate diversification policy for raw materials supplies, begun in 2006, and on the other hand, the new convenience foods launched, especially in the United States, with which our sales in this segment grew at rates of over 100%.

International rice prices at source began to escalate at the end of 2007, rising to record levels. The fears of food insecurity and social unrest led many rice-producing countries to adopt extraordinary measures in an attempt to mitigate the rise in domestic prices. The

principal exporters (China, Egypt, India and Vietnam) soon introduced protectionist measures (minimum export prices, export duties and even bans), fuelling the growing uncertainty on the markets.

These measures triggered off an unprecedented price hike worldwide, which peaked in mid-2008, levelling off and starting to come down in the third quarter of the year.

In this context, our rice division had correctly interpreted the market situation and reacted quickly and efficiently, taking long positions for raw materials purchases on international markets. Our subsidiaries obtained abundant supplies at reasonable prices, so were able to mark up good margins on their sales, especially on the industrial markets.

The role played by our subsidiaries established in rice-producing countries (Thailand, USA and Egypt) was particularly important in this supply process, since they have the necessary financial, organisational and logistic resources to make the purchases, conditioning, quality assurance and shipments of large volumes of product anywhere in the world. This important structure was further bolstered during the year with the incorporation of a new subsidiary in the heart of rice production in India: Herba Rice India Ltd, which will handle the growing volumes of basmati rices that the Group buys each year in that country.

The efficient supplies management was accompanied by outstanding performance of the different subsidiaries in this division.

Our English subsidiary S&B Herba Foods has had an excellent year in both sales and results, especially in the ethnic and industrial channels, with year-on-year growth of 20%.

In Spain, new pre-cooked rice dishes have been developed (seasoned rice, pilau rice, brown rice and wild rice) for the domestic and international markets. Pre-cooked rices now account for 14% of the total value of Herba's production in Spain; this would be almost 10% of the overall turnover of our Group in consolidated terms, which gives an idea of the growing importance of this product line in the company's portfolio. Other developments included the entire renovation of 5' fast-cooking rices, as a new production process has been completed at the Seville plant, with which significant improvements are achieved in the quality and homogeneity of the product.

In Finland, the performance of the Risella® brand was remarkable, with a 3% growth in volume and 20% in value (+20%). A 20% year-on-year growth was posted in profit, thanks to the strength of the brand on the Finnish market, underpinned by permanent, regular investment in marketing.

In Morocco, spurred on by the soaring international prices, our company Mundiriz exported processed rice to Europe for the first time, which greatly increased its sales.

The contribution by Riviana, our US subsidiary, was also very important. This company completed a fantastic year, with a 27% growth in sales. It maintained the leadership of its brands Mahatma®, Minute® and Success® in 2008, with 6% growth in the brown rice segment, in which Riviana has a 36% share of the market. Start-up of the industrial plant in Memphis, construction of which is making good progress, will bring major savings, synergies and success in the future.





Apart from the major investment in the Memphis plant, we have also embarked on other projects designed to put us in the technological vanguard of the food industry. Some of these projects are described below:

- ◁ Denmark: acquisition of land and construction of a new building for frozen finished product and another as a raw materials warehouse. We have also installed a new specialties line in Orbaek.
- ◁ Thailand: completion of alterations to a building of more than 10,000 m² in Nong Kae so that the reception, fumigation, sorting, packaging and shipping of all our exports from that country can be concentrated at that centre.
- ◁ Morocco: installation of a new dryer and enlargement of the paddy rice reception area.
- ◁ Egypt: enlargement of the raw material and finished product storage installations. The packaging lines have also been completed and were put into use at the beginning of 2009.
- ◁ Spain: enlargement and improvement of the new *day-packs* line in Jerez; completion of the 5' quick rice production line in San Juan; new BITB packaging line in San Juan; enlargement of the storage silos in Silla and improvements to the paddy rice reception centres on the Ebro delta.

All these actions, together with a shift in consumer trends towards products in our portfolio and our excellent positioning on the international markets, form a solid basis for our optimistic expectations of future growth.





PASTA

The evolution of this division during the year was highly satisfactory, with year-on-year growth of over 30% in turnover and 20% in EBITDA. Although the first half of the year was more complicated, mainly as a result of the soaring costs of raw materials, which rose to around 510 €/tonne, and the consequent price rises of our products, the second half was much better due to several factors:

1. The levelling off of raw material prices, which stabilised at around 220/250 €/tonne for durum wheat in Europe and similar levels in the USA and Canada.
2. The new durum wheat harvest, which begins in Spain in May and normally ends in Canada in August/September.



3. The increased pasta consumption in North American households: American consumers have moved away from the protein craze sparked off by the Atkins diet and included pasta as a habitual ingredient in their diet. This swelled the volume of the market by around 5% and it is still growing today.

In this context, New World Pasta has a 25.3% market share in dry pasta in the USA, i.e. it is number one in value and volume. And the situation is similar in France, where Panzani is gradually cornering the market, with a 36.4% share at present.

But the growth of this division was also boosted by several other factors, such as the full incorporation of Birkel, an aggressive innovation policy with a portfolio geared mainly towards high value-added products, the re-launching of traditional product ranges and a solid advertising strategy, increasing investment from €25 million in 2006 to €47 million in 2008.

The intense efforts made by Birkel to re-launch its most important brands, Birkel's No.1® and Genuss Pur®, have achieved an improvement in their market positions, At the same time, it started putting new convenience foods on the market under the Birkel Express® brand, a clear example of synergies with our French subsidiary Panzani in product development. These actions and the plans implemented to streamline costs at the Mannheim and Waren plants raised the German company's contribution to the consolidated EBITDA of the pasta division to €4 million.

Panzani has experienced a similar development. In an economic environment that has enormously favoured growth of private label brands, it held firm in its market position, thanks to the positive evolution of its healthy product range Panzani Plus® (a category of pasta enriched with fibre, vitamins and minerals), the new sauces and fresh pasta for the frying pan put on the market and the expansion of its couscous range. The French company generated an EBITDA of €66.3 million, 18% more than in 2007, and closed the year with a sales revenue of over €580 million.

Meanwhile, New World Pasta made a concerted effort to extend its Ronzoni® brand, in the fresh pasta range, to new States on the west coast and in south-east USA, increasing the brand's presence in distribution channels by 3.7%. It also continued renovating its product range and in the third quarter it put a category of pre-cooked pastas on the market under the Ronzoni Bistro® brand, which went down well among consumers, so much so that in barely three months it reached 88% of the distribution channel.





In Spain we have also extended the activity of Brillante® in pasta, being the first brand to put *ready to eat* pasta on the market in microwave bag format. This product, developed at Herba's pre-cooked rice and pasta plant in Jerez, consists of five different varieties: spirals with bolognaise sauce, tortellini with tomato sauce, plain spirals, macaroni with tomato sauce and macaroni with Carbonara cheese and bacon sauce.

The new products launched in this division, in both the health and microwave ranges, demonstrate the clear capacity of our brands to cater to all areas of consumption and reach all segments within the category. This ability sets us apart from the rest of the sector.

In the management area, the implementation of the new SAP computer system has been completed in New World Pasta, including the design of common tools for our two North American businesses in the areas of logistics and financial consolidation and reporting. New World Pasta has also optimised and diversified its supply strategy and is now working on the unification of the logistics and commercial platform with Riviana, setting up a single, integrated team in Ebro North America, its sights set mainly on joining all the forces of both companies in this field and taking advantage of the synergies between the two organisations, adapting them to the constant, growing demands of the market while maintaining the strong identity and specific nature of each business.

In view of the loyalty of consumers to our brands in these times of economic difficulties and the versatility of our brands to adapt to all segments of the category, we see significant potential for further development of this division in 2009.





DAIRY

This division was undoubtedly hardest hit by the effects of the economic crisis in the sector, although this did not prevent it from obtaining very satisfactory results, as the company correctly decided to protect value rather than volume.

The crisis has been keenly felt in this sector, causing a change in consumer habits. Consequently, although the consumption of milk, a staple product, has not dropped, the product mix consumed has shifted towards other sub-families or brands, heightening the role of the price variable. At the same time, raw milk prices are still higher than the levels existing prior to the inflation of raw materials (the average price over the past year was



up +0.06 on the average of the previous two years) and are passed on to the retail prices. In this context, private brands have increased their market share in the area of classic milks to 36.7%.

Faced with this situation, the dairy division has preserved its brand strategy and its commitment to leadership in functional products, sacrificing a minimal amount in volumes but maintaining yield at similar levels to the previous year. As a result, sales were down barely 4% year on year, while the division posted an EBITDA of €50 million and a ROCE of 19.2%. This achievement was also due to the efforts made over the past three years to streamlining production and abandoning products with a small contribution to concentrate fully on value-added products.

The performance of the business lines designed for children continued the excellent trend set in the previous two years. The infant milk segment once again recorded the largest growth in the sector, up 24.4% in volume year on year. Accordingly, Puleva Peques® increased its market share from 42% to 46.3% in volume, confirming itself as the product that most energises this market. In the category aimed at children aged between three and twelve, Puleva MAX® achieved year-on-year growth rates of around 5% in volume, having secured a market share of 57.1% by the end of 2008. With a view to increasing the development potential of this category, this range was expanded during 2008 with the launching of new varieties enriched with DHA, vitamins and minerals based on cereals, cereals and cocoa and cereals with fruit, as well as new individual servings.

Despite the large price spread with private brands, Puleva Omega-3® increased its leadership on the market of healthy heart milks by two points, reaching a market share of 58.5%.

The calcium category has held on to its leadership, with a market share of 33.3%. Within this position, significant progress was made by Puleva Calcio Complet®, a functional milk focusing on the benefit of digestibility, which has cornered 17.6% of this segment in its second year on the market.

In the area of innovation, new technologies were applied to containers to make them more convenient to use and enhance preservation of the properties of the different products. In this regard, a new range of half-litre bottles has been brought out for





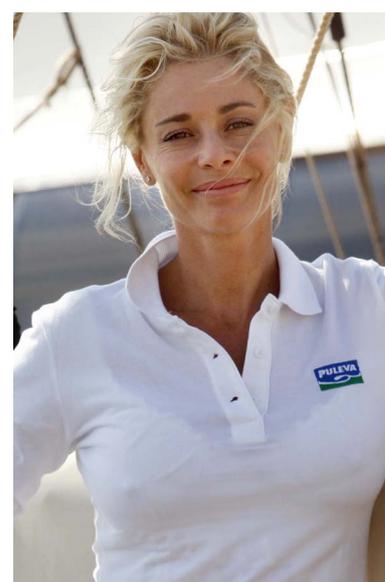
the skimmed and semi-skimmed varieties of Puleva Calcio® and semi-skimmed Puleva A+D® and three varieties of 175 ml PET bottles for milk drinks.

Meanwhile, the research begun in 2007 with a view to launching ready to eat milk-and-cereal baby foods has made good progress and the last industrial tests are currently being run ready for their imminent launching on the market. These products will undoubtedly have a very positive effect on the results of this business.

With regard to the brands operating in the most traditional segment of this sector (RAM® and El Castillo®), the division has begun to promote what it calls “The World of Pleasure”, a range of higher-value products that reinforces the perception of these brands. Taking advantage of the strength of El Castillo in the hotel & catering channel as a milk and cream producer, research was conducted during the year in the industrial development of desserts, cooking cream, whipping cream and non-dairy creams and toppings. One of the star products of this segment, RAM Chocolate a la Taza®, has had its best year so far, with growth rates of 11%.

Significant progress has been made in management by unifying the commercial networks of Puleva Food and Lactimilk. This resulted in a lowering of logistics costs, consequently increasing the unit operating profit, to 0.09€ on average for both brands, and the product yield.

The new products that the company plans to launch in 2009, its effective marketing strategy and the excellent positions it has maintained throughout the year lead us to believe that this division will maintain its steady growth rate and confirm its leadership of the functional foods segment.



A close-up photograph of several beer glasses filled with golden beer, with condensation on the glass. The background is a soft, out-of-focus green.

◀ ANNUAL REPORT

1. AN OVERVIEW OF EBRO PULEVA

2. CHAIRMAN'S STATEMENT

3. **EBRO PULEVA TODAY**

CULMINATION OF A STRATEGY

THE SOLVENCY OF A GROWING BUSINESS MODEL

CORE BUSINESSES: RICE, PASTA AND DAIRY

OUR R+D+I POTENTIAL

OUR DIFFERENTIATING FEATURES



5

Five research platforms:

PULEVA BIOTECH, CEREC, CRECERPAL, TECH CENTER AND ESPAÑOLA DE I+D

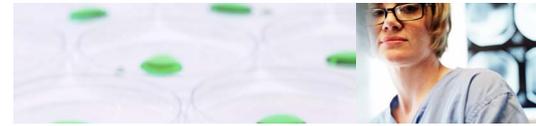


180 researchers
65 OF WHOM ARE PHD'S

3

Three production plants:

TALAYUELA (CACERES), GRANADA AND VALENCIA



2

plants under design:

LA RINCONADA (SEVILLE) AND PEÑAFIEL (VALLADOLID)

1

pilot plant for food applications

1200 m² of laboratories

R+D+I areas:

probiotics, lipids, extracts, cereals and customised developments

Fields of action:

food, pharmacy, dietetics and nutricosmetics

Products with own brand:

Eupoly Omega 3[®], Hereditum[®], Olyxxol[®], Olivia[®], Exxenterol[®], etc.

OUR CENTERS

1. PULEVA BIOTECH: innovation, research and development centre that applies scientific knowledge to healthy consumption products to improve consumers' quality of life and health. With a staff of 130 professionals, it produces active ingredients which, when added to foods, can produce a healthy physiological effect.

Puleva Biotech has obtained 10 patents worldwide and developed more than 20 functional foods, making it a benchmark R+D+I Centre in functional foods in Europe. It cooperates with 50 national and international universities, institutions and hospitals, publishing more than 150 research papers in leading scientific journals.

Following the takeover, at the beginning of the year, of Exxentia, European leader in biotechnology applied to the extraction of active ingredients from plants, Puleva Biotech has increased its research potential even further and its work now embraces areas from lipids to probiotics, natural extracts and tailor-made developments, designing products that are beneficial for a healthy heart, weight control and combating obesity, healthy joints, cognitive development and aging, the immune system and nutricosmetics.

2. CEREC, situated in St. Genis Laval (France) with fourteen employees, works on development of the pasta division in its ranges of fresh pasta, fresh pre-cooked meals, sauces and frozen pasta.

3. CRECERPAL, based in Marseilles with ten researchers, focuses its research on the development of dry pasta, rice, couscous and new packaging technologies, such as the doypack.

4. TECH CENTER, Center, with nine researchers on the payroll, is engaged in the research and subsequent development of new products, processes and technologies for the rice division in the United States.

5. ESPAÑOLA DE I+D, with 14 researchers, works on the development of new and/or enhanced products and technologies, technological transfer and technical assistance in the areas of technology for rice and its by-products and modern eating habits: fast-food and catering services.